

TOWNSVILLE CITY COUNCIL
ANNUAL REPORT 2014 | 15



Leading the Way



Acknowledgement

We acknowledge the Bindal and Wulgurukaba traditional custodians of this land that we work, live and play on, and pay our respect to their cultures, their ancestors and to the elders, past, present and all future generations.



Introduction

Our vision

Townsville, Capital of Northern Australia; the city with opportunity and great lifestyle.

Our mission

We are committed to delivering quality services to facilitate sustainable growth through inspired leadership, community engagement and sound financial management.

Our corporate goals

Economic Sustainability - A strong diverse economy which provides opportunities for business and investment with an integrated approach to long term planning where the city's assets meet the community needs.

Environmental Sustainability - A sustainable future where our environment is valued through the protection and enhancement of our unique, natural and built environment with a commitment to reducing our environmental impact.

Social Sustainability - A vibrant community that is accessible, safe, healthy, creative and knowledgeable, where we embrace diversity and our sense of community.

Responsible Governance - A well-managed, transparent and effective organisation that gives the community confidence, demonstrates financial sustainability, where our customers are satisfied with our services and our employees are proud to work here.

Our values

Service	People	Integrity	Respect	Enjoyment
'We Commit To Excellence'	'We Value Each Other'	'We Do The Right Thing'	'We Learn Through Listening'	'We Create a Fun Workplace'
<ul style="list-style-type: none"> • Deliver quality service • Take follow up action • Be proud of what we do 	<ul style="list-style-type: none"> • Safety first • Work as a team • Develop our people 	<ul style="list-style-type: none"> • Be fair and consistent • Make ethical decisions • Be transparent and accountable 	<ul style="list-style-type: none"> • Listen with an open mind • Be honest • Show courtesy and understanding 	<ul style="list-style-type: none"> • Show optimism • Adopt can do attitude • Share achievements and celebrate success

Our five minute Annual Report 2014/15

The five minute Annual Report is designed to give a quick snapshot of our 2014/15 achievements.

Economic Sustainability

- Townsville City Plan adopted
- North Queensland Tourism and Lifestyle Expo hosted
- Blakey's Crossing redevelopment completed
- Draft Townsville City Waterfront Priority Development Area scheme developed.



Environmental Sustainability

- All State planning approvals for the Magnetic Island Waste Transfer Station obtained
- The outdoor LED street lighting demonstration trial implemented
- A review of the Bulk Water Model to reflect current dam levels conducted
- Support for Townsville National Tree Day, Clean Up Australia Day and Townsville Toad Day Out provided.

Social Sustainability

- Successful 100th Anniversary of the ANZACs ceremonies and Savannah Literary Festival
- Upgrade of the Railway Estate Community Garden completed
- A Digital Futures Plan for Libraries developed
- Community Development Strategy completed.



Responsible Governance

- Information Custodianship Strategy developed
- Mobile application for CityLibraries developed
- Cloud Strategy developed
- Strategic Workforce Plan approved
- Draft Lease Management Framework developed.

Our Financial status

Reduced debt by \$4.6 million

Increased Community equity by \$137.1 million to \$4.2billion

Operating surplus \$7.8 million

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Snapshot of our community

Population	192,038	Residents who volunteer	16.7%*
Population born overseas	19.8%*	Median weekly personal income	\$675*
Median age	33 years*	Median weekly rent	\$320*
Number of families	45,319*	Public swimming pools	12
Average household	2.6 persons*	Libraries	4
Indigenous population	6.1%*	Public parks	350
Average growth rate	2.1%	Parks with playgrounds and shaded areas	133
Projected population growth rate by 2021	2.2%*	Rateable properties	74,594
Year 12 or greater education	55.1%	Visitors to the city	1,023,000
Residents with severe disability	3.9%		

*Data from Census 2011

The community we serve . . .



...is a diverse and inclusive community

- Council celebrated multiculturalism in many ways throughout the year, with music, performance, arts and festivals (For more details see page 82)
- We developed the Community Development Strategy 2014-2017 to guide decision making about priorities and initiatives (For more details see page 98)
- Council supported diversity in partnership with other community groups through the Inclusive Communities Advisory Committee.



...has an interesting profile and history

- Our population is 192,038
- Townsville's local government area covers 3,736km
- We are located 1,300km north of Brisbane and 350km south of Cairns
- We are Australia's largest garrison city
- Traditional owners and custodians, the Bindal and Wulgurukaba people are the first people to have lived in the Townsville region
- Our city was founded in 1864.



...has a vibrant lifestyle

- Council provides residents with the best of metropolitan living in a regional area
- Townsville is the events capital of North Queensland (For more details see page 82)
- 24°C average maximum winter temperatures, make for beautifully warm winters
- Our community enjoys the outdoors with plenty on offer including Magnetic Island, The Strand, Riverway, Jezzine Barracks, Castle Hill and the Botanic Gardens
- We are home to three national sporting teams and we have quality galleries and theatres.



...has confidence in us

- We managed \$4.4 billion in community infrastructure assets during 2014/15
- Our debt levels have reduced significantly by \$4.6 million and a third consecutive surplus realised, with an operating result of \$7.8 million
- 93.5% of residents were satisfied with council's performance up from 92.5% two years ago
- Council partners with the State and other stakeholders to promote and develop the city and the region (For more details see page 59).

...is well sustained

- Townsville is the capital of North Queensland and is the largest tropical city in Australia
- We are the region's main service centre and transport hub
- We continue to build a strong, balanced and sustainable economic base for the region (For more details see page 56)
- The city's new planning scheme, approved in October 2014, has set Townsville's direction for development and growth over the next 25 years
- Our Environmental footprint continues to be managed (For more details see page 70).

Welcome to our Annual Report 2014/15

Townsville City Council is proud to present our 2014/15 Annual Report. This report outlines the services we provide, our accomplishments, and the challenges we have faced throughout the year. Council measures its performance in terms of progress made to implement our Corporate Plan 2014-2019. Throughout the report you will notice a number of green, amber and red traffic lights that provide a quick indication of how we have progressed in delivering on each of the strategies in the Corporate Plan. We have also included the latest community survey results, which helps guide council in planning our service delivery.

This report is a vital part of our governance and commitment to transparency and accountability. We hope you find the information helpful in understanding our operations and achievements and would appreciate any feedback to improve the quality of this report in the future. For further information on anything included in this report or to provide feedback, please contact our Customer Service Centre on 1300 878 001.

We would like to thank management and staff who significantly contributed to the development of our Annual Report. A wealth of information was collected from staff who enjoyed sharing their achievements on a mural throughout the year.

Performance against outcomes

The Annual Report provides information about our council, and more specifically our performance in delivering on our:

- Community Plan 2011 – 2021
- Corporate Plan 2014 – 2019
- Townsville Water Performance Management Plan 2014/15
- Townsville Waste Performance Management Plan 2014/15.

How to understand our performance

This Annual Report is divided into three major sections:

- Our community, council and staff overviews on pages 18 - 41
- Our performance against desired outcomes (reported against each of the above four plans) pages 42 - 152
- Audited financial statements giving our financial performance and position over the last financial year.

To assist readers to easily assess our performance, we have used the below ‘traffic light’ colour coding system. These traffic lights are used to reflect performance against each of our Corporate Plan measures. You will also notice the below arrows have been used when comparing performance data sets.

	Requires Action	The measure is not reaching its target and requires active management
	Monitor	The measure is progressing however needs to be monitored as it is currently not achieving the target
	On Target	The measure is either achieving target or within the defined target range, with no significant issues
	An increase on previous year's figure	
	A decrease on previous year's figure	
	No change experienced on previous year's figure	

Our Annual Report includes a significant selection of key performance indicators (KPIs) that contribute to how we measure our performance against our Corporate Plan 2014-2019. Each council department sets their key targets at the beginning of the financial year based on the Corporate Plan. The Performance Report is delivered quarterly and assesses the cumulative progress towards delivering the activities defined in the Operational Plan and Budget. The quarterly performance reports can be viewed on our website.



There is a wealth of information on our public website and throughout this report you will find this icon has been used. Where you come across this icon, if you would like more information on the topic being discussed, simply go to our website at www.townsville.qld.gov.au and search for the key words listed.



Message from the Mayor and Chief Executive Officer

Welcome

On behalf of our fellow councillors and Executive Management Team, we are pleased to present the Townsville City Council 2014/15 Annual Report. The theme of this year's Annual Report is *Leading the Way*. The theme reflects the focus of work our council has committed to: through driving investment, to improving and enlarging the CBD, creating a public place that will join Pallarenda, The Strand, and extend along Ross Creek well past the CBD. There is continued property development happening in many Townsville suburbs showcasing Townsville as a great place to live and raise families.

Our highlights during the year

Townsville City Council completed its community consultation and master-planning for Peggy Banfield and Illich parks, and works will begin this financial year. As part of Stage 1, Peggy Banfield park will have upgrades to the existing oval with area generated for future fields, a dog off-leash area, new play equipment, four netball courts, and fitness circuit.

Design work has commenced at the Cleveland Bay Water Treatment Plant for its \$50 million upgrade with construction to begin next year. The Queensland Government must be thanked for their \$20 million contribution to upgrading this vital piece of local infrastructure that will greatly assist our ability to treat wastewater to ensure its environmental licence conditions are met prior to being discharged.

Townsville City Council sought community input for its once-in-a-generation project to transform the city centre – The Waterfront. In cooperation with the Queensland Government, Townsville City Council has developed a Priority Development Area (PDA). The Waterfront is a once-in-a-generation project to transform the city's heart. The Waterfront is the most comprehensive economic development effort in Townsville and one of the biggest urban renewal projects underway in Northern Australia. It will include a cultural hub, educational centres, residential and commercial sites, an integrated stadium and entertainment centre, and large public places connecting them.

Financial performance

We are pleased to announce council's third consecutive surplus, with an operating result of \$7.8 million achieved for the 2014/15 financial year. Council expended \$510.9 million in operational expenses and capital projects during the year. Local businesses benefitted greatly with 82.2% of all supplier payments spent here in our community. Through sound financial management, we have reduced our debt by \$4.6 million, down to \$329.2 million and increased our cash and cash equivalents from \$96.8 million to \$108.1 million. We managed \$4.6 billion in assets, of which \$4.4 billion is community infrastructure.

Our role in the region

The Federal Government released the Northern Australia White Paper and with it came some very exciting announcements for the region. One of these is the \$5 billion Northern Australia Infrastructure Facility to provide concessional loans for construction of major roads, ports, rail lines, pipelines, energy and water supply. Townsville City Council will continue its lobbying to the Federal and Queensland Governments for our fair share of these funds to deliver major infrastructure works, and more importantly jobs, to the Townsville community.

Incentives bring investment

The CBD Development Incentives Program was developed to provide an immediate stimulus to build confidence, activity and momentum and to ensure the objective of CBD revitalisation is realised. The value of the projects that have completed or are under construction is estimated at \$238 million. This has brought significant increases in local production, jobs and sales. Townsville City Council has also developed the Townsville Jobs and Investment Package 2015-2018 which, along with the new Townsville City Plan, Priority Development Area and The Townsville Waterfront Project, is assisting to attract and facilitate development in the City Centre.

Challenges faced

The 2014/15 year posed challenges for our community, the most significant being the economy and associated employment, and the lack of rainfall. Townsville City Council made some tough, but right decisions to do its part to help the employment and water situations. Council invested in capital projects to assist the local economy and provide jobs to people in our region. While water restrictions were not in place in the 2014/15 year, council did review its water restriction policy and the start of 2015/16 will see enforced water restrictions to ensure our water supply is secure. Council relies on everyone in the community to do their part to assist in restricting their water use for our future water security.

Community confidence

Council conducted its biennial Community Survey this year, which found 93.5% of residents were satisfied with council's performance, up from 92.5% the last time the survey was conducted in 2013. This research is conducted independently of council and demonstrates that council is making progress in the areas most important to the community. Council is continuing its Community Engagement Framework to ensure community views are considered as part of council's planning cycles, policy development and service delivery.

Looking forward

Townsville, Capital of Northern Australia; the City with Opportunity and Great Lifestyle.

Quality services, sustainable growth, inspired leadership, community engagement and financial management will drive our strategic direction over the next five years. For 2015/16 we have committed to minimal new borrowings and have worked closely with councillors and managers to be able to deliver a very low rate rise, at an average of just 1.45%.

We would like to take this opportunity to thank councillors and staff for their efforts over the past year and we look forward to continuing the great work with you to serve our community in the year ahead.

Regards,



Cr Jenny Hill
Mayor of Townsville



Ray Burton
Chief Executive Officer



Community Financial Report

We raised \$325.2m in rates and utilities



Our existing property, plant and equipment has been revalued up by \$62.1m



We managed \$4.6b in assets including infrastructure



Our community wealth has increased by \$137.1m



We have achieved an operating surplus of \$7.8m through careful financial management



We received \$51.5m in capital grants and contributions



The **Community Financial Report** is produced as part of council's Annual Report to enable members of the community, customers, business partners and employees to gain better understanding of our financial performance and position over the last financial year. The following information presents a summary of financial results for 2014/15 in an easy to understand format.

For more detailed information please refer to the Annual Financial Statements on page 161.

We added \$87.1m to our transport network

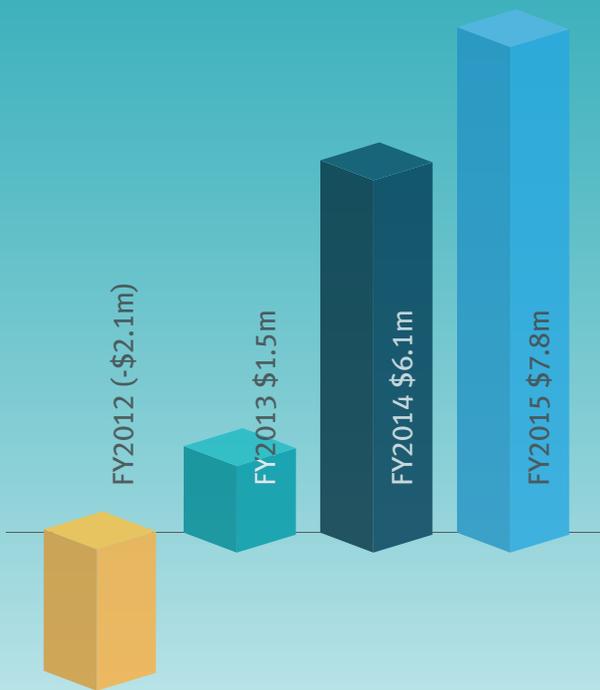


Financial performance

\$7.8 million

Operating surplus

Increase on last year of \$1.7m



Council's day-to-day operating costs are less than total revenue received which gives council the ability to improve its financial position and strengthen the sustainability of the city.

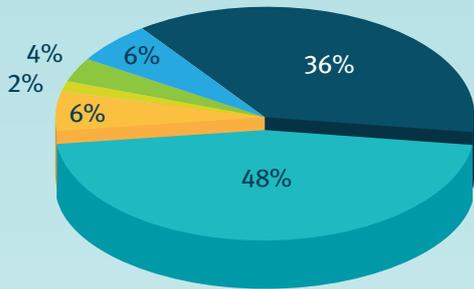
Net result

The net result is made up of the operating surplus of \$7.8m and income and expenses related to capital. We achieved a net result of \$74.9m in 2014/15. This result includes \$51.5m in government grants and developer contributions to fund capital projects such as Dalrymple Road Bridge.

-  **\$20.10** Roads & transport management
-  **\$16.90** Community & cultural services
-  **\$16.60** Water services
-  **\$14.70** Wastewater services
-  **\$11.90** Parks & open space management
-  **\$7.00** Solid waste management
-  **\$5.20** Planning & development
-  **\$3.40** Drain & stormwater management
-  **\$2.40** Coastal facilities
-  **\$1.80** Environmental sustainability services

For every \$100 of operating income we have delivered these services:

Revenue and expenses



- Rates \$139.2m
- Utility charges \$186.0m
- Fees and charges \$22.6m
- Interest received \$6.0m
- Other Income \$13.7m
- Grants, subsidies, contributions and donations \$23.8m

\$391.4 million

Total operating income
Increase on last year of \$9.5m

Revenue comes in from rates and utility charges on residential properties, business and industrial properties, fees and charges from council running its operations, State and Federal Government grants, developer and other contributions and interest.

Rates continue to be the major source of revenue however council endeavours to maximise its revenue from other sources. Council continues to focus on long term planning and ongoing renewal and maintenance of infrastructure to keep average rates increases to a minimum.

Total operating revenue increased by 2.5% from last year.

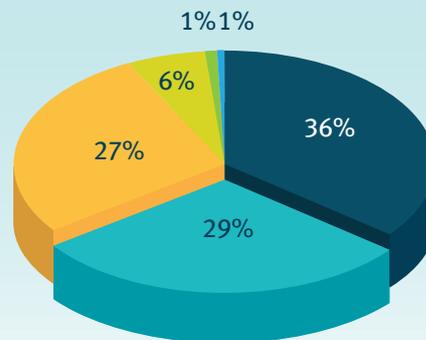
\$383.6 million

Total operating expenses
Increase on last year of \$7.8m

Expenses go out for employee costs, materials, services, depreciation and financing costs to deliver community services. The following information covers operational spending only, because capital spending is added to the value of assets when incurred.

Depreciation and amortisation represents an allocation of the use or wear and tear over the expected life of the asset. Council has detailed Asset Management Plans to ensure the best value and longest life is achieved for each asset.

Total operating expenses have increased by 2.1% from last year.



- Employee costs \$136.7m
- Materials and services \$112.8m
- Depreciation \$105.1m
- Finance costs \$23.1m
- Other expenses \$3.5m
- Share in loss of joint venture \$2.1m

Financial position



Our total assets consist of:

Financial position

\$4.6 billion

Total assets
Increase on last year of \$150m

Assets: What the community owns

Infrastructure is the council's largest investment and includes water, roads, pipes and buildings that benefit the community. A further breakdown of council's assets is detailed below.

The value of council's assets has increased by \$150m in the current year due to:

- \$11.3m - increased cash holdings
- \$8.1m - more money owed to council in the form of rates, fees and charges payable at 30 June 2015
- \$28.9m - change in value of pipe network
- \$86.9m - change in value of transport network
- \$14.6m - more assets under construction.

Liabilities: What the community owes

Council's liabilities include borrowings, amounts owed to suppliers, amounts owed to employees for leave entitlements and provisions for future landfill capping. The largest debt owed at 30 June 2015 was to Queensland Treasury Corporation (QTC). QTC is the State Government – owned lending agency from which most local governments and state authorities borrow to finance their large scale infrastructure projects. Council repaid \$19.6m of debt in 2014/15. Council borrowed an additional \$15m for the funding of new water and sewerage infrastructure projects.

Managing our debt levels



Financial sustainability

A council is financially sustainable if it is able to maintain its cash and working capital and infrastructure and debt over the long term.

Three measures of financial sustainability as described in the Financial Management (Sustainability) Guidelines provide a snapshot of councils position. The graphs show the measures achieved for the last three financial years as well as a glimpse of the forecast for the next three years.

The target range for the measures are as per the sustainability guidelines. There are circumstances specific to councils where actual results at a point in time may vary from the suggested range. Financial sustainability for council is managed as a whole rather than manage one part to the detriment of the another.

Council is committed to addressing key issues around service, managing debt levels and asset management over the long-term.

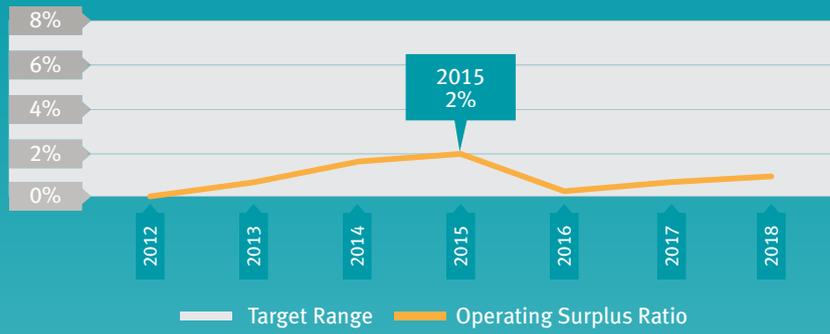
Plant and equipment \$75.1m

Roads, bridges & footpaths (transport network) \$1.5b

Assets under construction \$117.3m

Other \$70.6m

Operating surplus ratio

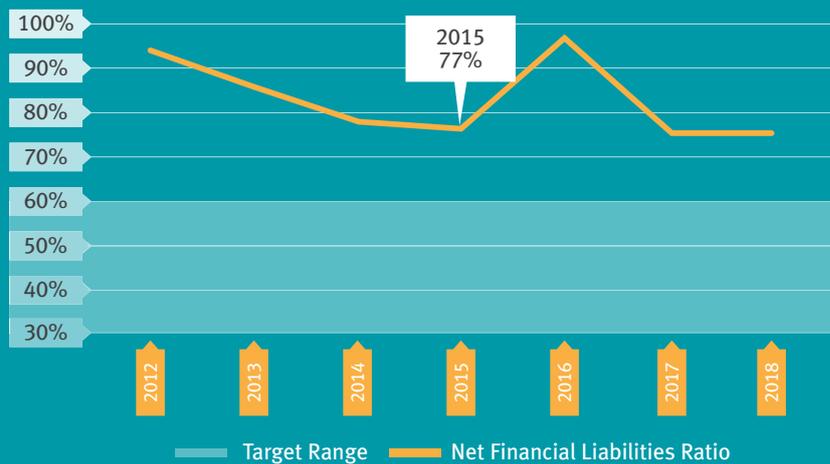


The operating surplus ratio represents spending within our means, and using what we've earned without relying on borrowings to fund operating expenditure.

The positive ratio of 2% in 2014/15 places council in a stronger financial position with higher operating revenue than operating expenses.



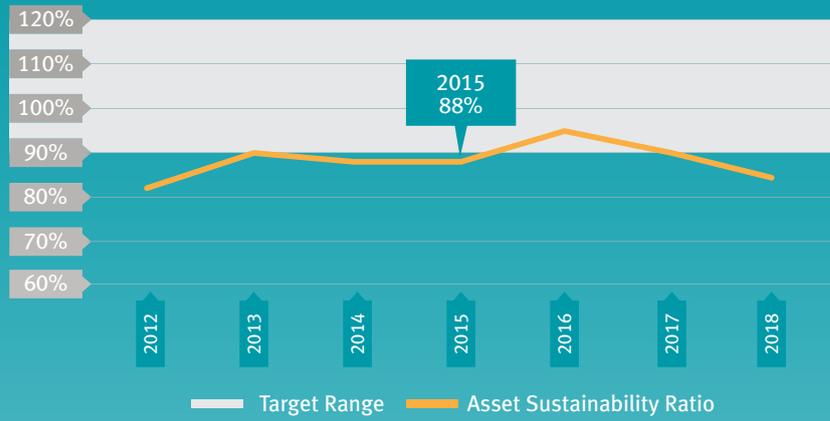
Net financial liabilities ratio



This ratio represents the extent to which the money council owes can be serviced by its operating revenue. From a household point of view, it is how much of a home owners annual salary and savings is being relied on to repay the mortgage and other debts for the household.

While this ratio is above the suggested target at this point in time, it is indicative of a council that is undertaking / has undertaken significant infrastructure projects.

Asset sustainability ratio



This ratio is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach the end of their useful lives. It can assist in identifying a trend of potential decline or improvement in asset condition and standards.

Whilst this result is just below the recommended target of 90%, council believes that its replacement assets are being renewed at an appropriate time through its Asset Management Planning.



Our council

Our organisation's purpose

Council is responsible for working with other levels of government to ensure the standard of living and wellbeing for our residents is met. We also plan for our children and grandchildren's futures and the next generations who will call our great city their home.

Servicing the community at a local level, council is part of your everyday life. The water you drink, the rubbish you dispose of, the parks you play in and the roads and pathways you travel on. Council provides and maintains \$4.4 billion in community infrastructure assets including bridges, drainage, roads, community facilities, sporting venues and more. We look after the health and wellbeing of the community through public health initiatives such as mosquito and pest control as well as animal management. Council provides a range of recreational facilities, events and a wide range of Smart City and environmentally sustainable activities.

Our services

Council delivers services to meet the needs of the community.

External services		
Cemeteries	Libraries	Open Space Management
Community and Cultural Services	Sport and Recreational activities	Roads and Transport Management
Community Support Program	Environmental and Natural Resource Management	Solid Waste Business Management and Strategy
Emergency Management	Environmental and Sustainability Services	Solid Waste Collection and Recycling
Enforcement Compliance	Sustainability Services	Solid Waste Treatment and Disposal
Events Management	City Planning	Wastewater Supply
Facilities Management	Coastal Facility Management	Water Supply
Gallery Services	Drain and Stormwater Management	

Internal services		
Asset Management	Corporate Research	Information Communication Technology
Buildings and Facilities Management	Financial Management	Laboratory Services
Business Management Services	Fleet Management	Human Resource Management
Communication and Customer Relations	Corporate Governance	Trade Services

Our service commitments

Council is committed to providing our customers with the highest standards of customer service.

Within our Customer Service Charter, we commit to provide you with:

- Prompt and efficient services
- Easy access to our services
- Friendly, professional service
- Accurate and consistent information.

We will:

- Consult with you when decisions need to be made
- Make fair decisions
- Fix our mistakes willingly
- Report on adherence to our service standards in our annual Community Report Card.

You can help council by:

- Treating our staff in a polite manner
- Being honest and accurate in your dealings with us
- Working with us to solve problems
- Giving us feedback on the things we do
- Respecting community property.

Our commercial business units of Townsville Water and Townsville Waste also have Customer Service Standards, which outline the rights and obligations of customers. Council's Customer Service Charter and the Townsville Water and Townsville Waste Customer Service Standards can be found on our website.



Contact council



Your elected members

Councillors are our elected representatives. They represent the current and future interests of the residents of Townsville through participation in council meetings, policy development and decision making. Townsville's 10 divisions include the city's centre and suburbs, Magnetic Island, communities of Alligator Creek, Woodstock and Reid River to the south and the Northern Beaches and Paluma communities to the north. The full divisional maps are available on council's website.



Divisional boundaries

Our community vote for their preferred mayoral candidate and the councillor for the divisional area they reside in. Elections are held every four years, with the last held in March 2012 and the next due in March 2016.

Your elected representatives are:

COUNCILLOR JENNY HILL

Mayor of Townsville

Chair of all Ordinary and Special Council Meetings
The Mayor serves as a member on all of council's Standing Committees

Bachelor of Science
Master in Public Health and Tropical Medicine

Cr Hill has previously worked in mining laboratories, the Department of Primary Industries, James Cook University, in the Pathology Department of the Townsville Hospital and as a serving officer in the Army Reserve. Cr Hill is passionate about easing the cost of living for residents and focussing on services that build a strong community, support business and employment and safeguard Townsville's lifestyle.

Number of terms with council: 5



COUNCILLOR VERN VEITCH

Deputy Mayor (Division 3)

Chair Smart City Sustainable Future Committee
Member of Townsville Waste and Water, Planning and Development, Community and Cultural Committees

Bachelor of Science in Geography and Botany
Diploma of Australian Institute of Company Directors

A committed environmentalist, Cr Veitch has spent many years campaigning for sustainable land and waterways management in North Queensland. Since becoming a councillor, he has championed energy efficiency, improved water quality from run-off and natural resource management in addition to his general representation of residents. Cr Veitch is passionate about the environment and has represented the community on numerous environmental committees, boards and advisory groups to advocate on behalf of residents.

Number of terms with council: 2



COUNCILLOR SUZANNE BLOM

Division 1

Chair Community and Cultural Committee
Member of Infrastructure, Healthy and Safe City, and Governance and Finance Committees



Cr Blom is well known to the Northern Beaches community through her business interests and involvement in sports administration. Cr Blom has played significant roles as coach and manager of junior soccer teams in Townsville, taking them to representative levels. As a long term resident of the Northern Beaches, Cr Blom is passionate about her close knit, yet rapidly growing community and joined council to ensure the community's needs in terms of infrastructure and services were addressed adequately.

Number of terms with council: 2

COUNCILLOR TONY PARSONS

Division 2

Chair Planning and Development Committee
Member of Infrastructure, Townsville Water and Waste, and Sports Recreation and Parks Committees



Cr Parsons is the Chair of the V8 Supercars Committee and council's representative on the Mount Isa to Townsville Economic Zone Committee. Prior to being elected to council, Cr Parsons had a small business and also worked as a sports broadcaster. Cr Parsons is still active in local sport through his involvement with the Sharks Touch Football Club, both coaching and playing. Cr Parsons nominated as councillor to change the direction the city was heading in and during his first term developed a keen interest in the area of planning. Cr Parsons is committed to making a significant contribution to future planning and development to help shape the future of the city.

Number of terms with council: 2

COUNCILLOR JENNY LANE

Division 4

Chair Governance and Finance Committee
Member of Smart City Sustainable Future, Healthy and Safe City, and Audit Committees



Diploma of the Australian Institute of Company Directors
Certificate of the International Association of Public Participation

Cr Lane has been a resident of the area since 1980 and served as a councillor with the former Thuringowa Council and after amalgamation Townsville City Council for 22 years. Cr Lane has a passion for developing and supporting the arts within North Queensland and believes we have some of the best cultural experiences available for a regional centre. Cr Lane feels enormously privileged to have served her community for such a long period.

Number of terms with council: 6

COUNCILLOR PAT ERNST**Division 5**

Chair Sport Recreation and Parks Committee
 Member of Townsville Water and Waste, Planning and Development and Governance and Finance Committees



Diploma in Business
 Registered Builder (Builder Low Rise)

Cr Ernst arrived in Townsville in 1989 as a qualified boilermaker contracted to play league football for Centrals. Following a successful football career playing first grade for Brisbane South's and Carcassonne in France, Cr Ernst started his own transport company which he ran for 18 years. Cr Ernst's passion is assisting residents to make a difference in their community by excelling in their chosen path, whether that be community, business or sporting and by advocating for relevant programs, networks and support to foster these pursuits.

Number of terms with council: 1

COUNCILLOR TREVOR ROBERTS**Division 6**

Chair Infrastructure Committee
 Member of Community and Cultural, Smart City Sustainable Future, and Healthy and Safe City Committees



Diploma of the Australian Institute of Company Directors

Cr Roberts worked for Queensland Rail for 17 years before running a family business and later becoming involved with the media as a basketball commentator, news presenter, sports reporter, breakfast radio announcer and sales executive. Cr Roberts joined council to help stabilise the city's finances and provide the necessary community infrastructure and jobs. Cr Roberts has always enjoyed meeting with residents at a grass roots level to address their immediate needs.

Number of terms with council: 2

COUNCILLOR GARY EDDIEHAUSEN APM**Division 7**

Chair Healthy City Safe City Committee
 Member of Community and Cultural, Sports Recreation and Parks, and Governance and Finance Committees



Cr Eddiehausen has extensive policing and disaster management experience, having served as a police officer since 1973 in many country and metropolitan areas. Cr Eddiehausen has been awarded an Australia Police Medal and a State Neighbourhood Watch Gold Badge for his many years of support. Cr Eddiehausen has continued his passion for community safety and resilience in his role in local government and is now a proud ambassador of the Beacon School Program, which helps young people transition from education into employment.

Number of terms with council: 1

COUNCILLOR RAY GARTRELL

Division 8

Chair Townsville Waste and Water Committee
Member of Infrastructure, Planning and Development, and Sports Recreation and Parks Committees



Master of Business Administration (JCU)

Cr Gartrell is well known in local sporting circles for his prowess on the sporting field and for his role as a coach and sports administrator. Cr Gartrell is a qualified cricket coach and selector for regional teams. Cr Gartrell joined council to advocate for increased community infrastructure and upgrades across all portfolios. Cr Gartrell is well known within his division and plays an active role in many community groups.

Number of terms with council: 2

COUNCILLOR COLLEEN DOYLE

Division 9

Chair Inclusive Communities Advisory and Sister Cities Advisory Committees
Member of Community and Cultural, Smart City Sustainable Future, Healthy and Safe City, and Governance and Finance Committees



Bachelor of Community Welfare

Cr Doyle has over 30 years' experience in community services, planning and development. She has extensive knowledge and understanding of the issues facing seniors, people with a disability and issues affecting marginalised groups within the community. Cr Doyle has an understanding of the issues facing small business, with her family operating businesses in the motor industry, retail and hospitality sectors. Cr Doyle is passionate about building community capacity and believes she can make a difference as a councillor. Cr Doyle's focus is on building capacity and sustainability to ensure families, the community and businesses are resilient into the future.

Number of terms with council: 1

COUNCILLOR LES WALKER

Division 10

Member of Infrastructure, Townsville Water and Waste, Planning and Development, Smart City Sustainable Future, and Sports Recreation and Parks Committees



Diploma of Correctional Administration

Cr Walker was born and raised in Townsville. His career has included working on the Burdekin Dam Project, at the Cleveland Youth Detention Centre, the Townsville Correctional Centre and owning and operating several small businesses in Townsville. Cr Walker is a member of the NQ Sports Foundation and is a past champion cyclist. As a born and bred local with a family of his own in Townsville, Cr Walker joined council to help protect Townsville's unique lifestyle which residents love so much. Cr Walker wants to be involved in shaping Townsville into one of the best cities to raise a family.

Number of terms with council: 3 (non-consecutive)

Councillor remuneration and expenses

Councillors receive a remuneration package, determined by the Local Government Remuneration and Disciplinary Tribunal. The remuneration package is reviewed by the Tribunal on an annual basis. The table below outlines the remuneration received by councillors in 2014/15.

Councillor	Remuneration	Superannuation	Total
Cr Jenny Hill	161,487.12	19,378.47	180,865.59
Cr Vern Veitch	110,105.13	13,212.76	123,317.89
Cr Sue Blom	95,424.85	11,451.12	106,875.97
Cr Colleen Doyle	95,424.85	11,451.12	106,875.97
Cr Gary Eddiehausen	95,424.85	9,065.39	104,490.24
Cr Pat Ernst	95,424.85	11,451.12	106,875.97
Cr Ray Gartrell	95,424.85	11,451.12	106,875.97
Cr Jenny Lane	95,424.85	11,451.12	106,875.97
Cr Tony Parsons	95,424.85	11,451.12	106,875.97
Cr Trevor Roberts	95,424.85	11,451.12	106,875.97
Cr Les Walker	95,424.85	9,065.39	104,490.24
	\$1,130,415.90	\$130,879.85	\$1,261,295.75

Council's Councillor Expense Reimbursement Policy and Councillor Facilities Policy outline the resources and facilities extended to councillors in order for them to perform their role. During the year, council made no changes to the Councillor Expense Reimbursement Policy. A breakdown of the resources and facilities provided to councillors in 2014/15 include:

Councillor	Conferences (registration fees)	Travel and Accommodation	Advertising	Training	Hospitality (Meals)	Hospitality (Entertainment)	TOTAL
Cr Jenny Hill	931	9,426	9,141	776	323	33	\$20,630
Cr Vern Veitch	68	554	2,916	300	-	-	\$3,838
Cr Sue Blom	-	104	272	300	-	-	\$676
Cr Colleen Doyle	1,132	512	1,259	300	-	-	\$3,203
Cr Gary Eddiehausen	1,799	609	1,873	300	-	-	\$4,581
Cr Pat Ernst	68	1,609	1,113	280	-	-	\$3,070
Cr Ray Gartrell	-	1,642	886	-	-	-	\$2,528
Cr Jenny Lane	-	-	-	300	-	-	\$300
Cr Tony Parsons	1,099	3,460	409	-	-	-	\$4,968
Cr Trevor Roberts	68	-	246	300	-	-	\$614
Cr Les Walker	1,064	827	353	300	-	-	\$2,544
TOTAL	\$6,229	\$18,743	\$18,468	\$3,156	\$323	\$33	\$46,952

Details of councillors overseas travel (where relevant) can be found in Appendix A.

In addition councillors have access to a council vehicle or vehicle allowance, laptop computer, iphone and home office equipment.

Making informed decisions

Council's decision making process is based on a monthly cycle of eight standing committees and an ordinary council meeting. Each of the eight standing committees has a specific area of focus and is responsible for exploring complex issues and making recommendations to council for determination at the ordinary council meeting.

Each committee comprises the Mayor, the Chair of the committee and four additional councillors as members. The Committees and their areas of responsibility are detailed below. A record of attendance of each councillor at standing committees and ordinary council meetings can be found at Appendix C.

The **Governance and Finance Committee** is responsible for considering matters relating to knowledge management, finance, human resources, corporate governance, corporate asset management and communications and customer relations.

The **Infrastructure Committee** is responsible for considering matters relating to construction and maintenance, technical services and major projects.

The **Planning and Development Committee** is responsible for considering matters relating to development assessment, infrastructure development, strategic planning and development governance.

The **Community and Culture Committee** is responsible for considering matters relating to libraries and learning, visual arts, performing arts, community development, cultural development, community events, community grants and community centres.

The **Healthy and Safe City Committee** is responsible for considering matters relating to environmental health services, crime prevention and public safety, regulatory services, liquor licensing and disaster management.

The **Smart City / Sustainable Future Committee** is responsible for considering matters relating to climate change initiatives, sustainable building, energy demand management and eco-efficiency, Solar City programs, Sustainable Townsville Plan, National Greenhouse and Energy Reporting Framework, Natural Area Resource Management, water management strategies and pest management strategies.

The **Sport, Recreation and Parks Committee** is responsible for considering matters relating to parks services, sport and recreation services, community and sporting facilities and active communities programs.

The **Townsville Water and Waste Committee** is responsible for considering matters relating to utility services, water services, wastewater services, commercial performance and programs and technical support.

Openness and transparency

In the interests of openness and transparency, all councillors are required to lodge a statement of interest that can be viewed on council's public website.

Conflicts of interest and material personal interests relating to a council decision are recorded in the minutes of meetings.

All meetings of council and its standing committees are open to the public unless closed in accordance with Section 72 of the *Local Government Regulations 2012*. Once the deliberations are concluded in closed session, the meeting is re-opened to the public for the motion to be put to council for decision and then placed on the public record.



Statements of interest

Our people

Townsville City Council employs 1,651 staff. We have a range of professional, administrative and technical staff to support the functions and services we provide to the community. Our staff work from a number of locations across the city. Everyone who works for the Townsville City Council whether they be volunteer, permanent, part-time or a contractor is subject to our Code of Conduct for staff. We also have a range of policies and procedures to guide our decision making.

Our structure

Council’s organisational structure consists of five divisions, comprising 23 departments.

In accordance with the *Local Government Act 2009*, council has established commercial business units for its significant water and waste business activities. The commercial business units are separate units of council and apply the competitive neutrality principles, allowing the business activities to be managed according to commercial principles.



Organisational structure



Our Executive Management Team

RAY BURTON PSM

Chief Executive Officer

Master Business Administration
 Graduate Diploma Local Government
 Diploma Institute Company Directors
 Diploma of Business (Accounting)
 Diploma of Business (Local Government)
 Fellow Local Government Managers Australia
 Fellow Australian Institute of Company Directors
 Member International City Managers Association
 2012 – Institute of Public Administration Australia (Qld) Public Sector Professional of the Year Award
 2015 – Public Service Medal (PSM) Recipient.



Ray took up the position as CEO at Townsville City Council in August 2008. Prior to this, Ray held a number of executive positions in regional councils in Victoria and Queensland. Ray has a total 39 years' experience in local government, 35 of these at executive level. His commitment is to lead an efficient organisation providing quality services.

KEITH PARSONS

Director Townsville Water and Waste Division

Townsville Water CBU, Townsville Waste CBU
CBU – Commercialised Business Units.



Bachelor Business (Accounting, Business Computing).

Keith came to local government in 2002 after 14 years in the utilities sector with a major South East Queensland distribution and retail business. Keith moved to Townsville in 2008 as the Executive Manager of Finance and was appointed to the role of Director in July 2013.

GAVIN LYONS

Director Community and Environment Division

Environmental Health Services, Community Services, Integrated Sustainability Services, Library Services, Emergency Management.



Diploma in Public Health
 Member of Australian Institute of Company Directors
 Member of Local Government Managers Australia.

Gavin started his career in 1974 with Townsville City Council working in various roles and then in 1993 took up a management position with Thuringowa City Council where he advanced to Director in 2000 until amalgamation in 2008. Gavin also has significant experience in Disaster Management and enjoys the challenge of the diverse services provided through his Division.



NEIL ALLEN

Director Infrastructure Services Division

Maintenance Services, Engineering Services, Property Management, Business and Finance.



Bachelor Engineering
 Master Business Administration
 Diploma Technology
 Diploma Management
 Registered Professional Engineer of Queensland
 Fellow Institute of Public Works Engineering Australasia
 Member of LGAQ Roads and Transport Infrastructure Reference Group
 Member of the Townsville Local Disaster Management Group
 Member of the IPWEAQ
 Member of Board Professional Engineers - Queensland Government.

Neil commenced with Townsville City Council in May 2007. Neil has decades of experience in the local government sector, holding Directorate positions within a number of councils. His predominant skills and experience lie in senior management, project management, floodplain management, organisational change and team building.

STEWART PENTLAND*

Director Planning and Development Division

Development Assessment, Strategic Planning, Development Governance.



Bachelor of Built Environment (Urban & Regional Planning)
 Member of Urban Development Institute of Australia
 Member of Property Council of Australia
 Member of Housing Institute of Australia.

Stewart commenced as Director in September 2011. Prior to working for council, Stewart spent his entire career in private sector construction and development consultancy roles. As a consequence, Stewart has a strong commercial focus, understanding project delivery from conception to completion and has a particular interest in regulatory reform and evolving the Local Government customer service model.



KIM CORRIE

Director Corporate Services Division



Knowledge Management, Financial Services, Human Resources, Corporate Governance, Communications and Customer Relations, Corporate Asset Management.

Bachelor Business (Accounting)
 Master of Business (Corporate Governance and Human Resource Management)
 Master of Business Leadership
 Diploma Australian Institute of Company Directors
 Graduate Certificate in Organisational Change
 Accredited Human Synergistic Practitioner
 Member of Local Government Manager Australia
 Committee member on the Townsville Learning Communities Advisory Group.

Kim started her career in finance before taking local government positions across New South Wales, the Northern Territory and Queensland. Kim commenced as Director for Thuringowa City Council in 2007. She is a results oriented person who enjoys the diversity and challenges of local government and contributing to community outcomes.

Council has six senior contract employees with below total remuneration packages.

<i>Total Remuneration Value Range</i>	<i>Number of Senior Executives</i>
<i>\$200,000 to \$300,000</i>	<i>3</i>
<i>\$300,000 to \$400,000</i>	<i>2</i>
<i>\$400,000 to \$500,000</i>	<i>1</i>

**Stewart resigned from council on 29 May 2015 to take up a position as Director of Strategic Planning and Development with Moreton Bay Regional Council. Gavin Lyons acted as Director of Planning and Development for the remainder of the financial year.*

Our workforce profile

Council's achievements would not be possible without a skilled, dedicated and motivated workforce. Engaged, high-performing employees help us deliver quality services to our community, therefore, the health and wellbeing of our staff and the culture within our workplace is a high priority to council.

Council's **Strategic Workforce Plan 2015 – 2017** was endorsed in June 2015. The Plan will enable council to effectively plan, structure and budget its future workforce requirements. Our workforce is experiencing a time of significant change; this presents challenges but also opportunities to build the capability of our employees and the services we provide to our community.

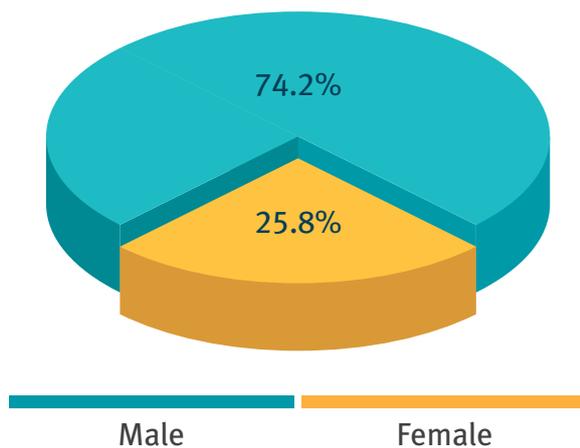
Workforce data was collected during a review of the organisation and several key human resource management strategies have been targeted. The strategic themes broadly encompass:

- ageing workforce initiatives
- succession planning
- the continuation of building capability
- recruitment and selection.

It is intended the next Strategic Workforce Planning cycle will cover labour supply and demand forecasting for our critical job families across the organisation. Our staffing levels have remained fairly consistent over the past four years. The total number of staff does not include casual staff.

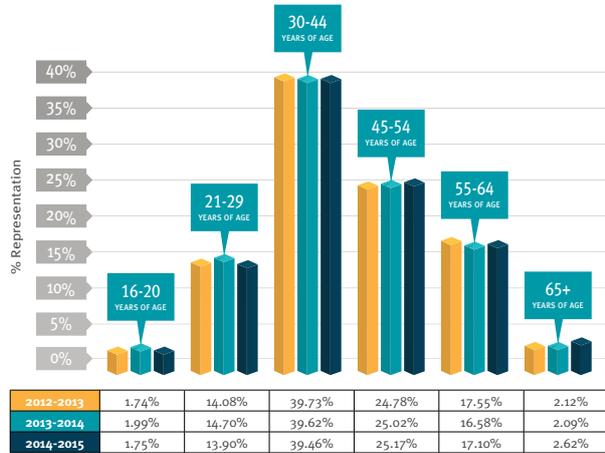
	2011/12	2012/13	2013/14	2014/15
Total number of staff	1,694	1,691	1,620	1,651
Number of male staff	1,075 (63.5%)	978 (63%)	975 (61.9%)	1,013 (61.4%)
Number of female staff	619 (36.5%)	627 (37%)	645 (38.1%)	638 (38.6%)
Number of full time staff	1,610 (94.6%)	1,590 (94%)	1,536 (94.8%)	1,557 (94.4%)
Number of part time staff	92 (5.4%)	101 (6%)	84 (5.2%)	94 (5.6%)

Similar to many Australian employers, council is experiencing the effects of an ageing population, and this is reflected in our workforce profile. 27% of council's outdoor workforce and 20% of council's indoor workforce are 55 years of age or older, and 28% and 25% respectively are between 45 to 55 years of age.

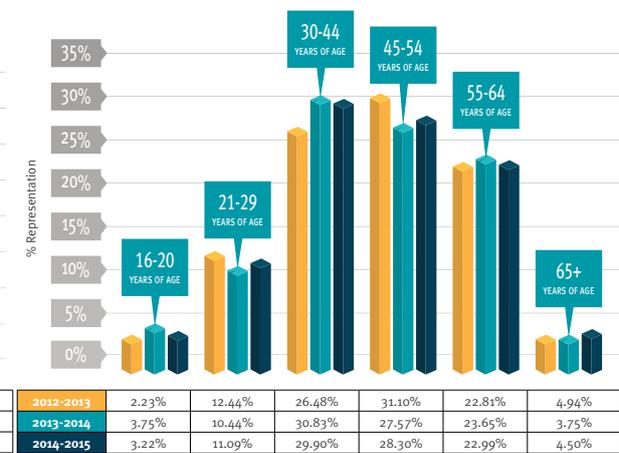


Council's **Leadership Management Group** consists of the Chief Executive Officer, Directors and Executive Managers or Managers who report directly to the Chief Executive Officer or Director. There are 31 members of the Leadership Management Group, 23 are male and eight are female.

Age Profile - Indoor Staff



Age Profile - Field Staff



Staff turnover

Staff turnover at council is considerably lower than other industries and local governments. The concept of the best-practice percentage is to have a level of turnover that allows for new ideas and fresh employees, but doesn't leave companies trying to replace key staff at inopportune times. An Australian Human Resources Institute (AHR) survey in 2012 found the average turnover rate for companies that participated in the survey was 13%. Similarly, a survey conducted by the Local Government Association of Queensland in 2013, found the average turnover rate for the local government sector was 8.25%, with the turnover for Category 6 councils (which Townsville City Council is) being 9%.

	2011/12	2012/13	2013/14	2014/15
Average number of years worked by permanent employees	9.24yrs	8.63yrs	8.8yrs	8.82yrs
Turnover rate – field staff	9.55%	9.73%	6.20%	6.27%
Turnover rate – indoor staff	10.62%	7.23%	5.26%	6.12%



We value and empower our staff

Council is committed to building the capacity of our workforce by providing opportunities for employees to attain and maintain qualifications and participate in skills development programs.

We offer a range of professional development and **training** opportunities to ensure our staff have the skills and knowledge to deliver the highest quality services to our community. We value the safety and wellbeing of our people. Council employed 34 trainees during 2014/15 and all were provided with a combination of employment and structured training.

Council this year conducted a **Diversity in Employment** Data Collection Project. Disclosure of staff diversity data will allow council to:

- understand the nature of our workforce
- provide more targeted training, advice and support
- ensure the building and sustainability of a diverse workforce now and in the future
- provide greater focus on improving workplace culture and social inclusion.

We supported 42 managers to graduate from the **TakeON Management Matters** training during the year. This is a leadership development program for middle and senior management. The program is a practical and effective approach to build and enhance people management capability, to ensure our employees are fully engaged, aligned and focused on the delivery of organisational strategy and objectives.



TakeON Management Matters Graduation Class 2014

Council is required to report on actions taken during the year in relation to the **Code of Conduct** and compliance with the *Public Sector Ethics Act 1994*. Council has a formal Code of Conduct for staff, which incorporates the ethics principles and obligations under the Act. The Code of Conduct was last reviewed in May 2013 and is currently under review. Mandatory induction training for all new employees includes a detailed session on the requirements and obligations of all staff under the Code of Conduct, corporate values, diversity and equality, equal employment opportunity, anti-harassment, anti-discrimination and workplace violence policies. In the instance of any suspected breaches of the Code, a full investigation is undertaken and appropriate action taken.

Council is committed to providing a working environment where people are treated with fairness, equity and respect. A number of initiatives have been implemented to support this outcome through training and development, leadership development and other support services including contact and referral officers.

During 2014/15 we reviewed our staff performance management process known as **Achievement Planning**. The recommendations to improve the system, process and tools used for performance management are now being implemented. It's anticipated the changes will help council achieve its desired culture of a more collaborative, forward-focused, solution-orientated organisation – one that achieves the best possible outcomes for the community.

In September 2014, the State Government introduced the new Local Government Industry Award 2014 (the Modern Award). However, the new State Government is set to introduce significant changes, with the award modernisation process due to recommence in late 2015. As council's **Enterprise Bargaining Agreement** (EBA) is connected to the Award, this means negotiations on our new Agreement (which expired in April 2015) are currently on hold. Until a new agreement is negotiated, council employees continue to be covered by the provisions of the existing Agreement.

In 2014/15 council continued with its commitment to **Smart Service**, an initiative that monitors agreed levels of service and key performance indicators related to service delivery across all levels of the organisation. Smart Service teams were recognised at the annual Smart Service Excellence Awards in August 2014. The awards recognise the achievements of teams and individuals in all areas of the Smart Service program and for overall commitment to continuous service improvement. Information regarding Smart Service is found in our Responsible Governance section on page 116.



Outstanding service

In November each year, council recognises staff commitment to the organisation through the presentation of **Long Service Awards** for staff who have achieved 10 years of service or more in five year increments. In 2014, council congratulated 144 staff with a total of 2,545 combined years of service.

Service category	Total number of recipients	Average age of recipients	Male recipients	Female recipients
10 years	56	44	30	26
15 years	30	51	18	12
20 years	24	52	15	9
25 years	15	58	12	3
30 years	5	57	5	0
35 years	7	54	5	2
40 years	6	60	6	0
45 years	1	64	1	0
Total	144	n/a	92	52



Graham Stringer, Water Reticulation Officer, being congratulated on 45 years of service by our Mayor, Cr Jenny Hill and CEO, Ray Burton.

Looking to the future

It is important for us to consider our longer term workforce composition. Our ageing population is a reality. Council has in place an Integrated Succession Management Framework. This framework identifies critical talent, guides how to develop potential successors and how to assess and manage succession.

What did our staff say?



Staff Profile: Nadia Snajder

My current job with council is: Team Leader at the Palmetum Botanic Gardens.

A typical day at work for me is: Day-to-day care of the gardens.

The best thing about my job / working at council is: The amazing people I work with, working with plants and getting to work in one of the most beautiful places in Townsville.

The most challenging part of my job is: Summer humidity.

I'm most inspired by: Visiting other gardens.

What I love about living in Townsville is: There's not much traffic, it's so close to the Barrier Reef, has beautiful winters and an almost year-round growing season!

Staff Profile: Jeremy Fagg

My current job with council is: Asset inspector for Infrastructure services.

A typical day at work for me is: Inspecting Council assets and resolving customer issues within the council's road network.

The best thing about my job / working at council is: The variety of work and the great people I work with.

The most challenging part of my job is: Dealing with some pretty difficult and unusual situations.

I'm most inspired by: Tony David a local dart player who won the 2002 world championship (proves that with hard work and dedication that goals and dreams can come true).

What I love about living in Townsville is: The weather and fishing.



Celebrating our achievements



Council awards

Silver Award for 2013/14 Annual Report

Australasian Reporting Awards

Service Excellence Award for Queensland Local Government

Customer Service Institute of Australia

Great Place Award for Jezzine Barracks Redevelopment

Planning Institute of Australia

Planning and Design for Liveable Public Spaces Award for Jezzine Barracks Redevelopment

Walking Visionaries Awards

Improved Productivity and Regional Development Award for Local Government

2014 National Awards for Local Government

Improving Planning Processes and Practices (commendation) for Planning and Development Reform Program

Planning Institute of Australia

Excellence in Innovation Award (finalist) for Changing Attitudes campaign managing aggressive dogs

Local Government Managers Australia

Australasian Management Challenge (2nd Place) Queensland

Local Government Managers Australia

Excellence in Research and Innovation (highly commended) for comparison of direct rainfall and lumped-conceptual rainfall runoff routing methods

Queensland Stormwater

Excellence in Infrastructure Awards for Jezzine Barracks Redevelopment

Queensland Stormwater

Boosting Productivity through Infrastructure (highly commended) for Life Cycle Cost Asset Management Plan

2015 National Awards for Local Government



Individual staff awards

This is the fourth consecutive year council has had a finalist in the Queensland Training Awards. The Awards are the state's highest recognition of people and organisations who strive for success, best practice and innovation in training. Of those four years, two have gone to the State finals. During 2014/15, Taylor Cook, Administration Trainee (Leadership & Capability and Finance) was announced as a top three finalist in the 2015 Bob Marshman Trainee of the Year (Nth Qld) category.



Our Volunteers

Council acknowledges the wonderful contribution volunteers make to our community. While it is hard to put an exact figure on the number of volunteers within the city, 16.7% of residents over the age of 15 have volunteered in the past 12 months, while Volunteering North Queensland has 1,695 current volunteers officially registered within the city.

Council manages a number of programmes that involve community volunteers. During the year, volunteers assisted council with the following programmes:

- Friends of the Gallery
- Friends of the Theatre
- Sister City Events
- Homework Mentoring
- Reading Links
- English Classes
- Savannah Writers Voices up North
- Christmas in the City Yarn-bombing
- Men's Health Program.

Homework Mentoring

is a learning support program for high school students from the migrant and refugee community. The program is facilitated by the library three times per week with volunteer support. An average of 10 volunteers attend each session where a group of about 10-15 students are assisted with understanding class work, completing assignments and homework tasks.



Reading Links is a reading support program facilitated by the library with the assistance of volunteers. The program is for all ages and is designed to develop reading skills and comprehension. There are currently seven volunteers who tutor learners in regular one on one sessions using the Reading Links workbooks as the foundation for developing literacy.



English Classes provide a literacy building programme where adults from migrant and refugee backgrounds can improve their English skills in a welcoming environment. The programme is based on developing confidence in using English in a conversational setting. The program, which has one volunteer tutor, delivers sessions to 15-20 participants on a weekly basis.

Savannah Writers Voices up North was the inaugural literary festival hosted by CityLibraries in May 2015. The week-long festival was delivered with the aid of 15 volunteers who provided assistance with workshops, guided participants and registration. You can find more information on this festival on page 89.



Gallery Services volunteers undertake a number of tasks within both Pinnacles and Perc Tucker galleries including reception, providing information to visitors, compiling mail-outs, assisting with education and public programs, exhibition tours, collection research and filing, condition reporting and exhibition installation and demounting. Volunteers select their preferred gallery and the areas of interest that they would like to volunteer in. In the photo is Anne Foskett helping workshop participants at After School Art.

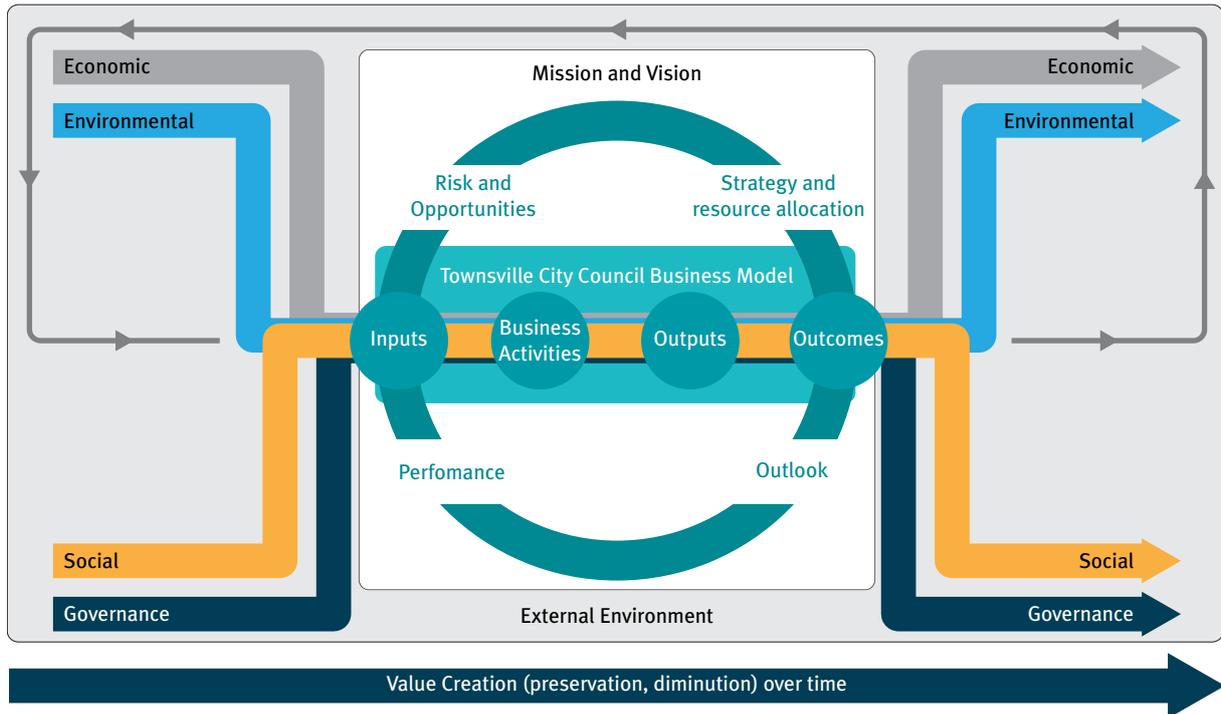
We would like to thank all the volunteers within our community; those involved with sporting, social and service clubs, community events, environmental initiatives and much more. You are an integral part of our community fabric and without you our community wouldn't be the same.

Council's Volunteers Policy can be found on our website.



Our business model

Council’s business model, as depicted below, demonstrates how we transform inputs, through our business activities, into outputs and outcomes in order to fulfil our strategic goals and create value over the short, medium and long term.

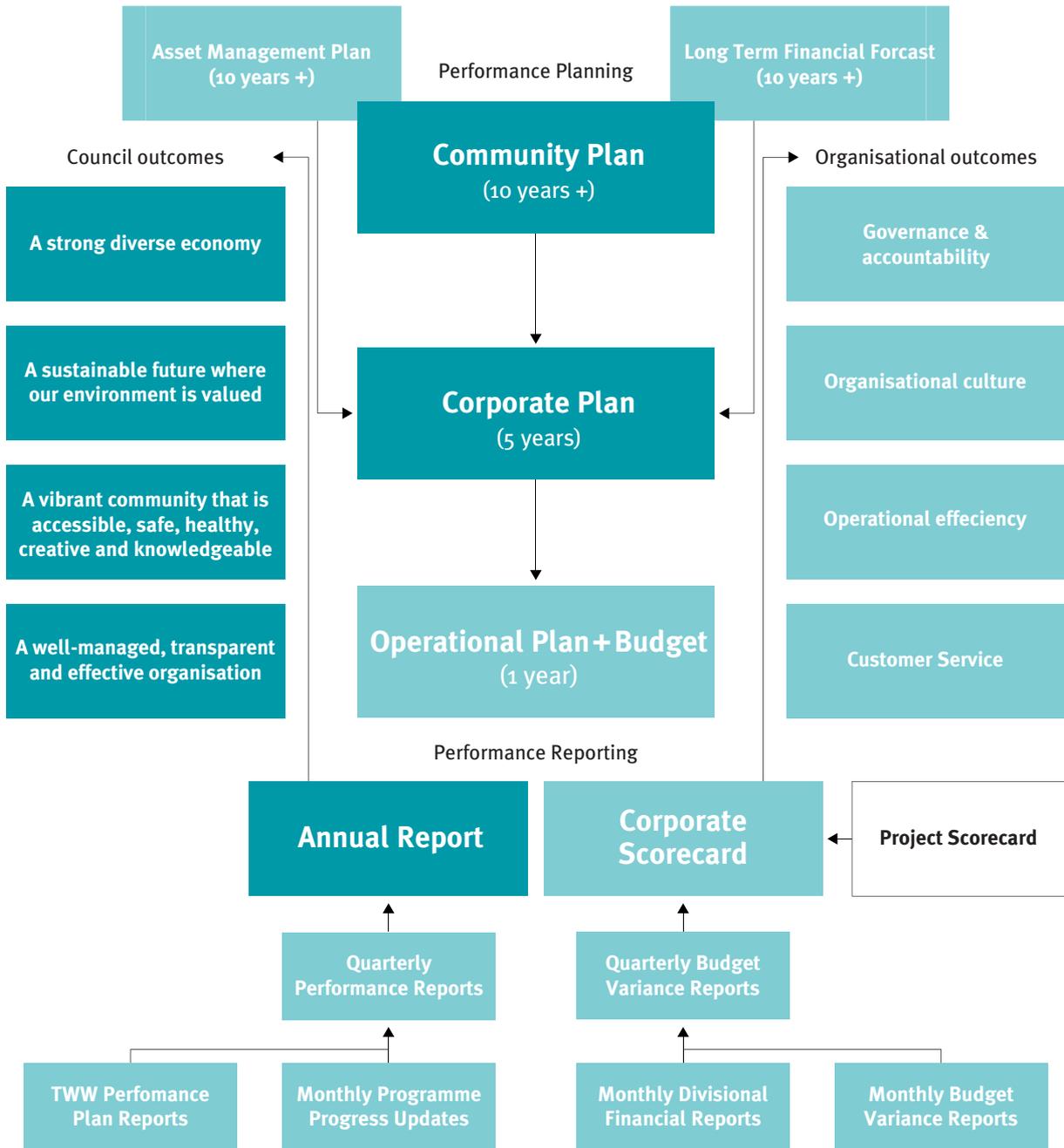


A sample of the inputs, business activities, outputs and outcomes for 2014/15 include:

Inputs	Business Activities	Outputs	Outcomes
<ul style="list-style-type: none"> • Total budget of \$575.74m • Operational expenditure budget of \$383.89m • Capital Works budget of \$191.85m • Community infrastructure assets of \$4.4b • 1,651 staff. 	<ul style="list-style-type: none"> • Community & Culture • Enabling Services • Environmental & Sustainability • Planning and Development • Public Infrastructure • Solid Waste Management • Waste Water Services • Water Services. 	<ul style="list-style-type: none"> • Operating surplus of \$7.8m • Supply of 51,673ML urban potable water • Maintenance of 1,739 km of road network • Completion of Mt Louisa Reservoir No. 3, Blakey’s Crossing and the Townsville Recreational Boat Park. 	<ul style="list-style-type: none"> • A strong diverse economy • A sustainable future where our environment is valued • A vibrant community that is accessible, safe, healthy, creative and knowledgeable • A well-managed, transparent and effective organisation.

How our planning and reporting process comes together

The following diagram demonstrates the links between council’s key planning and performance reporting documents and how this document (council’s Annual Report) is the primary means of demonstrating our success in delivering on council outcomes.



Our Community Plan Report 2014/15

The Townsville Community Plan 2011-2021 was adopted in June 2011 and outlines the community's vision for the future. The Plan was developed with the community, for the community and though it is no longer a statutory requirement council has committed to retain and continue reporting against it.

The Community Plan has four themes:

- Strong, connected community
- Environmentally sustainable future
- Sustained economic growth
- Shaping Townsville.

Each theme within the Community Plan is supported by guiding principles. Over the following pages, measures of achievement have been identified for each guiding principle. You will also find some feature stories of particular achievements throughout the year relating to each theme.



Community Plan

Theme 1: A strong, connected community

A community that draws on the diversity, skills and expertise of residents to build a community that has pride in its culture and lifestyle.

Guiding principle: Strengthen community cohesion

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of volunteers within the community	22,934#	22,934#	22,934#	22,934#	↔
Number of bookings in council managed community facilities and spaces per annum	52,007	60,434	62,960	61,275	↓
Attendance at events and activities staged in council managed community facilities and spaces	3,031,527*	2,765,785*	3,436,657*	3,425,784*	↓

Commentary: Despite a fall in number of bookings and attendance at events staged in council facilities there has been an increase in the attendance of council operated performance spaces within Townsville and city events.

* Estimated

2011 Census Figure

Guiding principle: Value the richness of diversity

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Attendance at council managed community cultural events and activities	121,925*	124,364*	114,692*	122,746*	↑
Number of council facilities accessible to community members with limited mobility, including people with a disability, seniors and parents with strollers	116	132	150	139	↓
Attendance at The Cultural Centre Townsville	2,106	2,943	2,924	3,228	↑
Number of support / service organisations for the culturally and linguistically diverse community	61	72	48	87	↑
Commentary: Attendance at council events remains high, indicating the value our community places on these high quality free events.					

*Estimated

Guiding principle: Develop a vibrant arts lifestyle

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Attendance at council operated performance spaces within Townsville	173,317	110,006	115,190	118,032	↑
Visitation at Gallery Services programmes, exhibitions and workshops	115,335	96,730	283,161	143,045	↓
Number of performing arts organisations within Townsville	142	149	18	38	↑
Number of visual arts organisations within Townsville	33	39	39	23	↓
Number of literary organisations operating within Townsville	9	9	24	11	↓
Percentage of the community who rated high or medium satisfaction with local galleries	82%	83%	83%	83%	↔
Commentary: Community satisfaction with council operated galleries and theatres remains high as demonstrated by survey and attendance results.					

Guiding principle: Develop a sense of safety

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Percentage of the community who rated community safety programs (e.g. CCTV cameras, security guards) as of high or medium importance	76%	98%	98%	94%	↓
Percentage of the community who rated the management of emergency events such as cyclones and floods as of high or medium importance	88%	100%	100%	100%	↔
Percentage of the community who rated mosquito control of high or medium importance	82%	96%	96%	97%	↑
Number of reported offences against persons	1,772	1,824	1,649	2,445	↑
Number of reported offences against property	13,037	12,107	10,482	11,511	↑

Commentary: The importance rating for community safety programmes dropped by 4% in the last community survey, while satisfaction with these same programmes increased, indicating the success of current safety initiatives. Despite this, there has been a significant increase (67%) in reported offences against persons and moderate increase (11%) in offences against property in the past year.

Guiding principle: Provide active and passive sport and recreation opportunities

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of sporting organisations within Townsville	254	259	254	249	↓
Number of public parks within Townsville	320	330	335	350	↑
Number of public swimming pools within Townsville	12	12	12	12	↔
Number of lifeguard patrolled beaches within Townsville	5	5	5	5	↔
Percentage of the population who regularly participate in non-organised physical activity	38.5%	38.5%	38.5%	38.5%	↔
Percentage of the population who regularly participate in organised physical activity	12%	12%	12%	12%	↔
Percentage of the population who regularly walk, run or ride	39%	39%	39%	39%	↔

Commentary: The large network of parks and open spaces within Townsville, means our residents have access to a range of opportunities for physical activity within their community.

Guiding principle: Open, honest and accountable leadership

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of community engagement activities undertaken by council per annum	65	81	61	53	↓
Number of 'likes' on council's Facebook pages as at the end of the financial year	18,211	22,122	34,191	47,106	↑
Number of visits to council's website per annum	634,912	806,379	1,009,736	1,072,913	↑
Number of followers on council's twitter accounts as at the end of the financial year	3,293	5,064	6,548	2,282	↓
Percentage of the community who rated high or medium satisfaction with consulting and engaging the community	74%	76%	76%	80%	↑

Commentary: Council's website and Facebook page continue to be the primary vehicle for community engagement and consultation which is evident by the increase in popularity. The decrease in Twitter followers for 2014/15 is attributed to council no longer being responsible for the management of TownsvilleShine Twitter account.

Focus on: Cultural Outreach Schools Project (COSP)

COSP received funding by the Townsville City Council Community Grants and Sponsorship Program. The project provides a wonderful opportunity to extend Townsville students education about diversity. This is achieved by providing opportunities for students of all ages to meet and interact with people of diverse cultural backgrounds and diverse settlement experiences.

Students are provided with information and demonstrations of diverse crafts, traditions and dances. Participating students also have the opportunity to listen to settlement challenges faced by new arrivals to our city. Students are then asked to reflect on how they can provide a sense of welcome to new arrivals in the school environment and in the local community.



Theme 2: Creating an environmentally sustainable future

Our community recognises and values the natural environment. We acknowledge the need for a more sustainable future and seek to achieve this through solutions that minimise our impact on the environment.

Guiding principle: Valuing our natural environment and urban green spaces

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of participants in natural area conservation and restoration activities	4,153	650	425	604	↑
Percentage of the community who rated high or medium satisfaction with the protection of bush land and wildlife	80%	88%	88%	85%	↓
Percentage of the community who rated high or medium satisfaction with council environmental initiatives (e.g. revegetation, city solar)	80%	87%	87%	81%	↓
Area of habitat retention within Townsville	1,603 ha	1,603 ha	1,603 ha	1,603 ha	↔
Number of habitat restoration and community revegetation programs undertaken within Townsville	12	8	4	4	↔
<p>Commentary: Satisfaction with environmental activities has dropped slightly in the last Community Survey, though still rating around 85%. 2014/15 saw increased numbers of residents attending events such as Ecofiesta, National Water week, National Tree Day and regular sustainability.</p>					

Guiding principle: Taking responsibility for the health of local waterways, wetlands and marine areas

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of creek watch activities conducted per annum within Townsville	84	124	131	384	↑
Percentage of the community who rated high or medium satisfaction with the protection of beach foreshore	88%	90%	90%	89%	↓
Percentage of the community who rated high or medium satisfaction with the water quality in our waterways	89%	89%	89%	88%	↓
<p>Commentary: There has been minimal change in the community's satisfaction with beach and waterway initiatives. Increased volunteer hours and new monitoring locations have led to increased Creekwatch activities, currently at 96 activities per quarter.</p>					

Guiding principle: Adopting an environmentally sustainable lifestyle at home, work and play

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Average weight of waste collected per kerbside waste bin serviced	13.97kg/bin	16.65kg/bin	14.49kg/bin	14.2kg/bin	↓
Total weight of recycling sent for processing per annum	15,430 tonnes	12,252 tonnes	12,128 tonnes	12,433 tonnes	↑
Total weight of waste delivered to landfill sites per annum	377,355 tonnes	340,794 tonnes	300,126 tonnes	432,117 tonnes	↑
Percentage of effluent re-used per annum	14%	15%	14.5%	16.8%	↑
Percentage of properties choosing Water Watcher water pricing	19%	19%	19%	19%	↔

Commentary: There has been a significant increase in the tonnage of waste delivered to landfill sites this year. This has been attributed to a large increase in clean fill being delivered as waste, due to multiple road infrastructure projects being undertaken in the city. As can be seen from the average weight of kerbside bins collected, there is no evidence that residents are producing more domestic waste.



Focus on: Conservation and sustainability education

Council prides itself on hosting primary through to secondary school students for tours of our environmental initiatives and often involves university students under the council’s work experience programme. In 2014/15, 1,700 school students engaged in water conservation and sustainability education activities including classroom visits by council staff and tours of the Rows Bay Sustainability Centre and its local catchment.

These programmes provide students of all ages with an insight into what activities council performs in water, energy and natural resource management for the community. Council also benefits from new ideas and contributions from the students involved, particularly those undertaking environmentally focused projects during their work experience.



Sustainability programs

Theme 3: Sustaining economic growth

The community recognises it is fundamental to have a strong and balanced economic growth in order to enhance our city's way of life.

Guiding principle: Strong and diverse economy

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Gross Regional Product	\$11.07 billion	\$12.33 billion	\$12.59 billion	\$13.10 billion	↑
Number of building applications approved within the city (residential, commercial and industrial)	4,102	3,853	3,777	3,571	↓
Value of building applications approved within the city (residential, commercial and industrial)	\$664,964,203	\$682,452,407	\$614,234,941	\$560,481,678	↓
International visitation per annum	109,000	112,000	101,000	113,000	↑
Domestic visitation per annum	975,000	911,000	967,000	950,000	↓

Commentary: Domestic and international travel figures have remained stable despite slowing economic conditions, indicating the resilience of Townsville's diverse economy.

Guiding principle: An innovative and highly skilled city

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Percentage of school leavers continuing on to tertiary education	32.9%	32.4%	32.4%	39.1%	↑
Percentage of school leavers continuing on to vocational education and training	26.5%	24.7%	24%	22.1%	↓
Growth in Gross Regional Product	8.6%	11.33%	2.14%	4.04%	↑
Number of research institutions within Townsville	6*	6*	6*	6*	↔

Commentary: The number of school leavers continuing on to tertiary education is a strong indication of the focus within the city for further education.

*AIMS, CSIRO, JCU, Reef & Rainforest Research Centre Ltd, the Australian Tropical Sciences and Innovation Precinct and GBRMPA

Guiding principle: A community that benefits from Townsville's economy

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Gross Regional Product per capita	\$50,824	\$56,585	\$57,790	\$60,131	↑
Median total household income per week	\$1,381#	\$1,381#	\$1,381#	\$1,381#	↔
Unemployment rate	6.3%	4.7%	7%	8.1%	↑

Commentary: Despite the slight increase in the unemployment rate, Gross Regional Product per capita has gone up.

Census Figure

Guiding principle: A city that sustains and prospers from its environment

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of environmental product / services representatives enrolled in the council's Sustainable Network	70	80	82	89	↑
Number of Eco-Tourism Australia Certified businesses based in Townsville	6	8	8	8	↔
Number of Climate Action Certified tourism businesses based in Townsville	2	3	2	0	↓

Commentary: Due to the strict requirements and extra costs of becoming a climate certified business through the private organisation, Ecotourism Australia, businesses may have decided not to undertake the work required to obtain Climate Action Certification through Ecotourism Australia.

Focus on: A thriving Townsville

A Townsville Enterprise report shows \$1.8b worth of projects has been completed in Townsville over the past two years. The report, Opportunity Townsville North Queensland, highlights that Townsville is the second biggest economic region in Northern Australia, eclipsed only by the Pilbara.

Some highlights include:

- There have been 44 projects worth over \$5m each successfully delivered in Townsville in the last two years with a total value of \$1.8b.
- Over \$3.3b worth of residential property development is currently underway in Townsville with extended delivery timeframes.
- Almost \$1b of public projects are currently underway, including \$337m of road infrastructure upgrades.

As highlighted on page 48, in 2014/15 alone, over \$560m of development was approved by council. Most development will be constructed over multiple financial years.



Theme 4: Shaping Townsville

Our community recognises and values the natural environment. We acknowledge the need for a more sustainable future and seek to achieve this through solutions that minimise our impact on the environment.

Guiding principle: A vibrant, sustainable, connected urban form

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Population growth in Townsville	2.1%#	2.1%#	2.1%#	2.1%#	↔
Percentage of the community who rated high or medium satisfaction with planning for commercial development	75%	78%	78%	75%	↓
Percentage of the community who rated high or medium satisfaction with planning for residential development	75%	76%	76%	77%	↑
Number of dwellings which can be accommodated within the existing zoned and approved residential land across Townsville city	65,000*	65,000*	62,900*	64,400*	↑

Commentary: Satisfaction with councils planning process remains high.

*Estimated

Census Figure

Guiding principle: Preserve and enhance Townsville's heritage and character

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Number of heritage listed properties in Townsville. <i>*definition changed in 2012/13.</i>	1,390	321	308	321	↑
Percentage of the community who rated Townsville Bulletin Square (Flinders Street) as of high or medium importance	87%	80%	80%	71%	↓
Percentage of the community who rated the Riverway Precinct and Tony Ireland Stadium as of high or medium importance	87%	90%	90%	87%	↓
Percentage of the community who rated the Strand as of high or medium importance	96%	98%	98%	96%	↓

Commentary: Two of the city's icons, Riverway and The Strand, continue to be appreciated by the community.

Guiding principle: A lively, diverse and connected city centre

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Residential population within the Townsville CBD	2,735	2,738	2,744	2,750	↑
Overall office vacancy rates within the Townsville CBD	16.4%	21%	24.5%	26.3%	↑

Commentary: Slowing economic conditions and the recent completion of two CBD office towers have impacted on the measure of office vacancy in the CBD with an increased number of office spaces within the CBD but tenancy has not progressed at the same rate.

Guiding principle: Effective and adequate public infrastructure

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Percentage of the community who rated the removal and treatment of sewerage from their property as high or medium importance	84%	80%	80%	87%	↑
Percentage of the community who rated the quality and reliability of water supply as high or medium importance	99%	100%	100%	100%	↔
Percentage of the community who rated high or medium satisfaction with the condition and safety of local roads	63%	77%	77%	81%	↑

Commentary: Positive results have been experienced in relation to community satisfaction with the condition and safety of local roads, with consecutive satisfaction increases observed.

Guiding principle: Well connected Townsville

Measure of achievement	2011/12	2012/13	2013/14	2014/15	Change
Percentage of the community who rated high or medium satisfaction with bike paths and walking trails	85%	85%	85%	85%	↔
Number of bus stops provided by council within Townsville	987	986	972	973	↑
Percentage of residents commuting less than 20 minutes to work	69%	69%	85%	85%	↔

Commentary: Our community enjoys an active and well connected lifestyle.

Focus on: Townsville City Plan

On 13 October 2014, council adopted the Townsville City Plan. The Plan looks at our city with a fresh perspective; it sets the vision and consistent plan for how Townsville should grow over the next 25 years. The Plan was developed through extensive consultation with industry, government agencies, business and community. It takes a balanced approach to managing our city's growth to make sure we maintain our lifestyle, while still meeting ongoing demands for residential, commercial and industrial growth.



Over the next 25 years, we expect upwards of 300,000 people and countless businesses to be living and operating in the city. Managing our use of land, energy, water, transport and infrastructure in an integrated and strategic way will be critical for our city.

Importantly, through the Smart Growth Strategy, we will manage housing needs by maintaining our current urban growth boundaries and develop in areas that already have the necessary infrastructure in place such as roads, water and sewerage to help keep these costs manageable for the entire community.



Goal 1: Economic Sustainability

A strong diverse economy which provides opportunities for business and investment with an integrated approach to long term planning where the city's assets meet the community needs.

Corporate Plan Strategies

- 1.1 Create economic opportunities for Townsville to drive community prosperity.
- 1.2 Maximise opportunities through engagement and partnership with stakeholders to achieve a strong resilient economy.
- 1.3 Utilise the City Plan to inform the development of current and future infrastructure needs of Townsville.
- 1.4 Promote and market Townsville as a vibrant destination for commerce, entertainment and lifestyle.



Achievements

- Adoption of new City Plan, giving direction to the city's growth over the next 25 years
- Completion of the Draft Townsville City Waterfront PDA Development Scheme, which will bring world class development to the CBD
- Completion of Blakey's Crossing upgrade ahead of schedule and below budget, which will make commuting during the wet season easier for residents of the Northern Beaches
- Successful North Queensland Tourism and Lifestyle Expo hosted, promoting tourism in the region
- Successful council event's strategy delivered, attracting nearly 120,000 people
- Successful Centenary of ANZAC Services attracting over 50,000 attendees
- Maintenance and repair of infrastructure for the Townsville 400 V8 Supercars, which attracted thousands of visitors to the region.



Challenges and impacts

- The weakened economy and rising unemployment rate has impacted on Townsville, even if not as significantly as other regions. This has led to slower economic growth. This has seen pressure on council to invest in capital projects to bolster the local economy and jobs in the region. Delays by council to progress capital projects impacts on the livelihood of local business
- Population growth slower than medium growth projections has impacted on council initiatives such as having 30,000 people living in the CBD by 2030
- Council has an ageing asset profile and with that comes the significant financial cost of restoring or replacing these assets
- Reduced revenue as a result of Federal Government grants being capped and reduced infrastructure charges collected due to the recovering economy has impacted on council's operational and capital budgets. Council has endeavoured to ensure this financial burden is not passed on to ratepayers and consequently has managed to keep rate rises to a minimum. Despite satisfaction with council's sponsorship program, Together Townsville, remaining high, sponsorship secured to offset community initiatives has also suffered from the slower economic environment.



Projects that were postponed

- Townsville Entertainment Centre and Convention Centre works (council commenced this project in early 2015/16)
- Jezzine Barracks Commercial Opportunity Expressions of Interest (it was endorsed not to pursue this initiative)
- Conduct of Business Connect Event (the objectives of this proposed event are being effectively delivered through the Invest Townsville program).



Our Stakeholders

- Townsville Enterprise Limited
- Regional Organisation of Councils
- Regional Economic Development Group
- Townsville Chamber of Commerce
- Mount Isa to Townsville Economic Zone (MITEZ)
- Port of Townville Ltd
- Sister Cities
- North Queensland Regional Roads Group
- Townsville Airport
- Youth with a Mission
- Development Industry
- State and Federal Government.



Looking forward to 2015/16

- Develop new digital tourism visitor information services to help promote tourism opportunities
- Plan and conduct T150 events throughout the 2016 calendar year to celebrate Townsville's 150th Anniversary
- Conduct commemorative services and events for the 70th Anniversary of the Victory of the Pacific
- Complete renewal works at the Townsville Entertainment and Convention Centre to ensure the facility standard meets the needs of hirers.

The next chapter in
Townsville's
evolution





Townsville City Waterfront Priority Development Area (PDA)

The Townsville City Waterfront Priority Development Area (PDA) – **The Waterfront** – is a once-in-a-generation project to transform Townsville’s city heart. Council, in partnership with the Queensland Government and Port of Townsville, finalised the *Draft Townsville City Waterfront PDA Development Scheme* during 2014/15. [There’s a great video on our website.](#)



Priority Development Area

For the community

The Waterfront will provide an exciting mix of recreation, culture, tourism and urban lifestyle choices for Townsville’s community to enjoy, along with residential, commercial and business uses. The Waterfront will define a new chapter in urban living for the centre of the city.

For business and industry

The Waterfront will provide greater certainty for investors, by enabling development to reach the market sooner, through shorter assessment timeframes designed to fast-track development within the PDA.

For the economy

The Waterfront is the most comprehensive economic development in Townsville and one of the biggest urban renewal projects currently underway in Northern Australia. The Waterfront project is a catalyst project for the revitalisation of the Townsville City Centre, which will take shape over the next 15 to 20 years.

THE WATERFRONT





Implementing long term plans

A number of council's long term planning initiatives and construction projects came to fruition during the year, placing the city in a strong position for future generations.

Throughout the year, council and other stakeholders continued to support growth with entertainment, retail and infrastructure development in the city, in line with the **Townsville City Economic Development Plan 2013-2017**. The motivation for the Waterfront project was drawn from this Plan, the Townsville City Plan and Townsville CBD Master Plan, which emphasised the need for the city centre to grow and reconnect with its waterfront. The Waterfront project aims to encourage 30,000 people to be living and working in the CBD by 2030. Currently the CBD is undergoing a revitalisation incomparable to any in the city's history.

Whilst we experienced challenges aligning the **Townsville City Plan** to the new Planning and Development Act in 2013/14, in 2014/15 the Townsville City Plan was formally adopted by council after thorough consultation with the community, business and key stakeholders. The Plan was adopted on 13 October and came into effect from 27 October 2014. The Townsville City Plan will shape growth in the Townsville region over the next 25 years, focusing on 'smart growth' by reducing urban sprawl and the costs associated with population growth.



Council adopted a Strategic Land Management Policy during the year. It guides any decisions regarding the acquisition or sale of land by council, to better integrate into council's planning and decision making. Land and asset negotiations are an important part of council's role in planning for the city's future. The policy captures the principles of council's leading strategic plans including the City Plan and Community Plan. The policy development included creating a working group which will develop a Strategic Land Asset Register to identify both council owned assets and land with strategic value for future development.

A city-wide mobile **mapping and floor level survey project** was undertaken during the year, resulting in a 3D model that shows the city's buildings and environmental areas. The mapping, together with a community survey, undertaken to help develop the Floodplain Management Strategy, aims to build community resilience to flooding by guiding:

- Infrastructure investment
- Land use planning
- Development controls
- Emergency management
- Community programs.

30,000 in the CBD by 2030

Council has committed to encouraging 30,000 people to live and work in the CBD by 2030. There are a number of projects and initiatives implemented throughout the year in support of this goal.

Satisfaction with support for local industry and business



In a bid to ensure council continues to support the \$350 million **Regional Jobs Plan**, council approved \$100,000 in funding to Townsville Enterprise Ltd for a short-term community awareness strategy. Council is committed to continue building public awareness and supports all projects that will help deliver the Jobs Plan.

The **Townsville Jobs and Investment Program** was offered by council for a second time during the year. It offered discounts on fees and charges as well as relaxation on permitted construction hours and waivers on application fees for eligible developments. The first round of this program, in 2011, was credited with attracting 15 projects valued at around \$270 million to the CBD and it is anticipated the second round will have similar success.

The Incentives Program promoted the development of new amenity and lifestyle attractions to the CBD. It included multiple new residential towers, a new Cinema Complex, a laneway bar and restaurant complex and two new high rise office towers.

The new round of incentives is targeted to attract new residential and retail development in the city's CBD. This is again part of council's work to achieve the city's target of 30,000 people living, working and visiting the CBD by 2030. It is anticipated the new projects will have a positive effect on rates as development will be in areas with existing infrastructure.

Council secured an additional **CBD office complex** during the year which will bring up to 300 office workers into the CBD. The acquisition of 143-201 Walker Street will reduce council's operational costs and provide a multi-million dollar boost for the revitalisation of the CBD. Thuringowa facilities are proposed to be leased providing council with an annual stream of income which will offset the purchase cost of 143 Walker Street, ensuring there is minimal impact on ratepayers.

The popular **Music in the City** program continued this year, providing free live music, tables, chairs, picnic rugs and umbrellas at the Perfume Gardens in the CBD from June to September. This event was successfully designed to attract city workers and residents from outside the CBD for a long lunch with many supporting nearby eateries and retail business.

The CBD was **'yarn-bombed'** in December thanks to a joint initiative of council, the Inclusive Community Advisory Committee and the help of many creative volunteers. The community art exhibition brought some colour to the CBD for Christmas, with the woollen creations adorning trees, poles and even hanging from ceilings in the CBD.



Partnering for better outcomes

As a local government, council can't operate in a silo. We need to build and maintain relationships with key local, national and even international stakeholders to ensure the success of our city and the best outcomes for our community.

Together Townsville is truly creating sustainable partnerships for our City. The Together Townsville program is council's international award winning sponsorship program that directly offsets the cost of delivery of community initiatives and encourages active participation from its partners and sponsors. Each year the program gains support for over 40 initiatives ranging from naming rights opportunities, seniors and youth initiatives, infrastructure development, environmental programs and events.

Sponsorships are an important source of support for council in the delivery of community initiatives. Through the program, opportunities are created for organisations to positively contribute to our city. A highlight for the program this year is the partnership with Townsville Bulletin for the naming rights of the Flinders Square. The partnership has provided funding to support council's ongoing work and vision to give new energy to the CBD and consequently Townsville Bulletin Square has hosted an array of successful initiatives. These range from visitor incentives to community celebrations and activities, which encourage visitors to explore the shopping and dining precinct.



Together Townsville

Townsville's CBD came to life with a colourful display in celebration of **Chinese New Year**. Council was pleased to partner with the Townsville Chinese Club to extend these celebrations to the whole community for the first time. A community event was held at the Townsville Bulletin Square giving people the opportunity to join in the festivities with traditional Chinese food and entertainment.

Council has a long connection with China through its **Sister Cities partnership**, which is something council is committed to strengthening. Council hosted an official delegation from Sister City, **Foshan**, in February. The 2014/15 visits placed a greater emphasis on trade and investment to add to the ties developed around culture and friendship. There were a number of significant outcomes during the year:

- Townsville Changshu Artszcape Garden opening
- Suwon and Changshu City visits to Townsville
- Trade and Investment including tourism presentations in Hong Kong, Shanghai, Foshan and Changshu leading to positive outcomes for:
 - Local land owner and trade delegates progressing initiatives for feedlot and abattoir development
 - Port of Townsville progressing with further developments
 - Progress towards a Townsville – Chinese Tourism Strategy
- First staff exchange trial by Foshan City to Townsville
- Local companies using the Sister City connections in China to assist in growing their businesses
- Celebration of Chinese New Year in Townsville. Foshan gifted lanterns to the community which were showcased during Chinese New Year celebrations at Townsville Bulletin Square.



Council visited another of its Sister Cities, **Changshu**, in August and then hosted a delegation from the Chinese City in Townsville during November. Changshu gifted council a space in their city to create an authentic Townsville garden.



W Sister Cities

Bringing visitors to our great city

Tourism is an important element of Townsville’s economy and council contributes to this through a number of initiatives to attract leisure and business tourists to the region.

The **Tourism and Lifestyle Expo** was held in November at The Strand, with numerous local leisure activities on show. For the first time this year, the Expo also promoted lifestyle groups and activities. Council organised free events like Zumba and hula hooping lessons, oversized bowling, Townsville Fire and Townsville Crocs hoop shooting, along with many displays and information stalls. The Expo was a great way to uncover all the activities and attractions on offer in Townsville and the region.

During 2014/15 council hosted almost 60 CEO delegates from across Australia and New Zealand who took part in the **Local Government Chief Officer Group Conference**. During this conference local government delegates exchanged information, updates and experiences providing a platform to learn from each other and utilise the knowledge and experience from leaders in other regions. Council shared some significant work that it has undertaken in some projects:

- Preparing the new City Plan
- The city’s response and recovery from Cyclone Yasi
- Vision for the new Integrated Stadium and Entertainment Centre

The delegates also heard from the Australian Army, regarding their defence role in our city, Reef HQ, regarding their developing ‘hands on’ tourism experiences and Townsville Enterprise Limited on economic regional partnerships.

Satisfaction with Promoting the city



Delivering new and upgraded water and waste infrastructure

Ensuring we can provide quality water and wastewater services to our growing urban community, means that council is constantly completing new constructions or upgrades to our existing water infrastructure to meet demand.

Council this year approved the purchase of land on the foothills of Mt Innes that will ultimately support **four 40 megalitre reservoirs** which will help secure water provision for the northern areas of Townsville. This project will create jobs and be able to service a future population of around 130,000 people living in Deeragun, Burdell, Mt Low, Beach Holm and Bohle Plains areas.

This year council committed to a four year staged \$43 million CBD upgrade to utilities infrastructure. The work will involve the upgrade of water storage and 20km of underground water and sewerage pipework. In 2014/15, \$7 million was used to commence the project, with the construction of a 32 mega litre reservoir in West End, to support the CBD's growth and revitalisation.

CBD Utilities

A \$9.4 million **water drainage upgrade project** commenced along Charters Towers Road, replacing 50-year-old water drainage infrastructure. This was part of council's ongoing commitment to improve the city's roads, pathways, drains and water and waste water networks.

Council approved refurbishment work on facilities at the **Paluma Dam**. The work included repairs to the dam's intake tower and outlet tunnel and pipeline making sure the city's main bulk water supply for the Northern Beaches was performing reliably.

Magnetic Island's water main upgrade was carried out during the year resulting in improved water flow and pressure, ensuring the infrastructure is capable of meeting predicted future population past 2030.

The Australian Government has committed to funding of \$9.4 million over four years toward the **Roads to Recovery** Program. In 2014/15 council spent \$36 million on capital improvements on local roads and a further \$53.32 million on roads and transport maintenance.

Satisfaction with repairs and maintenance of water and sewage services



Processed approvals initiating economic activities

A number of significant developments have been given approval throughout the year, contributing to the health of our local economy.

A development application for a **three storey complex** in Northward was approved by council during the year. The goal is to provide additional housing choices for a popular part of the city and from the same location establish additional medical services for locals within walking distance of schools, shops, residential areas and neighbouring health facilities.

Council approved the first stages of a **new residential development** in Garbutt, which will create more than 150 affordable housing lots in close proximity to the inner city.

Council approved a tender for road safety works to improve a combined length of 185 metres on the Horseshoe Bay Road on **Magnetic Island**.

Council approved a development application to locate a hospital in Wills Street. The project by **Health Care Australia** includes redevelopment of the three-storey building into a mental health clinic with 60 beds for low care patients, a medical centre and shop. The hospital is already operational providing jobs and the much needed service for the community.

Satisfaction with Planning for commercial development



Satisfaction with planning for residential development





Major Projects

At any given time council has a number of major infrastructure projects underway, most of which span across multiple financial years. During the year, council completed or significantly progressed the following projects.



Dalrymple Road Bridge project has received funding approval from both Federal and State Government and has now commenced the construction phase. Construction has proceeded ahead of schedule and is on target for completion ahead of the programmed date of June 2016. There has been no safety or environmental incidents on the project. The new bridges will be built where Dalrymple Road crosses the Bohle River to end traffic disruptions caused by the flooding of the Bohle River which is undermining Townsville businesses and community amenity. The estimated cost of the Dalrymple Road Bridge project is \$40 million.



Mt Louisa Reservoir No. 3 is the third of a series of reservoirs constructed by Townsville Water in line with strategic increases in water storage capacity within the city's reticulation network. Mt Louisa Reservoir No. 3 will cater for expanding growth in the central area of Townsville and the city's Western and Northern expansion areas. The majority of the construction took place during 2014/15. Excavation for the foundations of the reservoir began in August 2014. Final external painting including final touch-ups occurred in August 2015.



The West End (Echlin Street) Reservoir is the first package of work being delivered as part of the CBD Utilities Upgrade Project. Earthworks are underway on site and are expected to be completed by June 2016. In excess of 300,000 tonnes of rock is to be removed from the site to allow construction of the new reservoir at the correct level to tie in with the overall water network. Provision is being made on site for another larger reservoir which will be constructed at a later date when demand requires.



The construction of the **Magnetic Island Waste Transfer Station** is on track to be completed in late 2015. The transfer station facility will include a green waste collection area, a recovery area for white goods, batteries and oil recovery and a push pit transfer station for waste collection and sorting for transport. As part of the works, the widening of West Point Road is nearing completion, as well as the realignment of the Hurst Street intersection. There has been no safety or environmental incidents on the project. The project is due to be completed on time and on budget.



Blakey's Crossing was opened in November 2014 for public access. The project was completed ahead of schedule and under budget. This project was administered through the Department of Transport and Main Roads' Transport Infrastructure Development Scheme and is fully funded by the Queensland Government. Historically, Blakey's Crossing has been closed for weeks at a time during the wet season, having a significant effect on traffic travelling from the Northern Beaches to Townsville City.



Townsville Recreational Boating Park opened ramps A and B to the public this year. Townsville can lay claim to the largest boating facility in Australia with the completion of 16 lanes and two dinghy pontoons. The 50m dinghy pontoon is Disability Discrimination Act (DDA) compliant with future plans for a winch to safely lift people with limited mobility into a boat. Currently only the stage 1 car park is complete, providing access to Ramps A and B. Residents are also able to access the jetty which includes balustrading, shelters and seating. Council's scope of work for the Stage 2 car park includes extensive underground storm water infrastructure running from Seventh Avenue across Ramp C, an additional 140 car parks, landscaping, further car park lighting and CCTV. The construction estimate for Stage 2 is \$5 million.



CBD Utilities Upgrade Project – This is a long term project and in 2014/15, a design consultant was engaged and the \$50 million programme of works was split into nine individual design packages. Detailed design for the CBD Utilities Upgrade Project will be completed in September 2015. Tenders have been called for the contractor to deliver the works, with an appointment expected in late 2015. The project includes over 20kms of water and sewer mains as well as a sewer main crossing of Ross Creek at the end of The Strand. Construction will commence in early 2016 and continue for approximately three years.



Refurbishment – Townsville Entertainment and Convention Centre. The Department of Infrastructure and Regional Development and Townsville City Council finalised the Funding Agreement for the Townsville Entertainment and Convention Centre (TECC) on 9 April 2015 for just under \$5 million. The project has progressed with the appointment of design teams and the revision of the air conditioning and air handling procurement package for the TECC facility. The project has opened channels of communication with the office of the Commonwealth Games and GOLDDOC regarding deliverables at the TECC facility.



Major Projects

Economic Sustainability Measures



Requires Action	The measure is not reaching its target and requires active management
Monitor	The measure is progressing however needs to be monitored as it is currently not achieving the target
On Target	The measure is either achieving target or within the defined target range, with no significant issues

Council Influence on Measure	Corporate Plan Measure	KPI Description	KPI Target	Result	Status	Review Comments	
D	Customer satisfaction	Customer satisfaction with initial contact with council's Customer Service Centre	92%	95-76%	●	Council's Customer Service Centre won the Customer Service Institute of Australia award. Results demonstrate how we meet the international customer service standard. Page 36	
		Customer satisfaction with all library services and programs	95%	96-75%	●	Results were obtained from a survey done during the year. CityLibraries launched a mobile application during the year for iPhone and Android devices. Page 120	
		Community satisfaction with the provision of information about council services and activities	70%	100%	●	Marketing and Communication survey was completed in December 2014, with results surpassing the target showing how well council communicates services it provides to the community.	
		External customer satisfaction with the Together Townsville program	90%	85%	●	The external satisfaction rating has dropped by only 1% on the previous year, demonstrating consistent satisfaction. Together Townsville maintains the high target of 90% to demonstrate its commitment to customer service.	
		Customer satisfaction with Indigenous library programs	85%	91%	●	Our customers were satisfied with how council delivered Indigenous library programs.	
	Growth in population	Customer satisfaction	Customers report a satisfaction rating of good or excellent with plumbing and drainage compliance assessment services	85%	85-25%	●	Our customers remained satisfied with our Planning & Development compliance assessments. Apart from the assessments we do regarding drainages, council has commenced a \$9.4 million water drainage upgrade project. Page 61
			Average time taken to process permit applications for animals is maintained at less than 28 days	28	21	●	During the year we adopted the Animal Management Plan 2014-2017 which will drive improvements in animal management. Page 86
			Less than 2% of water meter readings requiring re-read	2%	0.02%	●	Overall our water meter readings are accurate with less than 1% requiring re-reading.
			Requisitions to purchase orders process completed within 1 working day	95%	92%	●	Slightly less than expected however no identified systemic issues with the process in place.
			Implement planned activities for Flinders Street activation strategy	100%	45%	●	This KPI has been moved into 2015/16 financial year to coincide with public consultation for the Priority Development Area (PDA). More information about this development Page 55. Several activities were performed, including Music in the City, and several community art projects.
M	Growth in population	Facilitate CBD Taskforce meetings throughout the year	5	5	●	We are reviewing our CBD Taskforce committee to make sure we continue advancing towards our Vision: Townsville: Capital of Northern Australia; the City with Opportunity and Great Lifestyle.	
		Complete reports on the progress of the Digital Economy Strategy throughout the year	2	1	●	While our target was not achieved, the second report will be completed in 2015/2016. The role of the Broadband for the Tropics Group is currently being assessed. Council has also developed a Digital Futures Plan for our libraries.	

Goal 2: Environmental Sustainability

A sustainable future where our environment is valued through the protection and enhancement of our unique, natural and built environment with a commitment to reduce our environmental impact.

Corporate Plan Strategies

- 2.1 Effective management, protection and conservation of our environment to ensure a balance between built infrastructure and areas of environmental significance.
- 2.2 Implement an effective integrated demand management approach to infrastructure planning and delivery.
- 2.3 Preserve our natural environment through active management, education and compliance activities.
- 2.4 Adopt urban design principles that create a distinct sense of place, enables and informs place creation, maximises efficiency, and enhances the built and natural environment.
- 2.5 Research and implement environmental solutions utilising innovative smart technology and encourage behaviour change.



Achievements

- All State planning approvals for the Magnetic Island Waste Transfer Station obtained, paving the way for completion of the project
- Construction began on Mt Louisa Reservoir 3, helping ensure adequate water distribution into the future
- Implementation of the outdoor LED street lighting demonstration trial showcasing LED capability
- Conducted a review of the Bulk Water Model to reflect current dam levels and inform decision making
- Completion of the annual Rowes Bay Sand Renourishment program, protecting the foreshore from damage
- Provided support for Townsville National Tree Day, Clean Up Australia Day and Townsville Toad Day Out
- Development of an environmental risk assessment and reporting framework for council.



Challenges and impacts

- As a result of several concurrent low rainfall years, Townsville's dam reserves are low. This has placed increased importance on our Demand Management Strategy and managing the increased demand for water through awareness campaigns. Should Townsville water supplies get to a critically low level, water supplies will need to be sourced from the Burdekin Dam at a significant cost. The lack of rainfall has also impacted on the amenity of the city; health and attractiveness of parks, gardens, open spaces and on the health of our waterways and catchments.
- The changing regulatory framework, such as the repeal of the Carbon Tax has impacted council financially, having to adapt our systems and processes accordingly. The Carbon Tax repeal has also reduced incentives for investment in carbon reduction initiatives within the community.
- Negotiating the relaxation of the environmental licence for the Cleveland Bay Purification Plant has been particularly challenging but consequently will reduce the burden on ratepayers. There is potential to reduce future capital expenditure required to upgrade the plant.



Projects that were postponed or delayed

- Investigation of water supply options for Cunggulla, Alligator Creek and Giru Water Treatment Plan + Replacement (this project has been deferred and will be investigated in conjunction with the Rocky Springs background modelling)
- Review of the Integrated Water Supply Strategy for relevance (due to a review of baseline assumptions this project has been re-scoped and will be completed in 2015/16)
- Finalisation of the Pest Management Plan (the plan is in draft and has been carried over to 2015/16 for completion)
- Development of a Wastewater Source Management education program for residential customers (this project has been carried over to 2015/16).



Our Stakeholders

- IBM Smart Cities
- Department of Environment and Heritage Protection
- Ergon Energy
- Landcare Groups
- James Cook University
- CSIRO
- Research Agencies
- Development Industry
- Heritage Advisory Committee.



Looking forward to 2015/16

- Engage a design team to commence work on the Houghton Pipeline duplication project to ensure water supply meets the needs of a growing community into the future
- Complete construction of the Magnetic Island Waste Management Facility to provide a sustainable solution for the community's waste removal needs
- Install two electric vehicle charging stations in the city to encourage the use of alternative transport fuels
- Install stage 2 of the LED Street Light Trial to demonstrate the effectiveness and environmental efficiencies
- Develop a regional Soil Erosion and Sediment Control Response Framework for local governments to ensure an integrated approach to these issues.

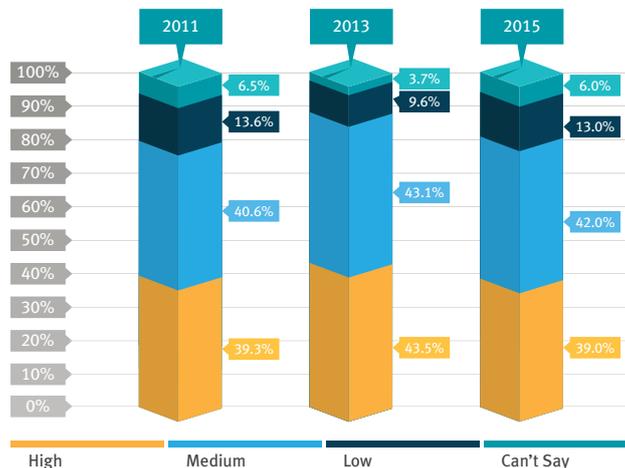
Reducing our impact on the environment

As a council, we educate our community about environmentally responsible practices and lead by example, ensuring our own operations impact on the environment as little as possible. We continue to develop our city as a leader in sustainability, which requires acknowledgment of international and national standards for integrated environmental management.

In 2014/15 improvements were made to the **Integrated Environmental Management System (IEMS)** to increase communication and reporting on environmental compliance across council. The system will help to reduce environmental risk and improve environmental performance. A leadership group of senior managers has been established to champion environmental sustainability across the council. The first annual management review of environmental performance across the organisation is scheduled for end of 2015.

Council's **Energy and Carbon Leadership Group** was established to manage the internal use of resources to improve operational efficiency and effectiveness in a carbon constrained future and reduce council costs. This includes developing a council wide approach to greenhouse gas emissions mitigation and energy conservation actions. Targets for reduction in energy consumption and carbon emissions have been set and actions are underway to achieve them, with results to be reported in the 2015/16 financial year.

Satisfaction with council environmental initiatives



During the year council has maintained **accreditation** with the principles of International Standards:

- ISO14001 – Environmental Management Systems
- ISO9001 – Quality Management Systems.
- National Association of Testing Authorities (NATA).

Preserving our natural environment

Council's environmental focus is split between two key areas - preventative programmes that protect our natural resources and response programmes that rectify environmental issues and prevent future damage.

In 2014/15, council's **Land Protection programme** responded to 133 requests for service. Council undertakes natural area management for environmentally sensitive areas across the local government area including wetlands, natural creeks and rivers, conservation areas and bushland. This also includes support for external programs such as Work for the Dole and other community initiatives.

Pest plant eradication and vegetation control programs were undertaken to manage various pest species within the local government area, including significant works on Magnetic Island. Pest plants are a high priority for control to protect native species from being eradicated.

Council’s Ecosystem Management Team worked with the State Government during the year to install a kilometre of heavy duty fencing along Abbott Street in Oonoonba and Barnacle Street in Railway Estate. This active management has helped to protect over eight hectares of important **saltmarsh and mangrove habitat** from damage caused by vehicles and illegal dumping, which was previously problematic in these areas.

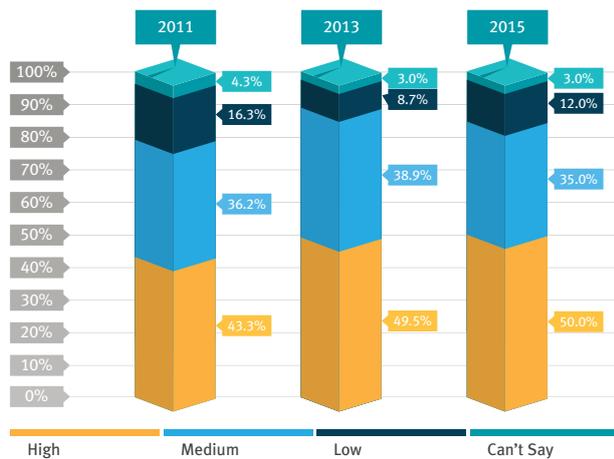
2014/15 was one of the busiest years on record at council for bushfire mitigation activities. **Operational Cool Burn** identified bushfire prone areas and council worked with Queensland Fire and Emergency Services and landholders to undertake controlled burns, install firebreaks in priority areas and raise awareness of bushfire safety.

Key hazard reduction activities undertaken as part of the bushfire management program included:

- prescribed burns in coordination with the land managers
- installation of firebreaks in priority areas
- education and awareness
- where required, enforcement
- specialised training
- skills development
- resourcing and network engagement.

These activities along with internal and external partnerships and networks ensure the council plays its part in managing the potential threat of bushfire within the region.

Satisfaction with protection of bushland and wildlife



These actions can also help council manage its natural assets for biodiversity conservation. Establishment of a fire regime appropriate for various vegetation types helps to restore, regenerate and maintain habitat diversity.

In 2014/15 our **Natural Resource Management Program** continued to be operational in protecting and improving ecosystems across the council natural area. This program includes implementation of Landcare and community natural resource management initiatives through support and collaboration, and coordination of external work programs (Green Army, Work for Dole) working within council natural areas.



- 19 Litter pick ups
- 9.77 T of green waste removed
- 0.12 T regulated waste removed
- 2.3 T of commercial waste removed
- 9.56 T of general waste removed from the environment (Marine litter).

Resources were allocated to the following:

- 5 Controlled burns undertaken
- Participation in Siam Control Taskforce
- 13 Fish kill cleanups
- 140 Sites managed
- Kingfisher Creek re-vegetation project, Stage One completed.

In 2014/15, 291 requests for service were addressed under this program, with waste removal for beaches, creeks and rivers.

Council has a role in responding to **environmental incidents** that are reported by the public or that impact our assets or management responsibilities. Some of the more common environmental incidents attended include algal blooms and fish kills. Algal blooms usually occur after heavy rainfall when the stormwater mobilises nutrients (fertiliser, grass clippings and litter) that are flushed into lakes and river catchment areas.

When responding to these environmental incidents, council can set up pumps to aerate water, carry out fish rescues, relocations and clean-up operations. The ability of council to manage environmental incidents has been enhanced with the addition of quality measurement equipment to assist the team to gather real time field data to make quick decisions. Council also acquired a portable diesel pump to provide aeration where it is needed to improve oxygen levels.

Council undertook investigations throughout the year in response to environmental complaints.

Council officers investigated:

- 360 complaints related to illegal dumping
- 287 complaints related to noise pollution
- 310 complaints relating to odour, dust or smoke.

Satisfaction with quality water in our waterways



Partnering with and educating our community

Council delivers various environmental education campaigns throughout the year to help educate the public about environmentally responsible practices and encourage behaviour change in these areas.

Over 1,700 school students took part in **water conservation and sustainability education** activities supported by council, including classroom visits and Sustainability Centre tours. These activities provide students of all ages with an insight into the activities council perform in water, energy and natural resource management for the community.

Council hosted four open days at the Rowes Bay Sustainability Centre during the year, attracting 700 people to showcase water and energy initiatives and biodiversity conservation. Council also participated and supported national and international catchment management events such as World Wetlands Day and National Water Week.



Learning and education

Community education and management of pest plant and animals continued throughout the year with information sessions and displays held at:

- National (and School's) Tree Day
- Toad Day Out
- Community Plantings (6)
- Clean-up Australia Day
- Great Northern Clean-up
- Plant Giveaways (4).



Council has partnered with **Portmore in Jamaica** to work on climate change adaption strategies for their community. The large coastal city is one of the most vulnerable communities to climate change impacts on the island of Jamaica. To assist the city to prepare for future climate impacts, the CityLinks team will provide support to the development of Portmore's Sustainable Development Plan and in particular the chapters relating to strategic land use planning, disaster preparedness, response and recovery planning. The Portmore partnership is funded by USAID through the International City/Country Management Association's CityLinks 2015 Climate Partnership program.

This year council teamed up with James Cook University and the Townsville Food Bank to bring a Smoothie Bike to **Eco Fiesta**, held at Queens Gardens. The bike used pedal power to drive the blades of a smoothie maker, showing a fun way to be eco-friendly. The free annual Eco Fiesta is the biggest green and sustainable party in the park, highlighting environmental sustainability with a fun fiesta feel. Other attractions included the popular Ethical Eco Clothes Swap, a healthy food hub, live entertainment and a Welcoming Babies Ceremony.



Feral animal control

Feral animals present a significant risk to our environment and in some cases to the safety of our residents and their pets.

Council conducted a **feral animal control** programme with more traps commissioned and the number of wild dogs trapped declining throughout the year. Council's wild dog management strategy has trapped 98 dogs over the past year, compared to 108 dogs the previous year. Council also partnered with Biosecurity Queensland to conduct a research program involving GPS collaring of wild dogs. This allowed council to:

- collect data useful to identify patterns in movement and preferred habitats which means council understands where and when to target our control methods for the most impact
- trial GSM capable camera traps for wild dogs and wildlife to transmit captured images.



Feral animals

During 2014/15, the community joined council again in the fight against the cane toad invasion by collecting toads for the popular **Toad Day Out**. Toad Day Out has successfully been held for the past seven years, with residents encouraged to help reduce the numbers by catching and delivering them to council for humane euthanasia. A total of 146.3kg of toads were collected as a result of the 2015 Toad Day Out event.

Wise about water

Located in the dry tropics, Townsville residents enjoy warm sunny days year round. Most of us have a decent back yard and we have a high rate of pool ownership. This means we need to be wise with our water, because a few lower than average wet seasons can put our water reserves in short supply. We work closely with our community to encourage water wise practices and have strategies in place to deal with our future water and waste water requirements.

During 2014/15 council conducted a review of the Bulk Water Model to reflect current dam levels. Modelling and reporting was completed and the results showed that:

- Prolonged dry weather would see the community enter into restriction periods with pumping from the Haughton pipeline required to maintain the Ross River Dam in both a one year and five year dry period outlook
- Average rainfall conditions occurring in November/December period would see the Ross River Dam return to full over the next year.

The Bulk Water Model will continue to be used to analyse the short term forecasts and performance of the dams. This will assist council to manage our water levels proactively.

In the last 12 months Townsville has experienced the least rainfall on record and this has led to the need to implement a number of initiatives to limit the impact of our undeclared drought.

Initiatives to reduce impact of drought:

Monitored the extent of water weeds in both our weirs and natural waterways

Monitored the expansion of weeds across council managed land

Ongoing trials of different grass species to identify the most suitable strains for drought tolerance and low water use

Education activities to encourage residents to plant locally indigenous species that have high drought tolerance

Tree planting days were held and tree give-aways at events to further educate residents

Queens Park underwent improvements to its 40-year-old underground irrigation system during the year to help reduce water consumption at the park by an estimated 10%. Council also took part in the sprinkler swap, where residents could exchange their traditional sprinkler for a more water efficient one.

Protecting our beaches

Council is involved in planning for climate change adaptation, particularly in the area of sea level rise. Council has committed to ongoing sand renourishment at many of our beaches experiencing erosion either through changed coastal infrastructure, severe storms or a combination of both.

During the year, council unloaded more than 3,000 tonnes of sand on the Rowes Bay and Horseshoe Bay foreshores to protect the popular beaches from erosion. Council is committed to the **sand replenishment program** annually to safeguard the road, bikeway, public facilities and fencing against strong wave action normally experienced during the cyclone season.

Satisfaction with protection of our beach foreshore



Reduce, reuse and recycle

Council promotes the ‘reduce, reuse, recycle’ philosophy by encouraging residents to purchase products with minimal packaging, reusing items when possible and recycling or composting where possible.

Council promoted the national initiative **Garage Sale Trail** in October. The initiative is two-fold, it encourages neighbours to network and get to know each other but also to reduce landfill through the buying, selling and ‘repurposing’ of unwanted goods.

Approximately 450,000 tonnes of waste arrived at the city’s landfills in 2014/15. In June 2015, Townsville Waste Services conducted an **audit of domestic waste and recycling** bins to better understand residential waste management behaviours. This was the fourth audit undertaken by council. The audits are conducted approximately every five years. The findings of the audit will assist Townsville Waste Services to better understand what residents place in their bins, and to tailor education campaigns to address specific issues. The results of the audit will be used to inform future investigations into opportunities for recycling and reuse, bin sizing and waste minimisation strategies.

Council received a \$115,000 grant during the year to run a **pilot study for public place recycling and litter management**. The study involved a community survey which captured 176 respondents and found that:

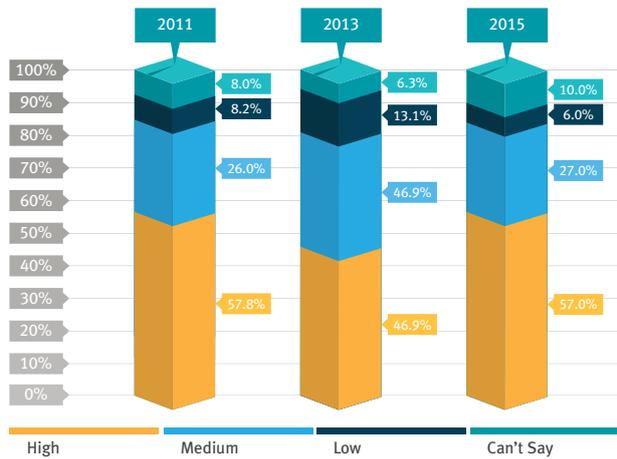
- Cigarette butts, fast food packaging and wrappers are the most commonly seen littered items in the city
- About 20% of respondents do not consider discarding cigarette butts on the ground as littering
- About 40% of respondents thought that discarding food scraps on the ground or putting rubbish beside an overflowing bin does not have an effect on the amount of litter seen in the city
- The perceived main reason people litter is laziness, and the belief that “someone else will pick it up”
- 77% of respondents would not recycle if a recycling bin was not available when they were out and about in the city
- Respondents wanted council to focus more on the penalties and consequences associated with littering in the city and identified that bins need to be more visible and better located to encourage better usage.

As a result, litter bin usage behaviours at The Strand and Riverway have been improved through the installation of 15 new bins at Riverway and 36 modified litter bins at The Strand and the re-location of a number of bins to other higher use areas.



Reduce reuse recycle

Satisfaction with management of waste facilities



A tech-savvy environment

More than ever before, technology is providing us with opportunities to monitor and manage our environmental impact and encourage environmentally friendly behaviours.

During the year, council implemented a **CBD Smart Infrastructure and Sustainable Energy Framework**. The Framework focusses on infrastructure within the CBD and building design or modifications that would make the infrastructure more compatible with Townsville’s environment.

This is being delivered through the implementation of several synergistic sub-projects that act as demonstrations and models for commercially viable and community benefiting investment opportunities for the private sector.

2014/15 initiatives to research and implement environmental solutions utilising innovative smart technology and encourage behaviour change:

Initiative	Description
Smart Buildings trials	The Smart Buildings Trial on council’s administration building demonstrated that we can apply predictive analytics to identify cost-effective ways to implement energy conservation measures in council buildings.
Sensor Networks	<p>Council has partnered with James Cook University eResearch Centre to develop low cost, scalable, easy-to-deploy, purpose built Sensor Networks to learn about the relationships between natural and urban environments so that we can learn from nature and make our buildings and facilities more efficient.</p> <p>Environmental sensors were deployed on the outside of council’s administration building to understand how the building is ‘feeling’ i.e. the micro-climates that impact on the buildings energy consumption.</p> <p>An interconnected sensor network was deployed at the Rowes Bay Sustainability Centre by 40 university and high school students to see the invisible connections between nature and buildings.</p>

Electric Vehicle – Ergon Energy	Council was gifted an Electric Vehicle (EV) from Ergon Energy which is being used as an educational demonstration around the benefits of EVs for energy efficiency, demand management and the health of our city and the environment.
LED Streetlight trials	Council partnered with Ergon Energy to trial Adaptive LED streetlights on Stokes St, Civic Theatre and Murray Lyons Crescent. This 12 month trial showed a reduction in energy consumption of around 70 % Council also partnered with James Cook University and Sister City Partners to trial Smart-Mesh LED Streetlights which integrate environmental sensors into the light fitting.
White Roofs	The White Roofs Townsville project addressed some of the key challenges for residents to paint their roofs white including access to reliable information and service providers. The project involved creating an information platform that provides residents with a single-point source of information around the decision making activities that are involved in getting their roof painted white. A roof painters industry workshop was facilitated to foster an understanding of the community's issues and provide an industry-based solution that builds both competition and co-operation.
Strategic approach	Identifying important environmental areas for inclusion within the new City Plan.
City Sustainability Platform and Digital Learnscapes	Council is developing a 'Digital Learning Landscape' of our city where key sustainability initiatives can be visited and interacted with online by the community.

Over 20 **thematic workshops** were facilitated with world-leading expert Professor Sam Ham involving community, business, schools and council to work on strategic sustainability communication and products.



Through **experiential learning**, the community participate in learning on-ground and experiencing the stories in context and learn from participants such as:

- Local Government Chief Officers Group (LGOOG) Conference – Sustainability and Resilience City Tour
- Foshan Sister City Sustainability Tour
- Warnambool City Council Sustainability Tour
- Rowes Bay Sustainability Centre Tours
- B2o Chinese delegation Townsville Sustainability Tour
- CBD Blue Buildings Tour
- Magnetic Island Solar City Eco-electricity Tour.

Environmental Sustainability Measures



Requires Action	The measure is not reaching its target and requires active management
Monitor	The measure is progressing however needs to be monitored as it is currently not achieving the target
On Target	The measure is either achieving target or within the defined target range, with no significant issues

Council Influence on Measure	Corporate Plan Measure	Description	KPI Target	Result	Status	Comments	
I	Quality of our water ways	Monitor water quality and ecosystem waterway health in creeks/ waterways with the support of community based Creek watch groups throughout the year	10	12		We monitored a total of 12 creeks across 75 locations and established two new sites. Volunteer hours also increased.	
		Maintain the Creek to Coral partnership through attendance at collaboration workshops and partnerships meetings	4	7		Seven Creek to Coral collaboration events were hosted during this financial year.	
		Compliance on water quality testing at the Strand Water Park	95%	98%		Council conducts weekly scheduled water testing of water supplied to The Strand Waterpark to ensure that the quality adheres to the Australian standard guidelines.	
			Compliance with drinking water quality requirements in accordance with Townsville Water's Drinking Water Quality Management Plan	100%	89.84%		Giardia was detected in the raw water feed for the Paluma Drinking Water Scheme, with a boil water notice in place from 10th June 2015 to 10th July 2015. Sampling undertaken in July cleared the scheme of contamination.
			Compliance with routine, incident and management reporting requirements throughout the year regarding water quality	100%	100%		Townsville Water was 100% compliant with water quality reporting requirements.
			Achieve a water quality index of 4 for Trility operations of Douglas and Northern Water Treatment Plants	1	0.96		The water quality index achieved by Trility was slightly under target at 0.96. Processes are in place to ensure the target can be met into the future.
D	Water discharge quality	Deliver stormwater quality management training packages to industry by 30 June 2015	4	5		Five stormwater quality management training sessions were delivered by council across two local government areas during this financial year.	
		Build and maintain collaborative relationships with relevant external agencies in support of on ground activities for coastal management	6	9		Techniques have been implemented to reduce erosion and pollution carried into our waterways.	
		Deliver environmental education activities throughout the year	10	13		Several education activities were held including Heritage Day, Ecofiesta and Blue Wattle open day.	
		Host community greening events throughout the year	8	7		Council aims to reduce the amount of stormwater runoff, which reduces erosion and pollution in our waterways and may reduce the effects of flooding. 2,645 native plants were planted across Townsville during the year, some contributing to erosion prevention.	
D	Reduction of carbon emission produced by council activities	Support major internal sustainability initiatives	4	14		Major internal sustainability initiatives supported during the year included electricity account management for cost reduction, Enterprise Energy Management System, Carbon Emissions Reduction and Energy Consumption Reduction projects.	
		Prepare and submit funding applications for energy conservation projects	2	3		Council's Energy and Carbon Leadership Group was established to assist council in managing the internal use of resources in order to improve operational efficiency and effectiveness in a carbon constrained future. Page 70	

D	Reduction in energy consumption by council operations	Deploy smart sensors in four partner buildings in the CBD as part of the Smart Building Trial	4	4	4	Building occupancy temperature, humidity and comfort sensors were installed in Federation Place. A Platform developed that visualises near real-time data and information from 20 council and community sites through an online portal. Page 76
		Hold Integrated Environmental & Sustainability Systems workshops throughout the year	10	14	14	Collective capacity building workshops were held across energy providers, council, energy product suppliers and the wider community. Behavioural science experts were utilised to help build council and the community's capacity to act on energy conservation.
		Host community talks/presentations on integrating sustainability	5	7	7	Multiple presentations and information sessions were facilitated. Tours were organised to share city-wide sustainability learning's with other universities, local governments and residents of Townsville with a specific focus on energy reduction.
		Undertake community capacity building workshops for energy conservation by 30th June 2015	4	8	8	A large scale community and industry thematic communication workshop was held in May involving 65 participants and a 'Future Energy Choices' capacity building workshop was facilitated in June involving council, Ergon Energy, Energy suppliers and product and service providers.
D	Maintenance of the Townsville City Plan's identified urban footprint	100% of development approvals lodged under the new City Plan 2014 (for residential development) have been within the designated urban areas	100%	100%	100%	There are currently several appeals for development to occur outside the urban footprint for applications against the old Planning Scheme.
		Hold meetings of Heritage Advisory Committee at least quarterly, in accordance with the Terms of Reference	4	4	4	The Heritage Advisory Committee meets quarterly and provides advice to council on heritage and character matters. This includes but is not limited to consideration of nomination to add or remove properties from 'Schedule 7 Places of cultural heritage value' and the Character Residential Zone in City Plan and providing feedback on draft Conservation Management Plans.
		Provide concept drawings to customers of council's free Architectural Advice service within 15 business days	100%	100%	100%	Council offers free architectural advice to owners of properties in the Cultural Heritage Overlay and Character Residential Zone in City Plan. In 2014/15, Council provided Architectural Advice to approximately 8 property owners.
D	Maintenance of the City's Heritage footprint	Provide advice for development applications within agreed assessment timeframes	100%	100%	100%	The Heritage and Urban Planning Unit is an internal referral agency for applications triggered by the Cultural Heritage Overlay Code and Character Residential Zone Code in City Plan.
		Obtain all necessary State Government approvals to ensure compliance with the Queensland Heritage Act 1992 for council owned assets where development is proposed	100%	100%	100%	Council owns numerous properties that are listed on the Queensland Heritage Register. These properties require periodic maintenance, repair and/or modification, which sometimes necessitates obtaining approval from the Queensland Department of Environment and Heritage Protection (EHP) before works can be carried out. In the past 12 months, approximately 20 applications for development approval were prepared and submitted, with approval granted in all cases.
		Deliver the annual Heritage Day event in May 2015	1	1	1	Townsville Heritage Day is held each May in West End Park and Cemetery. It provides education to the community about the importance of Townsville's history and the need to conserve its heritage places.
		60 hours of Local History and Heritage programs delivered throughout the year	60	116	116	Local History and Heritage Programs were delivered by Community Services department.

D - DIRECT: Council has a direct influence on the measure result.
 I - INFLUENCE: Council has an influence on the measure result but other external factors outside our control also impact it.

Goal 3: Social Sustainability

A vibrant community that is accessible, safe, healthy, creative and knowledgeable, where we embrace diversity and our sense of community.

Corporate Plan Strategies

- 3.1 Encourage active and healthy lifestyles through accessible public facilities and community initiatives.
- 3.2 Support the community's access to and participation in a range of artistic, cultural and entertainment activities.
- 3.3 Enhance wellbeing and safety in the community.
- 3.4 Enhance a knowledgeable, inclusive and connected community that embraces growth and lifelong learning.
- 3.5 Provide community infrastructure and services that support growth and meets community needs.



Achievements

- Successful 100th Anniversary of the ANZACs ceremonies
- Successful hosting of Savannah Literary Festival, attracting inspirational speakers, writers, novelists, illustrators, actors and poets to the city
- Completed upgrade of the Railway Estate Community Garden, providing a renewed community space
- Development of a Digital Futures Plan for Libraries to guide future services in line with technology changes
- Development of Illich Park Masterplan to guide future development in line with community feedback.



Challenges faced

- Managing community expectations is a continual challenge for council. Council invites feedback from residents through community surveys and formal community engagement to ensure services and facilities meet the needs of the public. It is council's role to educate the public about the impact of decisions relating to council service delivery and the financial implications on council and residents
- Townsville has experienced an increase in assault and property crime. While the Police Service is primarily responsible in this area, council contributes through community safety programs, lighting, CCTV and security patrols. While positive responses have been seen from these council initiatives, there is growing community expectations, particularly in relation to the availability of CCTV across the city.



Projects that were postponed

- Development of catalogue of plant species at council's Botanical Gardens (carried over to the 2015/16 year)
- Completion of Cemetery location study (delayed due to Priority Development Area Project)
- Completion of Graffiti Management Plan (carried over to the 2015/16 year).



Our Stakeholders

- Queensland Police
- Queensland Health
- Sporting Organisations
- Not-for-profit groups
- Cultural Groups
- Charity Groups
- James Cook University
- Schools
- Community Information Centre
- Queensland Fire and Emergency Services.



Looking forward to 2015/16

- Deliver a Funding Fair event to raise awareness and capability of community to apply for grant funding
- Develop Disaster Management Community Profiles reference tool to assist in planning and recovery from natural disasters
- Deliver a Digital Futures Plan for Library services to ensure our libraries are meeting the future needs of our community
- Complete construction of Dalrymple Road Bridge, improving wet weather access for residents of the Northern Beaches
- Commission sketch designs and preliminary costings for the CBD Cultural Precinct in response to community feedback.

Events galore

Townsville residents are spoilt for choice when it comes to events, with council hosting 43 free community events during the year.

The **100th anniversary of the ANZACs** landing on the Gallipoli peninsular was one of the most significant commemorations to take place in recent times. Council hosted dawn services, a parade and screened the Gallipoli and Villers-Bretonneux Dawn Services live at Jezzine Barracks.

This extended to two free nights of **Queensland Music Festival** at the same venue to commemorate the centenary of ANZAC. A wonderful performance celebrating the international music and local stories of World War 1 was held.

The popular **V8 Supercars Castrol Edge Townsville 400** was again a big event in our community. Council officially launched the event with the “Super Welcome” which included car displays, V8 driver signings, roving entertainment, food court and free amusement rides for kids. The event has been running for the past five years and has firmly established its popularity, attracting large numbers of visitors and yielding economic benefits to our city.

Council, in collaboration with many organisations and individuals, came together during 2014/15 to make the **National Youth Week (NYW)** a huge success. NYW is the largest celebration of young people in Australia where thousands aged between 12 and 25 years from across Australia get involved. A number of activities were held across the city including:

- Dive-in Movie
- Youth Pathways
- Steampunk Workshops
- Frisbee in the Park
- Miss Representation
- Skate of Mind
- Jam Corner
- Operation X.

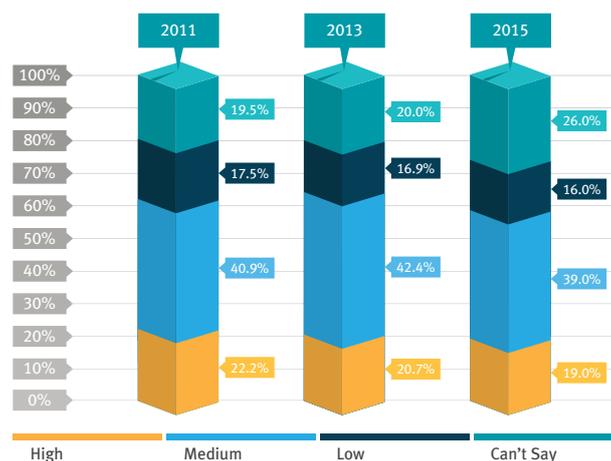
Council's **Pet Expo** was held for the fourth year, this time at Jezzine Barracks. This year's event featured more than 60 pet-related exhibitors in addition to obedience demonstrations like the popular “police dog bite display”. Our community had the opportunity to:

- speak to registered dog breeders and trainers
- talk to experts including pet grooming, health and nutrition
- talk to a vet and arrange discounted micro chipping
- register their pets or renew their registrations.



Council events

Satisfaction with the provision of youth facilities and services



100
YEARS OF
ANZAC

THE SPIRIT
LIVES
2014 - 2018

FIELD OF POPPIES

"We will remember them"



2014/15 Entertainment for everyone- Calendar of Events

2014

July

- Townsville 500 Festival - Super Welcome to Townsville
- Music in the City Program
- LGCOG(Local Government Chief Officers Group) Conference
- NAIDOC week

August

- Vietnam Veterans Day
- Seniors Luncheon
- Seniors Lifestyle Expo
- Seniors Music Day on Maggie
- 3rd Brigade Freedom of Entry
- Music in the City Program
- Townsville Running Festival
- Seniors Awards

September

- Music in the City Program

October

- National Nutrition Week

November

- Cyclone Sunday
- Remembrance Day - Townsville City
- Remembrance Day – Kirwan

December

- Carols by Candlelight
- New Year's Eve Pictures in the Park
- Experience it Live launch



2015

January

- Australia Day Celebrations (including State Flag Raising Ceremony)
- Chinese New Year

February

- National Servicemen's Day
- Welcoming Babies Ceremony

March

- Toad Day Out
- Operation Slipper Welcome Home Parade
- International Women's Day
- Harmony Day
- Sports Awards

April

- National Youth Week
- ANZAC Centenary Commemorations

May

- Battle of the Coral Sea
- NQ Arts Awards
- Heritage Day
- Eco Fiesta (including Welcoming Babies Ceremony)
- Music in the City Program
- World of Wearable Art Launch

June

- Music in the City Program

Safety a top priority

As a growing regional city, the safety of our residents is a top priority to ensure the wellbeing of our community

Council launched a new security strategy during the year, with real-time communication to provide a rapid response to anti-social behaviour. Features of the strategy include:

- 24hr monitoring of CCTV network
- Community response patrol vehicles
- Direct communication with police.

Council and police entered into a Memorandum Of Understanding which establishes a framework for the efficient deployment of resources and personnel through the strategy. It also formalised lines of responsibility for surveillance, deployment of patrols, communication, intelligence sharing, reporting and procedures.

The **Townsville Region Neighbours Party Kit** was launched during the year, to encourage neighbours to connect with each other and build fun, safe and proactive relationships. The guide is available on council's website and provides tools, templates and a checklist to help organise a great neighbourhood get-together.



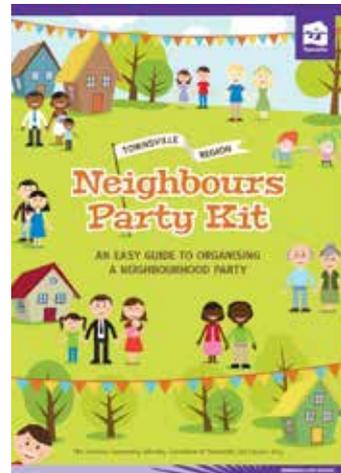
Neighbourhood Party Kit

Council conducted a **Proactive Urban Mosquito Response Program** from October to December, where 1,000 households were targeted in the Heatley and Kirwan areas to promote dengue awareness and reduce mosquito breeding sites in garden areas.

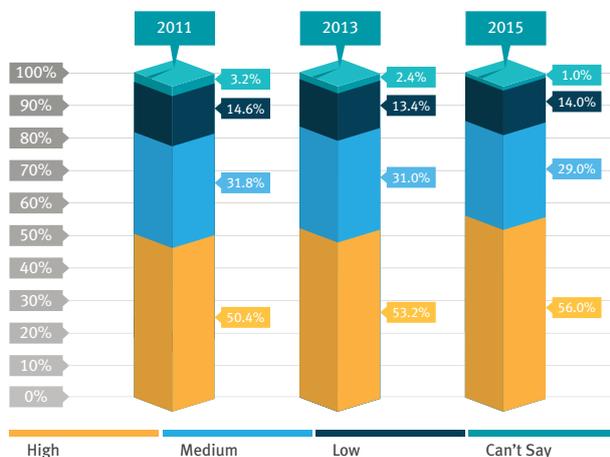
For the first time in 15 years, Townsville did not see any locally-acquired dengue transmissions for the 2014/15 year.

- 1,200ha of mosquito breeding site treated aerially
- 1,400ha of mosquito breeding site ground treated.

The **Animal Management Plan** was adopted during the year. This plan provides ways to improve the effectiveness of council's animal management services and also increase community awareness of the need to responsibly manage companion animals.



Satisfaction with mosquito control



Most of us don't give too much thought to our safety when eating out or picking up our favourite takeaway. Each year council officers inspect **food venues** across the city to ensure the safety of their customers. During 2014/15, council received 235 new food licence applications, conducted 724 food inspections across the city and attended the V8 Supercars, Greek Fest, The Townsville Show, Groovin' the Moo and various markets to ensure mobile food vendors were compliant.

Council places specific emphasis on the amenity of our city. The **GraffitiSTOP Program** in 2014/15 aimed to reduce the effect that graffiti vandalism has on the community through education on graffiti management and the illegality of graffiti. The graffiti program provided meaningful opportunities for expressional art projects or activities and increased the community's sense of pride and ownership. The graffiti program works in partnership with a number of local community groups and organisations to address graffiti. Statistics show a 27% decrease (541 for 2013/14 to 425 in 2014/15) in graffiti that council had to remove from community owned facilities.

Technology leading accessibility

The **MiTownsville Wi-Fi** portal has increased to include popular spots such as Flinders St, The Strand and Castle Hill. Residents and visitors can access up to 500MB of super high speed broadband each day by accessing the MiTownsville Wi-Fi. During 2014/15 18,192 unique devices connected to the free wifi. The most common application was Facebook, accounting for nearly 20% of traffic. In terms of location, a third of all visitors had connected their device in Flinders St.



CityLibraries in Flinders Street launched a **Digitisation Lounge** during the year, providing residents a space to make digital copies of their precious paper memories such as diaries, cookbooks, photographs, slides and much more.

In January, Townsville's first **Pop Up Library** made an appearance at the iconic Strand. Library staff gave away about 60 print books, helped people to download Borrowbox eBooks and promoted lesser known library services.

Social media can be an exciting way to connect with our residents, business and visitors to the city. Council uses social media in marketing and public communication and has maintained 16 active accounts across Facebook, Instagram, Twitter and Youtube during 2014/15. The number of likes on council's Facebook pages has been growing significantly over the years hitting 47,106 during 2014/15.



Councils social media outlets

Instagram	Facebook	Twitter
	Townsville Disaster Information	Townsville Shines
@TownsvilleLib	Townsville Events	CityLibraries Townsville
@TCC_PercTucker	Perc Tucker Gallery	Perc Tucker Gallery
@TCC_Pinnacles	Pinnacles Gallery	Pinnacles Gallery
@TownsvilleShines	Townsville City Council	
	CityLibraries Townsville	
	Townsville Ticketshop	

Libraries and learning

Council is committed to providing life-long learning opportunities and developing the city as a 'learning community'.

To improve library services to Magnetic Island residents, council conducted a review of the **Mobile Library** routine during the year. Following extensive community consultation and assessment, the three previous sites on Magnetic Island were merged into a single site at Lions Park, providing a better customer experience for the local community.



In May, residents had the opportunity to mingle with their favourite authors at the inaugural **Savannah: Writers' Voices Up North** literary festival. The eight day program which featured inspirational speakers, prolific writers, novelists, illustrators, actors and poets had something for all ages and interests including children and youth. Presenters included Peter FitzSimons, Barbara Hannay, Judy Nunn, David Malouf, Glenda Millard, David Legge, Samuel Wagan Watson, Bruce Venables and Brendan O'Connor among others.



Council finalised the **Lifelong Learning Strategic Action Plan 2014-2017** which builds upon the previous Lifelong Learning Strategic Action Plan 2012-2014. The survey and engagement process identified four guiding principles to underpin the delivery of community based learning opportunities by council. These are access and equity, collaboration, literacy and skills development and leadership. Lifelong learning is the ongoing and lifelong process that improves knowledge, skills and competencies within a personal, community or employment-related sphere.



Lifelong learning

Walk in Tuesday and Walk in Wednesday was established at CityLibraries during the year, providing support for individuals and groups with digital technology, including mobile devices, eBooks, eMagazines, social media, online research and more.

In December Townsville children were inspired by the voice behind some of Australia’s greatest books with the launch of the **Summer Reading Club**. During 2014/15, 1,228 children signed up for the Summer Reading Club compared to 1,180 in 2013/14. School students had the opportunity to meet Stig Wemyss who has recorded hundreds of audiobooks. Summer Reading Club is a free in-library and online holiday program run by council, where students sign up and are kept busy reading over the school holidays.

Satisfaction with libraries



In 2014/15 there has been a 2% increase in lending, the first time in some years due to an increase in issues of e-books and e-audio.



No excuse for not getting outdoors

With over 300 days of sunshine a year, there are lots of reasons to get out and active! Council endeavours to offer a range of facilities and programs to suit the needs of all Townsville residents to get outdoors and enjoy all that our region has to offer.

Council has an important role to play in **Sun Safety**, aiming to provide and promote sun safe supportive environments to our community. Initiatives include portable and permanent signage with sun safe messaging, provision of sunscreen at outdoor events and promotional campaigns to raise community awareness about the importance of sun safe behaviours.

During 2014/15 council established a panel of physical recreation service providers who have the capacity, skills, knowledge and qualifications to deliver community-based physical recreation activities. **The Get Active Townsville (GAT)** programme includes a number of initiatives to get residents up and active including an Events Calendar, Active Update newsletter, Active Travel Guide and the 30 Ways in 30 Days campaign. GAT encourages the Townsville community to get out and about, to get active and participate in the many physical recreation opportunities that Townsville has to offer. GAT is inclusive of a wide variety of ages, backgrounds, abilities, locations and interests, in order to build a connected, engaged and active Townsville community.



Council conducted public consultation on the draft **Peggy Banfield District Sports Park Master Plan** in March. The plan is a \$3.2 million staged redevelopment of the 14.7 ha parkland at Bushland Beach. The redevelopment of the park was in part the result of years of lobbying from the local community for a sporting precinct to support the entire district. Consultation days were held at both the North Queensland Farmers Markets and Bushland Beach Plaza on two separate occasions and a detailed online survey.

Council also sought feedback on the redevelopment of the 11.3ha **Illich Park** in Aitkenvale. After initial consultation, council endorsed a concept plan for the redevelopment in December, giving the go-ahead to proceed to a detailed masterplan.



Riverway Movie Nights have been popular with our community. Council has been screening free movies every month at Riverway, including Riverway Oval, the amphitheatre, Tony Ireland Stadium and Riverway Lagoons.

Construction of the **water slides** at the Northern Beaches Leisure Centre began during the year, with the fun new additions to the existing pools now up and running. The project was a three-way partnership:

- Council provided the site, the water slides and \$323,000 in funding
- Stockland undertook civil engineering works and project management valued at \$78,600
- JMS Aquatics contributed water circulation and disinfection equipment valued at \$50,000.

Throughout the year, our community continued to enjoy the **Jezzine Barracks'** wide range of facilities for public use, which include a 280m long elevated coastal walkway linking The Strand to Rowes Bay with magnificent views of Cleveland Bay. Thanks to support from the public, Jezzine Barracks won international recognition in the Walk21Vienna Walking Visionaries Awards. The \$40 million redevelopment was a major project for our city and involved the community, military and traditional owner groups.

Townsville alive with arts and culture



During 2014/15, the **Townsville Artist Markets** were held at Riverway Arts Centre. The Townsville Artist Markets provided local artists the opportunity to sell their products at a market solely trading in handmade arts and craft goods. Among other things fashion, unique jewellery, homewares and one-of-a-kind gifts were for sale. The Townsville Artist Market is a holistic entertainment event for families, employing local musicians and roaming performers and featuring art demonstrations and drop-in workshops for children.

An exhibition of 40 works for the **Screengrab International Media Arts Awards** were on display at Pinnacles Gallery and eMerge Gallery at James Cook University. This was the first year the exhibition has been jointly presented resulting not only in an increase in prize money on offer, but the development of a significant publication of finalists' works, and wealth of skills. This international touring exhibition presented the very best of the **World of Wearable Art (WOW)** permanent collection, exciting audio video presentations of the awards show and a 'workroom' where visitors could delve more deeply into the story of WOW, try their hand at some wearable art design and experiment with stage lighting. This stunning exhibition captivated the Townsville public, and drew crowds from right around the country. 27,992 visitors to this exhibition were recorded during the 2014/15 financial year.



Cultural Festivals by the Greek, Indian, African and Filipino communities kept us entertained during the year. Our community enjoyed some cultural experiences including dancing, singing, traditional costumes and food. These events provide the opportunity to build relationships with the wider Townsville community and embrace the beautiful mix of cultures in our city.

Celebrating community achievements

Council recognises the outstanding contribution by our community and holds a series of award ceremonies throughout the year to recognise these contributions.

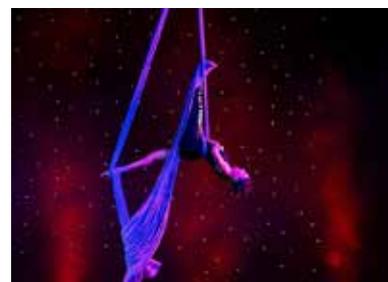


Initiative	Award type	2014 Winner
Australia Day Awards	Community Event of the Year	Glencore Greek Fest
	Citizen of the Year Award	Irene Burrows
	Young Citizen of the Year Award	Nathan Toll
	Senior Sports Person of the Year Award	Suzy Batkovic
	Junior Sports Person of the Year Award	Harrison Farrell
	Sports Administrator of the Year Award	Bert Petersen
	Spirit of Townsville Award	Chaz and Erica Bourn
	Cultural Award	Bill Malandris
Senior Awards	Female Senior of the Year	Rosene Sanderson
	Male Senior of the Year	Peter Holdsworth

Initiative	Award type	2014 Winner
Sports Awards	Volunteer Sports Person of the Year Award	Marg Cedar
	Sports Team of the Year Award	Longboard Sailing Team - Brendon Torpelund & Michale Guinea
	Junior Sports Person of the Year Award	Kimberley Jenner
	Senior Sports Person of the Year Award	Kelly Kennedy
	Veteran Sports Person of the Year Award	Linda Lynch
	Townsville Green and Gold Award	Rob Hammond

North Queensland Arts Awards

Award type	2014 Winner
Most Outstanding Visual Artist	Jo Lankester
Dance (2 winners)	Jane Pirani
	Tegan Ollett
Regional Arts Development Fund	Patrick Smallhorn-West
Arts Event or Festival of the Year	Australian Festival of Chamber Music
Visual Arts Exhibition under \$5000	Birds and other creatures
Visual Arts Exhibition over \$5000	Screengrab6
Technical	Luxlumin
Writing and Publishing	Michael Brumby
Music	Townsville Brass Band
Jean-Pierre Voos Theatre	Anne McGuinness
Most Outstanding Performance by an Individual	Brendan O'Connor (The Crucible)
Production of the Year	TheatreiNQ (The Crucible)
Stan Newman OAM Limelight	Lyn Tarring



Supporting our community

Council's grants and sponsorship program aims to support local initiatives and pursuits of excellence that enhance community wellbeing by providing financial assistance to individuals, community organisations and business.

Townsville Intercultural Centre Ltd was again able to deliver the **Townsville Cultural Festival** during August 2014 thanks in part to a council grant which helped this event become a success. This festival is an iconic community event showcasing the region's rich cultural diversity. The festival attracts thousands of visitors each year and provides a vehicle for local culturally diverse communities to display and share their culture with the wider community.

During 2014/15, the **Cultural Outreach Schools Project (COSP)** received funding from council which enabled them to broaden their education scope and provide students with information on diversity. Students of all ages meet and interact with people of diverse cultural backgrounds and diverse settlement experiences, appreciating diverse crafts, traditions and dances.

Council's grants program provided grant funding to assist with the **FunFlight** day. The day is run by Townsville Flyers who are a group of qualified pilots who donate time, fuel and the planes to take sick children on joy flights from the Townsville airport. 202 children flew with FunFlight 2014.



Program	Total Amount
Festivals and Events	\$584,841.80
Grants for Excellence in Cultural Development	\$600.00
Grants for Excellence in Sports	\$15,200.00
Community Halls Maintenance Program	\$28,000.00
Community Heritage Program	\$13,174.44
Mayor Community Assistance Fund	\$14,925.00
Community Micro- Grants	\$33,500.00
Partnerships and Sponsorships	\$1,002,170.14
Regional Arts Development Fund (RADF)	\$81,876.00
Theodore Kuchar Scholarship for Excellence in Music	\$4,000.00
Townsville 150th Anniversary Grant Program	\$84,838.00
TOTAL \$ Approved	\$1,863,125.38
Organisations approved for waiver/in-kind ONLY	\$202,971.82
Organisations approved for waiver/in-kind (in addition to cash) as part of \$ funding application	\$246,314.50
TOTAL Waived Hire Fees Approved	\$449,286.32

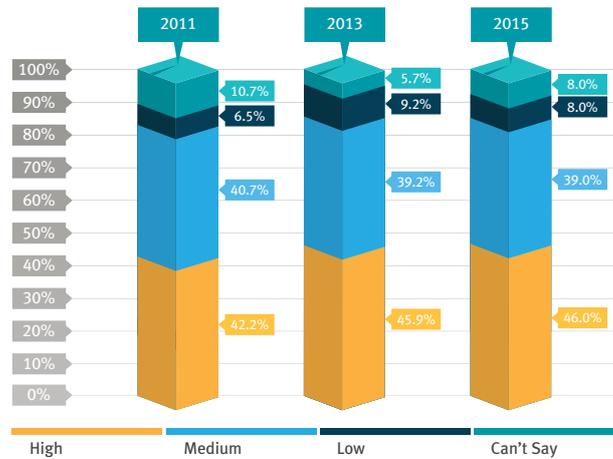
Activity	\$ Approved	Number approved	% of Total
Arts, Culture and Performing Arts	\$401,891.00	54	21.57%
Disability and Inclusiveness	\$23,270.00	16	1.25%
Environmental	\$6,000.00	1	0.32%
General Community / Family	\$504,164.25	55	27.06%
History and Collections	\$269,602.44	15	14.47%
Indigenous	\$12,895.00	3	0.69%
Multicultural	\$67,700.00	10	3.63%
Seniors	\$8,210.00	5	0.44%
Sport, Health and Recreation	\$506,842.69	116	27.20%
Women	\$20,650.00	4	1.11%
Youth	\$41,900.00	12	2.25%
Total	\$1,863,125.38	291	100%

In addition to our grants and sponsorship scheme, more than 5,800 Townsville residents were given a helping hand last Christmas thanks to the [Mayors Christmas Tree Appeal and Together Townsville](#). For the third year running, the annual Appeal exceeded its target of \$100,000, managing to raise \$117,720 to provide 1,420 food hampers, 502 food vouchers and more than 1,600 gifts.



Christmas appeal

Satisfaction with councils support for local community and sporting groups



Community capacity building

Council aims to ensure our community is empowered, inclusive, resilient and better connected. Council's focus is on opportunities to better engage with the community and work within council to embed a culture of engagement across the organisation.

Following extensive consultation, council developed the **Community Development Strategy** 2014-17 to enable a more empowered, inclusive, resilient and better connected community. This strategy replaced the previous ten Strategic Action Plans (2011-2014).

The Community Development Strategy has four themes:

- Engagement, awareness, capacity building
- Safe, resilient and resourceful
- Community Support and Planning
- Healthy and Active.

Five priority outcome areas have been identified as key components of council's Community Development Strategy.

These are:

- People in Townsville take pride and contribute to their community
- People in Townsville enjoy a safe, active and healthy lifestyle
- Townsville has an inclusive, involved and engaged community
- People in Townsville are skilled, resourceful and resilient
- Townsville has a sustainable, innovative and creative community.



Community Development Strategy

Council facilitates the **Inclusive Community Advisory Committee** which receives information and gain feedback on council's initiatives, policies and proposals. This committee is a significant forum for the community to engage with council and influence our decision making.

The **Yarnin Circle** is a project delivered by council with the aim of providing opportunity for elders from our Aboriginal and Torres Strait Islander community to meet, discuss cultural business and share stories within a caring, relaxed environment. In 2014/15, opportunity arose for a partnership approach in the delivery of The Yarnin Circle with the Northern Regional and Torres Strait Islander Corporation. This partnership has created greater input and involvement in activity planning. The partnership also provides an avenue for council to engage with elders and traditional owners of Townsville through an established forum.

Council completed the upgrade of the **Railway Estate Community Garden**. The intention of the garden was to support traditional gardening practices and foster intercultural interaction and sharing of knowledge and skills.

Council this year secured a not-for-profit organisation to provide a vital service that assists elderly people in our community to continue independent living in their own homes. For many years, council has delivered the **Home Services Program (HACC)** on behalf of the Commonwealth. So as to ensure the service aligned with council's strategic direction, this year council engaged in negotiations with the Australian Government to transition the program to Life Tec Townsville which was a success within a short period, providing major modifications to over 40 clients within 4 months and providing maintenance services to over 100 households monthly.

Council approved transfer of the management of **Worinda Occasional Child Care Centre** to the Gowrie Group to promote operational efficiency of the centre. The not-for-profit organisation took over the operation of the centre resulting in the following benefits:

- Expanded operating hours
- Increasing operations to accommodate working families
- Flexible services, inclusive of occasional and emergency places, based on consultation with users, staff and community
- Reduction in operating costs to council
- Improved in-service training opportunities for staff.

Galleries continue to attract the numbers

Gallery Services delivered 72 high caliber exhibitions at Perc Tucker Regional Gallery, Pinnacles Gallery, and across various community access spaces, again attracting in excess of 100,000 visitors throughout the year.

These exhibition attendance figures see **Townsville's galleries** maintain their lofty position amongst the nation's most visited regional galleries. They are made all the more impressive when extended closure periods are taken into account. These extended closures, particularly at Perc Tucker Regional Gallery, totalled close to five months during the year, however allowed for extensive and overdue facility improvements.

Improvements at **Perc Tucker Regional Gallery** have been warmly received by the community, and include:

- development of 'The Vault Shop', an improved, custom-built showcase display space
- improved and adjusted lighting
- replacement carpet on the ground floor and stairwell (with carpet replacement on the first floor scheduled for 2015/16)
- a refit of the limited on-site storage space for greater administrative flexibility and to house the City of Townsville Art Collection ceramics
- improvements to back of house and office spaces
- re-lining of all exhibition walls to enable works to be fixed directly to the wall, allowing greater flexibility in the display of modern works and the removal of unsightly hanging wires.

“Strategic development to best position Townsville and its galleries for the future” was a major focus in 2014/15. Such projects included identifying all of the city’s public art and memorial assets with artistic, cultural, or historical significance, and Townsville City Council’s adoption of the **City of Townsville Art in Public Spaces Collection**. As the custodian of these artworks and assets, Gallery Services can now better care for, plan, and publicise these precious works. 2014/15 period also saw the formal endorsement of a Street Art Activation Framework which will see Townsville become a leader in this field over the next three years.

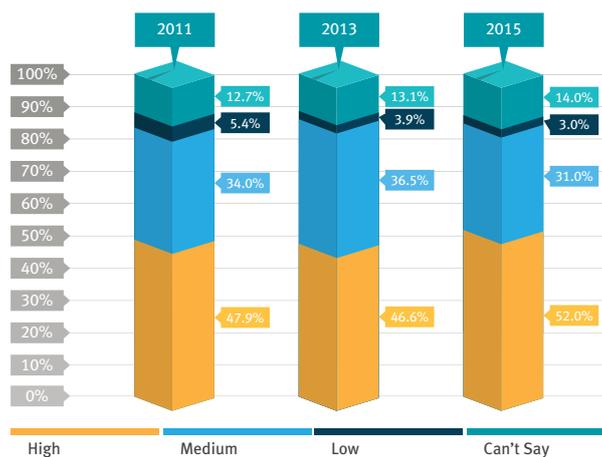
During the year, Gallery Services also achieved a **whole-of-collection valuation**. In total, the city’s indoor and outdoor collections are now valued at \$14.8 million - one of the country’s leading public art collections. This value was bolstered by over \$1 million worth of donated acquisitions into the City of Townsville Art Collection. With a very modest acquisitions budget, many of these were gifts, including one of the country’s largest ever gifts of artwork by Dr Douglas Kagi. This substantive gift to the gallery collection is an unprecedented display of generosity and comprised 468 individual works from 66 artists from throughout the world.

The **Gallery’s Education and Programs** team continued to deliver amazing results, particularly in the engagement of the school sector. Gallery services offered 434 public programs throughout the year, with over 8,000 students participating in these programs.



Gallery

Satisfaction with local galleries



Healthy lifestyles

Council provides a range of programs, initiatives, low cost and no cost activities to assist residents to enjoy an active and healthy lifestyle.

During 2014/15 The **Healthy Active School Travel (HAST) Program** aimed to promote active school travel and reduce traffic congestion during peak school drop off/pick up times. HAST initiatives also supported schools to deliver events such as Ride and Walk to School Days and implemented community based events that encouraged participation in active travel pursuits.

Council continued with the **School Breakfast Program (SBP)** during 2014/15. This program supported schools and students in need by providing healthy and nutritious breakfast items. Schools must meet eligibility criteria to be involved in the program. The SBP works in partnership with Food Relief NQ who source and deliver breakfast items to schools on a weekly basis.

Disaster preparedness

Townsville is proud to be recognised as a leading Queensland Local Government in disaster management. Though we have been fortunate enough not to have experienced a major natural disaster since Cyclone Yasi in 2011, we need to ensure that council and our community is ready to respond at all times.

Council developed a **mapping and reporting tool** with the Townsville Local Disaster Management Group during the year which will provide vital information in the event of a local disaster. The dataset provides quick access to key information on locations of community services and evacuation centres. Council again hosted a recruitment drive to attract **SES volunteers** to support our community in the event of a disaster. Despite interest remaining high, SES numbers dropped slightly to 181.



Disaster Information

Satisfaction with management of emergency events such as cyclones and floods



Social Sustainability Measures



Requires Action	The measure is not reaching its target and requires active management
Monitor	The measure is progressing however needs to be monitored as it is currently not achieving the target
On Target	The measure is either achieving target or within the defined target range, with no significant issues

Council Influence on Measure	Corporate Plan Measure	KPI Description	KPI Target	Result	Status	Comments
D	Increased community participation at council organised events	Conduct the approved events strategy program of events attracting 108,000 attendees	108,000	118,989		23 major events were staged throughout the year, large events included Carols by Candlelight and ANZAC Day. Pages 84 - 85
		Develop and deliver participative art programs for children and families to be held in Townsville shopping centres and other public centres	4	10		Ten programs were delivered within Townsville shopping centres during the year.
		Deliver 'Artist-in-Schools' programs to secondary schools in the Townsville region	50	89		89 Artist-in-School programs were delivered to secondary schools in the Townsville region.
		Deliver 'Art-In-A-Suitcase' programs to primary schools in the Townsville region	32	57		57 Art-In-A-Suitcase programs were delivered to primary schools in the Townsville region.
		Stage the Townsville Artist Market 4 times throughout the year	4	6		Six instances of the Townsville Artist Market were staged during the reporting period.
		Deliver funded renewal works in accordance with program- Townsville Entertainment and Convention Centre	100%	1.25%		Works have not commenced due to the Memorandum of Understanding (MOU) not yet being signed. Refer to our major projects information. Page 65
		3% increase in use of community facilities	5,650	5,343		Council will continue to implement Action Plans in 2015/16 to improve results.
		Develop and deliver 8 instances of SHIFT: elevator art project	8	8		There were three change-overs of SHIFT exhibitions during the reporting period.
		All venue hire agreements for use of community facilities completed at least 10 business days prior to the event	100%	99%		All agreements for community facilities followed up and returned as least 10 days prior to event.
		Conduct ceremonies to fulfil the legislative requirement of citizenship	12	12		Citizenship ceremonies are hosted by council each month.
D	Community Strategies and Plans implemented	Attract one new community performing arts producer not currently utilising our venues to contract one season per year at the Riverway Arts Centre	1	4		Local producer Theatre INQ performed and interstate producers brought performances to Riverway Arts Centre.
		Introduce Amphitheatre Program of public performances at Gregory Street & Riverway amphitheatres (16 performances)	16	0		The Amphitheatre Program didn't eventuate, though spaces were utilised to bring cultural influence by different local groups.
		Conduct monthly safety inspection of the School of Arts building	12	12		Safety inspection were all carried out at scheduled times in accordance with safety inspection schedule.
		500 hours of Lifelong Learning programs delivered throughout the year	500	780		Council continues to promote a learning culture.
		Digitise 1,000 items within the Local History and Heritage collection	1,000	1,766		This number also includes digitisation of council minutes.

D	Increased visitation to council facilities	Maintain a holistic Friends of the Galleries membership program	700	1,000	●	Gallery Services continues to maintain and develop its existing Friends of the Galleries membership and volunteer programs. The increase in numbers reflects the growth in membership renewals and the attraction of new members of the program.
		Develop and deliver visual arts exhibitions and associated public programs and activities that achieve participation figures for Gallery Services	75,000	143,045	●	Gallery Services exceeded visitation during year. This is in spite of the closure to Perc Tucker Regional Gallery, which underwent renovations over a two month period. Page 99
		Develop and deliver in-house curated exhibitions in Perc Tucker and Pinnacles galleries during the year	6	45	●	More exhibitions were curated in-house during the reporting period.
		24,000 visitors to the Kalynda Chase Tennis Court	24,000	25,540	●	Council will continue to attract new members to get active. Council has established other activities during the year to encourage the community to get out and about.
		Host significant events at the Riverway Grounds during the year	3	7	●	Free movies and various cultural festivals were hosted at Riverway throughout the year. Page 92
		Host community group exhibits across the three Library branches throughout the year	12	35	●	More exhibitions were hosted during the year to promote a learning culture.
D	Community participation in engagement activities	Participate in partnered community development activities, events and/or initiatives	5	27	●	Council participated in various community development activities throughout the year including National Youth Week, NAIDOC Week Elders Luncheon, Integration Program and the Graffiti Program.
		Deliver school holiday activity programs to 3,500 participants	3,500	2,191	●	Hot Pocket promoted 176 activities within the Winter School Holiday.
		Coordinate and facilitate 4 meetings in the Community Centres Network	4	4	●	Community Network Members now drive and facilitate these network meetings.
		Deliver two Community Grants Clinics to Townsville residents and organisations	2	14	●	More community grants clinics were delivered than scheduled, making more information available to the community.
		Deliver 4 community group capacity development workshops or seminars throughout the year	4	6	●	All workshops were delivered for 2014/15.

D - DIRECT: Council has a direct influence on the measure result.

Goal 4: Responsible Governance

A well-managed, transparent and effective organisation that gives the community confidence, demonstrates financial sustainability, where our customers are satisfied with our services and our employees are proud to work here.

Corporate Plan Strategies

- 4.1 Undertake robust and accountable financial, resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.
- 4.2 Deliver best value customer service to our community.
- 4.3 Enable innovation and technology capacity within council to drive organisational efficiencies.
- 4.4 Engagement with the community to inform council decision making processes.
- 4.5 Provide inspirational leadership and contemporary management systems that drives a coordinated, motivated, highly effective and efficient organisation.
- 4.6 Commit to open transparent and accountable governance to ensure community confidence and trust in council.
- 4.7 Promote an organisational culture that values and empowers its workforce.



Achievements

- Development of Cloud 19 Strategy to improve services and provide better value for money
- Information Custodianship Strategy developed
- Strategic Workforce Plan approved to guide future workforce strategies
- Facilities Master Plan developed to inform staff relocations to ensure optimum efficiencies
- Permanent implementation of Click to Chat customer service initiative to provide alternative methods for customers to contact council
- Implementation and review of the Fraud Management Plan to increase awareness and help prevent instances of fraud in the workplace.



Challenges faced

- Council's constrained fiscal capacity is impacting on capital infrastructure planning, which has the potential to lead to reduced levels of service and/or higher risk exposure. Our ability to secure private investment or government funding to contribute towards jointly funded projects may also be in jeopardy
- Maintaining compliance with the city's Growth Strategy, encouraging density uplift rather than urban sprawl has been a challenge. Ultimately, it is about preventing rate increases associated with having to invest in new infrastructure in urban areas, rather than utilise existing infrastructure in existing areas that can accommodate more dense population
- The rate of change in technology comes with increased expectations and cost. As technology changes, our community expects that we can provide the same services (particularly online) that corporate enterprises can provide – which comes at a cost. Council must also become increasing vigilant to protect the security of council assets and information from malicious attack
- Attracting and retaining skilled staff remains a challenge for council, though not as acutely as during booming economic times. As a result, council has to customise recruitment approaches and packages available for certain positions in order to compete with the private sector.



Projects that were postponed

- Completion of functional business continuity plans (this project has been delayed to allow for staff location changes)
- Introduction of out-bound call and/or SMS reminder process to assist recovery of commercial arrears (project has been delayed to allow for transition of customer services into council's libraries)
- Implementation of an automated phone survey to monitor customer satisfaction in real time (negotiations regarding the necessary technology are continuing)
- Development of a Knowledge Management Governance Framework (project has commenced and will continue into 2015/16).



Our Stakeholders

- Queensland Ombudsman
- Corruption and Crime Commission
- Queensland Audit Office
- Queensland Treasury Corporation
- Department of Local Government
- Local Government Association of Queensland
- Local Government Managers Australia.



Looking forward to 2015/16

- Redevelopment of council's website to improve customer user experience
- Integrate Customer Service Centre contact points at the Aitkenvale and Thuringowa Libraries
- Develop a Business Intelligence Strategy for council to guide informed decision making
- Implement Cloud Strategy – Office 365 which will improve service and efficiency
- Develop a Shared Services Framework which will guide council's approach to service provision on behalf of other local governments
- Certify and implement a new Enterprise Bargaining Agreement for council staff.

Responsible governance

Good governance system

Townsville City Council continues to be a responsible, open and transparent local government operating in accordance with legislation. Council is committed to high standards of corporate governance and accountability and seeks continuous improvement.

Good governance is important to us because:

- it underpins the confidence that the community has in council and our services
- it affects the quality of our outputs
- it is a value adding activity
- it ensures that council meet its legislative responsibilities
- it is a strong reminder that council is ultimately accountable to the community.

The role of council has been discussed from pages 18 to 25 and covers our purpose, council services, role of councillors and how we make informed decisions.

Risk management

Townsville City Council's risk management approach is based on the International Risk Management Standard ISO31000:2009. Each year assessments are completed at the Strategic and Operational levels together with a comprehensive fraud risk assessment.

The following risk assessments were completed in 2014/15:

Strategic Risk Assessment 2014/19

The Strategic Risk Assessment identifies the strategic risks against implementation of the Corporate Plan 2014-2019. It includes a range of mitigation strategies to reduce and/or improve the risk to achieve the outcomes of the Corporate Plan and informs council and management of its risk profile.

Operational Risk Assessments 2014/15

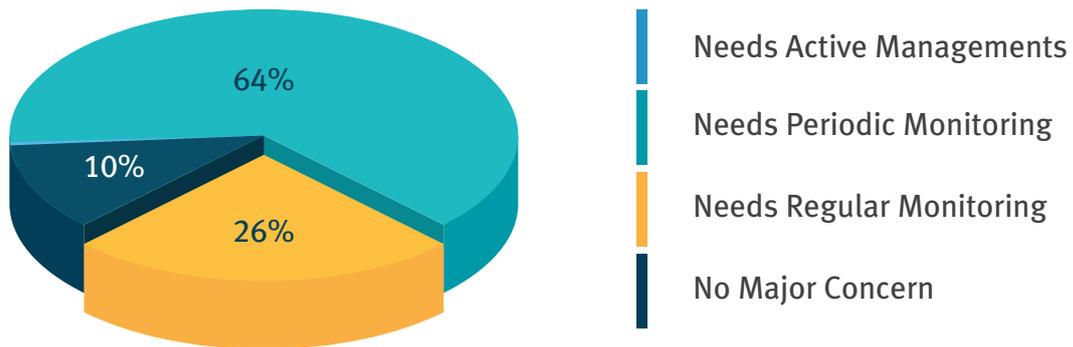
Operational Risk Assessments were completed for all financial programmes and reviewed by all 23 departments during the year. For the first time all risks were collated utilising the Corporate Performance Management (CPM) system. The new system has allowed improved integration of risk management reporting across the organisation. The Internal Audit utilises the consolidated list of risks to assist in planning its internal audit activities annually and the Audit Committee then monitors council's performance against high risk areas (see page 113).

Fraud Risk Assessment 2014/15

The Fraud Risk Assessment was completed in consultation with key stakeholders across the organisation and includes a number of strategies to mitigate emerging risks such as cyber security and cloud computing. There was also a detailed assessment of the fraud risk to council's assets.

Council's risk profile

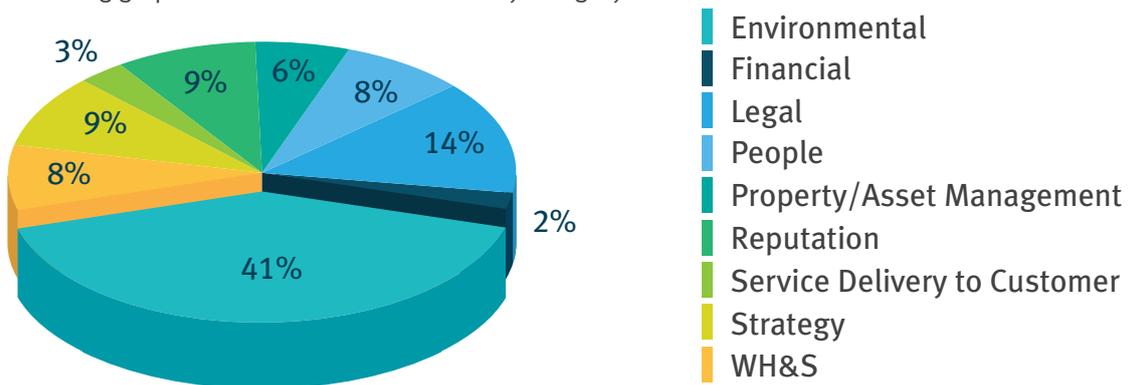
Council's overall operational risk profile indicates that a majority of risks need periodic monitoring or are considered a low risk. This is facilitated in the new CPM. We can now send to departments their risk profile quarterly, giving them the opportunity to update their risk strategies, or indeed assess new risks periodically as opposed to annually.



The top challenges and/or risks faced by council include:

- Financial sustainability, resourcing and budget constraints
- Infrastructure deterioration
- Workforce risks
- Organisational change risk
- Compliance
- Environmental risk
- Information Technology risks including cybersecurity, identity theft, social media and cloud computing.

The following graph shows a breakdown of risk by category.



Insurance and claims management

During 2014/15 council continued to have a consistent number of claims recorded. The overall number of public liability claims made against council during the year was 56 compared to 64 for 2013/14. This equates to a 12.5% decrease. Our insurance brokage services contract was extended for another year with LGM Queensland.

Initiatives implemented:

- Departmental joint KPIs for improved timeliness of responses, making the claims process quicker for our customers
- A detailed review of council’s asset list to ensure completeness and accuracy.

Business Continuity

Council’s Business Continuity Framework and policy have been reviewed this year and provide a framework for building resilience and the capability of the organisation to allow an effective response to disruptive events. Our Business Continuity Management processes allows council to respond with predetermined actions to:

- Minimise the potential for events which could impact council’s operations/service delivery
- Minimise the impact of any business interruptions that do occur on council’s operations/service delivery
- Manage the immediate impacts of a business interruption
- Manage the re-establishment of council’s critical functions following an interruption
- Manage longer-term recovery to full service delivery following an interruption
- Ensure staff and customer welfare and confidence in council is maintained.

Statutory education and compliance

Council maintains a number of policies, administrative directives and procedures which provide guidance to the organisations' decisions and actions.

Corporate policies are statements, formally adopted by council that describe the council's position on a particular issue. All corporate policies are consistent with council's long, medium and short term planning outcomes and some will directly support the delivery of the council's Community and Corporate Plans. Policies provide guidance for future action by clearly stating the objectives, scope and responsibilities for policy implementation.

Administrative directives describe what the Chief Executive Officer (acting under s.257 of the *Local Government Act 2009*) considers to be appropriate in relation to specific issues arising out of either legislation or council decisions. They generally relate to the implementation of the day-to-day operations of the council. Administrative directives are considered by the Directors at the Executive Management Team meeting and approved by the Chief Executive Officer.

During the 2014/15 financial year, council adopted the following new policies and administrative directives.

New Policies in 2014/15

- Trade Waste (replaced Liquid Waste Policy).
- Residential Pool Wastewater Disposal.
- Community Grants (replaced Financial Assistance Policy).
- Strategic Land Management.
- Reduction of Water Consumption Charges.

New Administrative Directives in 2014/15

- Debtor Management.
- Working from Home.
- Prioritisation of Use of Council Owned Equipment and Services.
- Compliance Monitoring Framework.
- Townsville City Brand.
- Reserve Accounting.
- Trust Account.
- Use of Outdoor Advertising Assets (replaced Flags and Banners Administrative Directive).

During 2014/15, council approved a Legislative Compliance Monitoring Administrative Directive. Implementation of the legislative compliance system will be carried out during 2015/16. This is a compliance register of all council's obligations, where responsible staff will assess whether council is compliant, non compliant or working towards compliance for the respective legislation.

Council continued to rollout to staff **PolicyPoint** assessments including all new policies adopted by council during the year. PolicyPoint is an educational and compliance tool for all policies, including:

- The Code of Conduct
- Diversity and Equality
- Equal Employment Opportunity
- Anti-Discrimination
- Workplace Violence
- Anti-Harassment Policies.

This tool is used to provide refresher sessions to staff on our policies and records completion of a series of multi-choice questions related to the policies.

Complaints management

Council is committed to a complaints management process which ensures the effective, transparent and timely resolution of complaints.

In 2014/15, council completed an internal audit of its complaints process that included a range of recommendations to continuously improve our complaints management process.

Section 187 (1-2) of the Local Government Regulation 2012 requires that council include 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.

Council will treat all complaints confidentially and with respect. All complaints will be thoroughly investigated in a timely manner with the aim of reaching a resolution, acceptable both to council and the complainant.

Council has five classifications of complaint as follows:

- Minor
- Administrative
- Staff
- Councillor
- Competitive Neutrality*.

*All competitive neutrality complaints must be referred to the Queensland Civil and Administrative Tribunal.

The total number of complaints received in the 2014/15 financial year across all five categories was 413. The number of complaints closed during the financial year was 333. As part of the review of council's complaints management system and reporting requirements, changes will be implemented to improve the reporting on the number of complaints resolved compared with the number of complaints not resolved.

Complaint classification	Number received	Number outstanding
Minor	77	19
Administrative	177	33
Staff	145	27
Councillor	13	1
Competitive Neutrality	1	0

The 2013/14 complaints data has not been included as this is the first year that we have included the total number of complaints across all five categories.

If a complainant is not satisfied with the outcome of a complaint they may seek an internal review by the Chief Executive Officer. The internal review independently investigates the issues and may include recommendations for action. The Corporate Governance Department in 2014/15 completed 24 internal reviews, four of these had been referred by the Queensland Ombudsman to council for internal review. Internal review, conciliation and investigation of complaints do not always result in resolution of a complaint to the satisfaction of the complainant. In these situations referral to an external agency may be the most appropriate action. There were no external reviews completed by the Queensland Ombudsman for Townsville City Council during the 2014/15 financial year.

Find out more about council's complaints management process through council's website or by contacting the customer service centre.



Complaints

Public Interest Disclosures

Council encourages and supports public interest disclosures of wrongdoing in council and will take appropriate action to investigate each disclosure.

A Public Interest Disclosure (PID) is a disclosure in the public interest, of information about wrongdoing in the public sector. For an allegation to be considered a PID and attract the protections under the *Public Interest Disclosure Act 2010*, it must be:

- public interest information about substantial and specific wrongdoing or danger
- an appropriate disclosure
- made to a proper authority.

Council has developed an online Public Interest Disclosure form to assist applicants making a disclosure. In 2014/15, council recorded and resolved two public interest disclosures.



Councillor conduct and performance

Section 181A of the *Local Government Act 2009* provides that the Chief Executive Officer must keep a record of all complaints received about councillor conduct and/or performance and the outcome of each complaint, including any disciplinary or other action taken in relation to the matter.

Councillor conduct and performance	
Total number of orders and recommendations made under Section 180(2) or (4) or 181 of the Act.	11
The name of each councillor for whom an order or recommendation was made under Section 180 or 181 of the Act, a description of the conduct engaged in by each councillor and a summary of the order or recommendation made for each councillor.	See table below
The number of complaints about the conduct and/or performance of councillors that were assessed as frivolous, vexatious or lacking substance under Section 176 C(3) of the Act.	1
The number of complaints about the conduct of a councillor assessed as corrupt conduct.	0
The number of complaints about the conduct of a councillor heard by the Regional Conduct Review Panel.	12
The number of complaints about conduct of a councillor heard by the Queensland Remuneration and Disciplinary Tribunal.	0
The number of complaints about another matter dealt with by the CEO under Section 176c) of the Act.	1

Councillor	Type of Complaint	Category	Dealt with by	Outcome	Completion date
Lane	Alleged breach of conflict of interest provisions	Misconduct	Conduct Review Panel DGC14/114	Sustained - Fine and public apology	10/11/2014
Lane	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Blom	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel DGC 14/115	Sustained - Fine and public apology	10/11/2014

Councillor	Type of Complaint	Category	Dealt with by	Outcome	Completion date
Blom	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Eddiehausen	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel DGC 14/115	Sustained - Fine and public apology	10/11/2014
Eddiehausen	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Parsons	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Veitch	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Roberts	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Gartrell	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9344	Sustained - Fine and public apology	10/11/2014
Hill	Breach of conflict of interest provisions	Misconduct	Conduct Review Panel F14/9905	Not substantiated	1/12/2014
Roberts	Breach of conflict of interest provisions x 3 allegations	Misconduct	Conduct Review Panel F14/12827	Sustained - Fine for 2 of the allegations, 3rd allegation not substantiated	23/02/2015
Walker	Breach of conflict of interest x 2 allegations	Misconduct	1 allegation lacking in substance and 1 allegation referred to Director General Department of Infrastructure & Local Government	Not complete	

Internal Audit

Council has maintained an Internal Audit function for over 20 years and is supportive of changes to the Local Government Act and Regulations in 2009 and 2010 which placed greater focus on Internal Auditing in Local Government. These changes make provision for council to include in its Annual Report a report on the Internal Audit for the financial year.

Internal Audit for the year 2014/15

The Internal Audit function is a team of two full time staff consisting of a Manager Internal Audit and Internal Auditor. Internal Audit staffing has remained stable for the last six years with no staff turnover.

Professional Standards

Council's Internal Audit function complies with State Government legislative requirements as well as meeting the professional standards of the Institute of Internal Auditors. The Institute's standard requires an External Quality Assessment of the Internal Audit activities at least every five years. Council has complied with the requirement to undertake an External Quality Assessment from its mandatory inception in 2006/07 with the latest assessment being completed in April 2013.

Council's Internal Audit staff are required to undertake training activities in alignment with professional membership requirements and as part of the annual Internal Audit Plan, which is approved and monitored by the Councils Audit Committee. The Internal Audit function is staffed by specialists with the following professional affiliations and qualifications.

External Affiliations and qualifications of the Internal Audit team:

Member of Institute of Internal Auditors (Aust)	2
Member of the Institute of Chartered Accountants	1
Member of CPA Australia	1
Chartered Accountants	1
Certified Internal Auditors	1
Certification in Risk Management Assurance	1

2014/15 Internal Audit Plan

The Internal Audit Unit applies a risk based approach to its planning and audit activities. An annual and projected three year Internal Audit Plan is prepared based on council's enterprise wide Risk Management Plan. The council's Audit Committee reviews, approves and then monitors performance against this plan at quarterly meetings. For the year ended 30 June 2015, Internal Audit activity consisted of more than 300 days of work, resulting in the completion of six reviews across various departments of council in accordance with the Internal Audit Plan. These reviews include

- Overtime management
- Social media review
- Receipting of goods / services in advance of supply / delivery
- Information technology governance review
- Fraud risk management
- Complaints handling and customer request management.

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.

External audit

Council is audited externally each year by the Queensland Audit Office (or their appointed contractors). During the 2014/15 financial year the annual external audit of council's financial statements was conducted by PricewaterhouseCoopers.

Audit Committee

The Audit Committee is an advisory committee of council, which provides an independent forum where representatives of council, independent specialists and management work together to fulfil specific governance responsibilities as set out in its Terms of Reference.

The Committee's role is to monitor and review:

1. The draft financial statements
2. The Internal Audit Plan, its implementation and associated reports
3. The external auditor's reports
4. The effectiveness, independence and objectivity of internal auditors
5. The effectiveness, independence and objectivity of external auditors
6. Any other matters relevant to fulfil the Audit Committee Terms of Reference.

The Audit Committee has four members, two of whom are independent of council, while the others are Councillors. Council has also nominated an alternate member of the Committee. Membership for the reporting period was:

Name	Role
Ms Carolyn Eagle	Independent Member & Chair of the Audit Committee
Mrs Ruth Faulkner	Independent Member of the Audit Committee
Councillor Jenny Hill	Mayor and Member of the Audit Committee
Councillor Jenny Lane	Councillor and Member of the Audit Committee
Councillor Colleen Doyle	Councillor and Alternate Member of the Audit Committee

The Audit Committee meets on a quarterly basis and, additionally as required, during the year. The Chair of the Audit Committee reports annually to council's Governance and Finance Committee on the Committee's activities.

The Audit Committee considered reports relating to:

- Financial management, financial compliance and internal controls
- Financial Statements
- Business Continuity and Enterprise Risk Management Framework
- Governance, legal and legislative matters
- Key policy reviews
- Fraud Management
- Insurance
- Annual and three year Internal Audit Planning
- Internal Audit progress and reports on Internal Audit projects
- Annual External Audit Strategy
- External Audit Reports
- Queensland Audit Office Performance Audit Reports
- Project Management Framework and Approval Model
- Professional Development.

The Audit Committee monitored progress around a number of issues in 2014/15, including:

- Portable and attractive items
- Business Continuity and Disaster Management, including Pandemic Planning
- FEAM (Finance Enterprise Asset Management) Corporate Performance Management System Implementation
- IT Governance and Information Custodianship
- Fraud management
- Complaints handling
- Implementation of management actions to address previously raised audit findings
- Procurement and contracting
- Overtime management
- External Audit issues raised by the Queensland Audit Office and PricewaterhouseCoopers.

Innovation and technology driving organisational efficiency

Council will continue to enhance productivity through the implementation of more effective and efficient processes and systems.



In April, council endorsed the **Cloud19 Strategy**. Almost anyone with a computer or a smart phone will already have heard about the wonders available in ‘the cloud’.

This strategy builds on current knowledge management strategies and confirms council’s commitment to use cloud technology to improve services and provide better value. One of the first cloud technologies the strategy has identified is the use of Office 365 to provide email services in the cloud. The cloud will provide council with lots of opportunities to do things smarter and faster.

In March, council endorsed its **Information Custodianship Strategy**. The key outcome of this strategy is the recommendation of a framework to manage council’s corporate information assets. The strategy recommended that council adopt the Information Standard 44 Information Custodianship (IS44) model, which is part of the Queensland Government Information Management Strategic Framework. This framework demonstrates an enhanced level of maturity and provides established principles and criteria to ensure information assets are managed throughout their lifecycle and are accessible to appropriate stakeholders.

System upgrades enhance features and address emerging business functionality requirements. During the year, council conducted upgrades to various enterprise-wide systems and smaller business specific systems. Each upgrade requires considerable input from users including testing to ensure that upgrades meet their specific requirements. Of particular note is the Corporate Enterprise Suite (CES) upgrade, which touched on every aspect of the business and was completed in a record time of four weeks.

The following documents were endorsed during the year in support of changing processes and technology:

- Strategic Recordkeeping Implementation Plan
- Unified Communications Strategy
- Information Custodianship Strategy
- Cloud19 Strategy
- Virtual Desktop Strategy
- Information Architecture Strategy 2011-2016 (Mid-life Review).

During 2014/15, a project commenced to digitalise all council minutes back to the 1800s. This worthwhile historic project will gain momentum in the 2015/16 financial year.

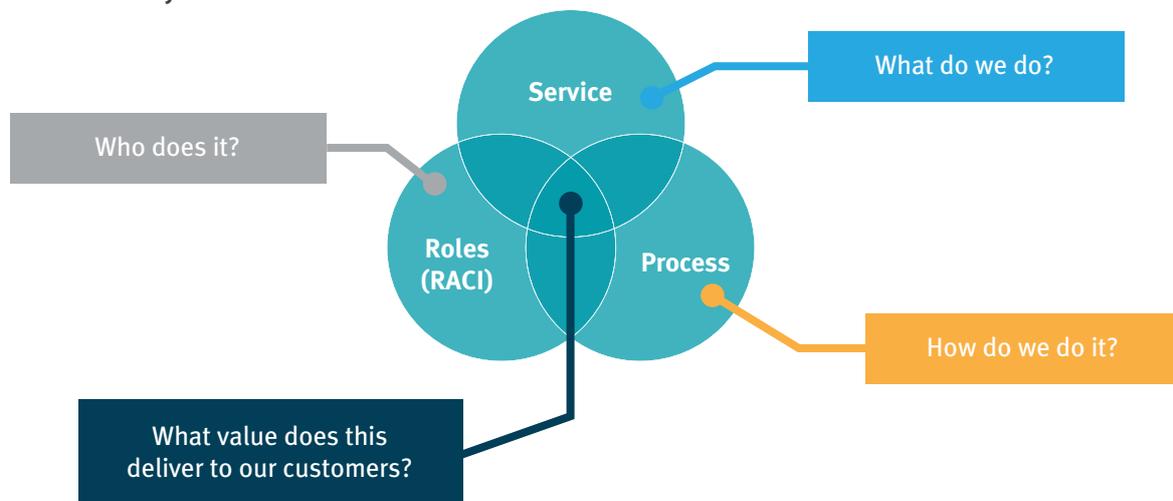
Adding value through continuous improvement

Council undertakes a variety of continuous improvement initiatives to ensure our services are as efficient and as effective as possible, delivering value for money and high levels of customer satisfaction.

In 2014/15 council continued its **Service Delivery Review** (SDR) journey. SDR is a council wide approach to reviewing and evaluating the services council provide to the community, and making important decisions on the services being delivered, now and into the future.

Council must review and continuously improve its services to meet changes and needs of the community, technology and service delivery practices.

Service Delivery Review



Council has enjoyed high levels of customer satisfaction for a number of years. To achieve this, we need to know what our customers' expectations are and implement strategies to ensure they are met. During the year, council reviewed our **Customer Service Centre Standards and Service Charter** and implemented changes to our complaints analysis. More information can be found on page 109.

In 2014/15 council also developed a **draft Property Lease Management Framework**. This Framework will provide a useful tool to ensure a consistent and coordinated process for the development and administration of property lease agreements. This will deliver better value for both the community and council.

During the year, various **user groups** continued to meet and new ones formed. Council has implemented a number of user groups for the Corporate Enterprise System and staff from across the organisation attend. These user groups are formed around topics such as project management, purchasing, financial and performance management. They focus on a wide range of issues, from better ways for users to operate the system, to identifying improvements. This ensures staff with similar interests, goals, or concerns meet regularly to improve the quality of service we offer.

Council has become more efficient and focussed through the **merger** of Parks Services with the Construction and Maintenance services departments in late 2013. In 2014/15 there was a coordinated and integrated approach to:

- the mowing and cleaning of parks
- medians and road verges
- pot hole repairs
- clearing of drains and maintaining bridges.

Positive results over the past year were realised as these changes saved time and resources by working concurrently on jobs which might require a range of repairs or maintenance. Jobs have also been completed sooner than scheduled.

To help understand customer expectations, both internal and external, each year council undertakes a range of **surveys** of various customer groups. This feedback is used to inform the selection of Smart Service commitments and improvement efforts for the following year. Results from many of these surveys can be viewed in council's quarterly Corporate Performance Reports on council's website.

Smart Service information on page 33 demonstrates how we value our staff in the process of continuously improving and implementing our processes.

In July 2015, council commissioned its biennial **Community Survey** to measure the community's importance rating and satisfaction with various council services. You will find the results of this survey used throughout this report.

The below table shows the top 12 services where council could improve based on the community ratings of importance and satisfaction.

Mosquito Control
Protection of bushland and wildlife
Community Safety Programs
Promoting the city
Availability of street lighting
Council environmental initiatives
Condition and safety of local roads
Supporting local industry and business
Animal control
Collection of litter from roadside
Consulting and engaging the community
Attracting new businesses to the city



Community survey

Our consultants and contractors play a role in our customer satisfaction. Our contracting processes were revised during the 2014/15 review of the procurement process. **Consultants and contractors** apply their specialist skills, experience and expertise to supplement and augment council's workforce in achieving corporate goals.

Below is a small sample of the positive results from our consultants and contractors/engagements:

Townsville RSL Stadium:

- NQ AV – integrated Townsville RSL Stadium audio systems with fire management systems.
- Defire – Fire Safety Systems were made compliant to QFES requirements.
- National Building Certifiers – achieved compliance of Life Safety Systems of the Townsville RSL Stadium to the Building Act and Building Code of Australia/National Construction Code requirements.
- Premier Fire (NQ) –verified the performance of the Townsville RSL Stadium fire systems.

Jezzine Barracks Redevelopment:

- Tippet Schrock – validated completed work against design.
- National Building Certifiers – certified completed works against National Construction Code requirements.
- UDP Consulting Engineers – verified work completed consistent with design.
- Environmental Asset Services – established green spaces to stimulate long life.
- New Wave Housing – refurbished donated assets for community use.

Haughton Pipeline Duplication:

- AWLCON PM Services – advanced the environmental approvals requirements for the project.
- Northern Water Management – advanced the design requirements for the project.

We are accountable and transparent with finances

Our Community Financial Report pages 12-17 detail council's financial position and our financial management approach to ensure the best value and longest life is achieved for our assets.

Debt	Reduced debt We have reduced our debt by \$4.6 million , down to \$329.2 million. We repaid \$19.6m of debt and borrowed an additional \$15m for the funding of new water and sewerage infrastructure projects	Projects \$510.9 million was spent in operational expenses and capital projects during the year.
Surplus	Increasing Surplus Council's third consecutive surplus was realised, with an operating result of \$7.8 million achieved for the 2014/15 year.	Assets We managed \$ 4.6 billion in assets, of which \$ 4.4 billion is community infrastructure assets.

Interest rates have continued to decline which reduces interest revenue on council's investments. Council manages its **investments** on a corporate basis and aims to earn a rate that will keep up with inflation. In doing so, council manages risk when determining where investments should be made to minimise loss. Most of council's cash is invested in the Queensland Treasury Corporation (QTC) Cash Fund, which at times has had better interest earning rates throughout the year compared to other financial institutions.

This year, council entered into a new agreement with its transactional banking provider. This increased the interest earning rate on our transactional banking account which is now much closer to the rates offered by QTC. While council aims to keep the balance of this account to a minimum and invests most of its funds on a daily basis with QTC, there has been a slight increase in interest received.

During the year we reviewed our **procurement** processes and policy to ensure transparency and accountability in the management of tenders, contracts and purchasing of goods and services.

Council is required to identify the number of invitations to change tenders during the year. In 2014/2015 there was one invitation to change tender.

Council is committed to ensuring its **asset management** practices provide agreed levels of services and council remains sustainable in the long term. Council owns, operates and maintains community infrastructure assets valued at \$4.4 billion, including water, wastewater, stormwater, waste, transport, parks and building assets. Council is committed to deliver agreed and desired levels of service in the most cost effective manner through best practice leadership and management of all assets and service portfolios for the present and future Townsville community.

Council provides essential asset related services to ensure a safe and healthy environment for all residents and visitors, these include:

- Potable water supply at specific flow rates and pressures
- Collection, treatment, re-use and disposal of wastewater
- Collection and disposal of stormwater
- Collection, recycle, and disposal of domestic and commercial waste
- Road networks safely servicing all occupied properties to a minimum standard based on recommended traffic volumes
- Parks and open spaces
- Public buildings to cater for a variety of citizen needs.

Asset renewal

Over 10 years an average annual expenditure of \$88 million is planned for asset renewal to achieve a sustainability ratio greater than 90%.

New capital assets

Over the next 10 years an average annual expenditure of \$168 million is planned for new assets. Major projects commenced in 2014/15 included:

- Townsville Recreational Boat Park
- Dalrymple Road Bridge
- Water main extensions
- Construction of additional water reservoirs in Mt Louisa and Echlin Street
- Kulburn Booster Pump Station construction
- Southern Suburbs Bypass Sewer Pump Station construction
- Stuart Landfill cell construction.

Some highlights relating to our corporate asset management in 2014/15

- Asset management maturity assessment for ISO 55000 international standard compliance undertaken
- A Strategic Asset Service Management Plan to improve levels of service to the community developed
- Capital investment planning and delivery improvements implemented
- Renewal planning improvements delivered
- Asset service and community satisfaction levels improved
- Pro-active maintenance management and condition assessments of assets.



Community engagement

Council is committed to providing meaningful opportunities for the public to participate in the decision making processes on projects which affect the local community and the future development of the region. Community engagement plays an important role in the planning and delivery of council services and facilities and in shaping the future of our city.

Council currently has a **Community Engagement Framework** which supports effective engagement activities. This year, council approved the **Community Engagement Champions Model** which provides front line advice and assistance to each council department. Nominated champions were trained and provide assistance and advice within their departments.

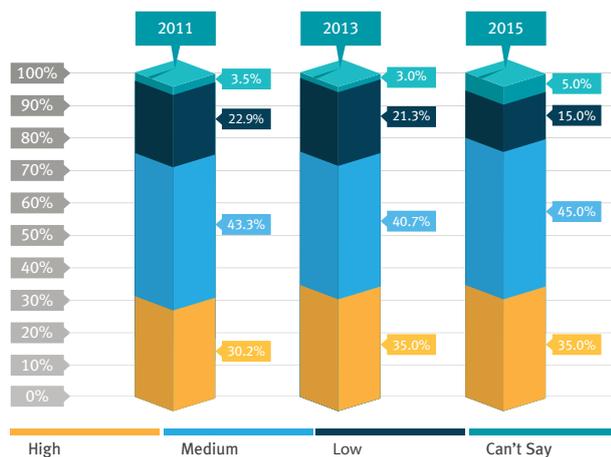
During 2014/15, council recorded 53 engagement activities undertaken, with approximately 16,577 community participants involved, some of the more significant focussing around:

- Moteliere rates and charges
- Brand research
- Public website research
- School fetes, community groups, organisation and Cyclone Sunday
- Digital Futures Plan stakeholders
- Mobile Library Stops Review
- Animal Management Strategy Consultation
- Townsville’s Flood Risk
- Illich Park Masterplan
- Peggy Banfield redevelopment
- New dog off leash areas
- Public bin usage
- Council brand perception
- PDA Waterfront.

Apart from formal community engagement activities, the community can also participate in council’s decision-making processes in a variety of ways, including:

- making submissions on development applications and other key planning documents as advertised
- submitting a petition on a matter of concern for council’s consideration
- participation on a standing or advisory committee
- requesting a deputation to address council on a matter
- contacting their divisional councillor
- providing feedback through council surveys
- attending council workshops and public meetings.

Satisfaction with consulting and engaging the community



Staff engagement is important to us because it correlates with performance. Results from the **Diversity Project** have positively led council to initiate:

- development of a Gender Equality Workforce Strategy
- development of the mature Aged Workforce Strategy
- development of the Aboriginal and Torres Strait Islander Workforce Strategy
- thoughts around establishing a Career Ambassador Network to engage the under-represented workgroups, particularly the youth.

Changing how we communicate

Our customer's communication preferences are changing and council needs to adapt to these changes to ensure our messages reach their intended audience.



Council's **web strategy** has experienced significant increase in the number of customers accessing information online rather than traditional methods such as through our call centre. In addition, even within the online space, there is change in the mediums been used to access council's website. The number of customers accessing council's website via mobile increased by over 40% between 2014 and 2015. This data is utilised to ensure that the online services council provides meet the needs of our customers. Next year council's website will be updated to make it more mobile friendly for this growing audience.

After a successful trial, **Click to Chat** was introduced as a permanent communication method for customers this year. Residents and visitors can logon to council's website and use 'click to chat' to speak with a customer service representative online between 8am and 5pm weekdays.



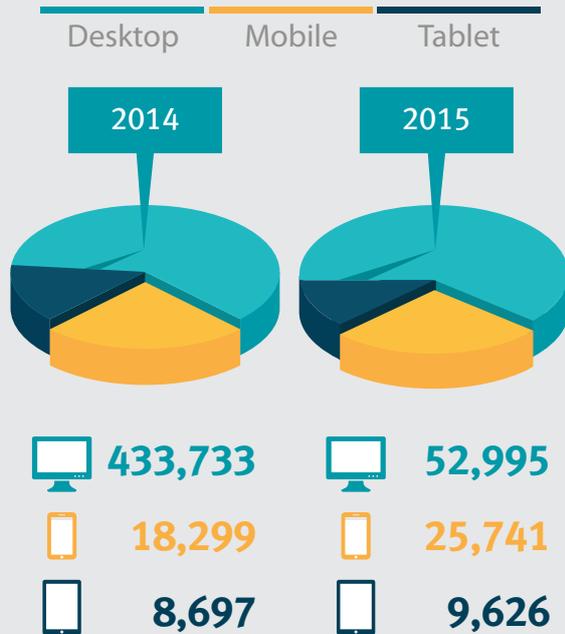
Click to Chat

CityLibraries launched a **mobile app** during the year for iPhone and Android devices. Users can now search the library catalogue, place holds, see their loans, renew their loans and much more all from their mobile device.

ELECTRONIC DEVICES

2014 vs 2015

Sessions per device

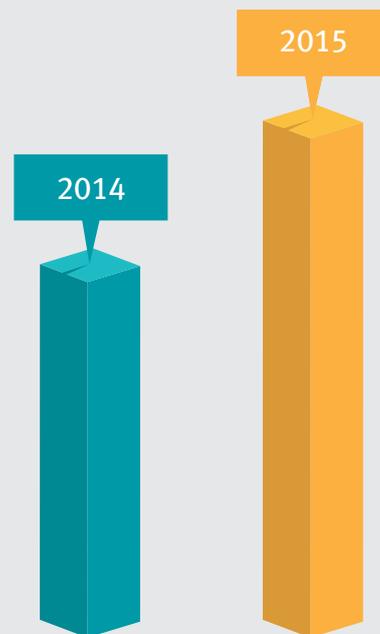


  **40.67%**
increase of mobile use

PAGE VIEWS

2014 vs 2015

Councils overall page views



 **18.96%**
increase

VISITORS

NEW vs RETURNING



44.76%
NEW

39,551 users were new to the site



55.24%
RETURNING

48,811 users were returning to the site

Our workforce a top priority

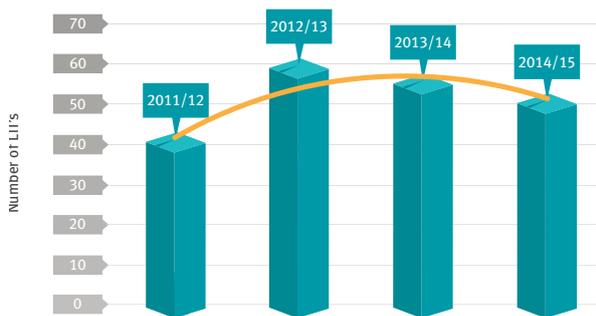
Council considers the health and safety of staff, contractors and the general community to be of prime importance and will ensure that council workplaces and work activities are safe.

Improved results have been achieved through:

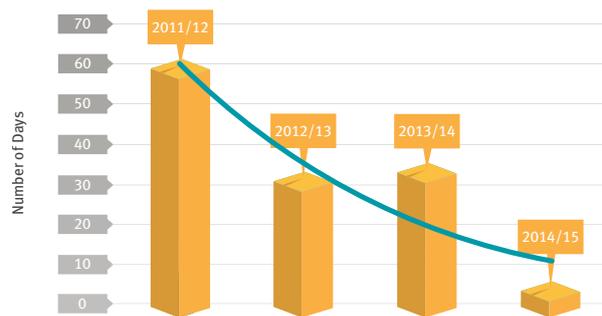
- An increased focus on incident reporting has been occurring and a good reporting culture is established assisting council to identify and control hazards
- Ongoing organisational safety performance is reviewed through a peak Health and Safety Steering committee and cascaded through council
- A more robust investigation methodology has been implemented
- Commenced focusing on lead indicators as opposed to lag indicators to develop a preventive pro-active approach to safety management across council
- Review and refinement of safety documentation and critical safety processes, procedures and tools
- Health and Wellbeing Unit programs focused on improving employee health and fitness contributing to a reduction in injury numbers and severity.

Further programs are under consideration for 2015/16 to build on what has been achieved in the 2014/15 year. These programs will be specifically targeted at injury reduction and safety culture improvement.

Number of Lost Time Injuries



Average Lost Time injury Duration



The numbers of lost time injuries is decreasing across council and the severity of the different types of injuries occurring is also reducing due to a greater focus on risk awareness. The effective application of Early Return to Work for injured worker procedures is also contributing to the reduction of lost time caused by injury. Council's Lost Time Injury Frequency Rate is also trending down.

The number of claims lodged for **workers' compensation** decreased from 97 in 2013/14 to 84 during 2014/15. To ensure the health, safety and wellbeing of employees and contractors council undertook identification and deployment of targeted safety programs to address specific risks in workplaces.

You can find more information about our staff and human resource initiatives in the Our People section of this report, pages 26 to 35.

During the year, council processed over 400,000 mail items. To ensure the safety of our staff, council improved its **Safe Mail Handling** processes, including improvements to procedures, acquisition of containment equipment and the roll out of training to all relevant staff.

All new council employees are required to undertake a **corporate and site-specific induction**.

The induction covers:

- the purpose of council and what functions it serves in the local community
- the benefits of working at Townsville City Council
- the importance council places on providing a place of work which is free from unacceptable behaviors and unsafe work practices
- the importance council places on environmental sustainability and preservation.

There are a number of critical policies and processes that are conveyed to all new staff including:

- Code of Conduct
- Diversity and Equality Policy
- Environmental Management
- Workplace Health and Safety and Manual Handling
- Business Management Systems Induction.

The site-specific induction consists of an introduction to the department and the new employee's work area, procedures to be followed, responsibilities of the job and where to find equipment.



2014/15 Health & wellbeing programs

Council implements a calendar of events specifically for staff, to support and encourage their health and wellbeing.

Date	Event
13-19 July 2014	National Diabetes Awareness Week
13 July 2014	Corporate Triathlon – TP Human Capital
3 August 2014	Townsville Running Festival
21-22 August 2014	Red Cross Blood Donor Mobile
11 September 2014	R U OK? Day
28 September 2014	Bright Pink Lipstick Day
12 & 16 September 2014	Red Cross Donor Mobile
14 October 2014	Fruit Delivery Day
15 October 2014	Ride2Work Day
6-7 November 2014	Red Cross Blood Donor Mobile
7 November 2014	National Walk to Work Day
16 & 19 December 2014	Red Cross Blood Donor Mobile
January 2015	Quit Assist Promotion
27-30 January 2015	Red Cross Blood Service
February 2015	Fitness Passport Staff Survey
March 2015	Corporate Health Plan Promotion
April 2015	Flu Vaccinations
20-24 April 2015	Red Cross Blood Service
28 May 2015	Australia's Biggest Morning Tea
May 2015	Bowel Screen Promotion
3-9 May 2015	Heart Week
June 2015	Employee Assistance Program Awareness Sessions
28 June 2015	TP Human Capital Corporate Triathlon Teams
14 July 2015	Diabetes Awareness Week
19 July 2015	Mike Carney Toyota Paluma Push (mountain bike race)

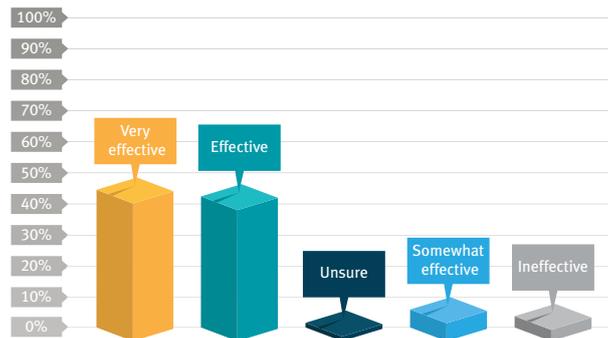
Following results of the staff health and wellbeing questionnaire in July 2014, a needs assessment was conducted and strategic plan was developed to address priority health issues. Targeted interventions have been implemented with the aim of seeing improvements in these health areas when the next staff health and wellbeing questionnaire is delivered in 2016.

In order to improve engagement and communication with the program, the existing health and wellbeing program was re-branded in early 2015 resulting in the Inspire Wellness Program being launched. A network of Inspire Wellness Site Champions across various council sites was also established to improve engagement and communicate with employees for this program. Implementation of the early intervention onsite physio service in 2014/15 was one of the improvements in the health and wellbeing programs. This service is available to all council employees including casual staff.

The onsite physio service is primarily targeted at operational employees to prevent injury. Statistics below show how the physio service has been utilised by a significant number of employees.

- Total individual patients seen: 381
- Total complaints treated: 472 (note: one employee may have multiple complaints).

How would you rate the treatment provided?



The response to this initiative has been great, with 88% reporting the treatment they received as effective or very effective. Here are a few comments from our staff:

“ Treatment has changed my life. I have had issues with my wrist for years. Some days typing was unbearable and affected my productivity as I would require constant breaks. I thought it would be with me for life. Onsite Physio recognised I had a trapped nerve. I no longer suffer from wrist pain, the odd pain in my neck/ shoulder but the exercises help with this. ”

“ Initial assessment was quite comprehensive and narrowed the issue to a lack of muscular support. Exercises recommended have helped significantly in reducing the frequency of back pain. Physio was respectful and friendly. ”

“ Excellent program! It is great to have a service provided that provides positive benefits to work and family life! ”

“ I had a long time recurring running injury. I was a bit apprehensive at first as to whether physio would solve my problem however I was given treatment and exercises to repeat to manage the problem which has greatly reduced my pain and made me aware of how to manage the problem. ”

Responsible Governance Measures



Requires Action	The measure is not reaching its target and requires active management
Monitor	The measure is progressing however needs to be monitored as it is currently not achieving the target
On Target	The measure is either achieving target or within the defined target range, with no significant issues

Council Influence on Measure	Corporate Plan Measure	Description	KPI Target	Result	Status	Comments
D	Council's financial sustainability ratios	Asset sustainability ratio	Greater than 90%	88%		Council's final results indicate a 5.4% improvement compared to budget. Council has improved overall in maintaining its existing infrastructure assets ensuring the burden of replacing these assets doesn't rest with future generations.
		Net financial liabilities ratio	Not greater than 60%	77%		Council's final results indicate a 7.0% improvement compared to budget. The reduction of this ratio indicates that council's capacity to increase its loan borrowings, if needed, has improved.
		Operating surplus ratio	Between 0 and 10%	2%		Council's operating result is within the acceptable target range and overall council has achieved a slightly larger operating surplus than budgeted with an increase of 1.07%.
		Zero breaches of surplus cash investment parameters throughout the year	0	0		We remained compliant throughout the year.
D	Customer satisfaction	Bank deposits reconciled within 30 days	100%	99.75%		Bank deposits have been reconciled to the bank account within the required timeframe.
		90% tax lodgement compliance rate for indirect taxes (e.g. Payroll tax, GST, FBT, fuel tax)	90%	99.75%		Tax lodgements have been made by the due date.
		Stock requisitions processed within 1 working day	95%	83.48%		Whilst performance is below expected levels there were no systemic issues experienced.
		Community satisfaction with the provision of information about council services and activities	70%	100%		Marketing and Communication survey was completed in December 2014, with results surpassing the target showing how well council communicates services it provides to the community.
		Internal customer satisfaction (Good + Excellent) with Finance	85%	94%		Survey is performed annually with results surpassing the target.
		Customer satisfaction with initial contact with council's Customer Service Centre	92%	95.76%		Council's Customer Service Centre won the Customer Service Institute of Australia award. Results demonstrate how we meet the international customer service standard. Page 36
		90% overall customer satisfaction with council services and facilities	90%	93.5%		Council's satisfaction rating rose by 1% since the last Community Survey in 2013.

Townsville Waste Services

Annual Operations Report 2014/15



1. Purpose of this Report

The *Local Government Regulation 2012* requires that Townsville City Council include an Annual Operations Report for each commercial business unit in the council's Annual Report.

This Annual Operations Report is designed to provide an overview of the operations and performance of Townsville Waste Services for the 2014/15 financial year, as measured against its Annual Performance Plan.

2. Townsville Waste Services

Townsville Waste Services is a significant business of the Townsville City Council, providing solid waste management services to the Townsville community through waste collection, transportation, recycling and disposal.

The business was commercialised in 2008, with the creation of a commercial business unit. The business unit sits within the Townsville Water and Waste division of council. It employs over 60 staff from the Townsville community and has a combined annual operating and capital budget of over \$45 million.

Townsville Waste Services strives to be the North Queensland's best waste managers. Its mission is to deliver excellence in customer service, environmental management and efficient operations while maximising financial returns to council. It currently provides over 110,000 domestic waste and recycling services per week, with over 700 bulk bins in service. It currently operates and manages six waste management facilities, which cumulatively receive more than 300,000 visits each year from customers, and receive over 450,000 tonnes of waste annually for processing.

3. Our Performance

Townsville Waste Services' performance in the 2014/15 financial year focused on a number of key areas.

Our customers

Customer Service Standards

Townsville Waste Services maintains Customer Service Standards to set out the rights and obligations of Townsville Waste Services and its customers, and provide quality and service reliability targets for its services.

Townsville Waste Services reviewed its Customer Service Standards in the second half of 2014, to ensure that its quality and service reliability targets were acceptable to the business and its customers. As part of the review, draft service standards were released to the community, prior to adoption, for consultation. By resolution at its meeting on 16 December 2014, council adopted the new Customer Service Standards for Townsville Waste Services.

In the first quarter of 2015/16, the focus will be on reporting to the community against the key performance targets Townsville Waste Services set for itself as part of its Customer Service Standards.

Customer surveys

Voice of the customer surveys

Townsville Waste regularly surveys customers to obtain feedback about the customer's experiences with, and expectations of, its services. A selection of customers, who have contacted Townsville Waste requesting a service within a month, are randomly selected to be contacted to participate in a short, over-the-phone

survey. Townsville Waste aims to achieve 90% of customers rating its services as 'good' or 'excellent' each month. During the financial year, the business achieved an average of 88.76% of 'good' and 'excellent' ratings from customers for its waste collection services, and an average of 92.74% of 'good' and 'excellent' ratings from customers for its waste disposal facilities.

Community Survey

Townsville City Council conducted its two-yearly Community Survey early in the 2015/16 financial year, to determine the community's satisfaction levels and expectations about council service delivery, including waste services. The information will be analysed to give the business guidance on areas where improvement can be made. See page 116 for more information.

Tipping vouchers

In the 2014/15 financial year, the number of Tipping Vouchers included in a residential waste utility charge/service was increased from seven to eight. The number of vouchers redeemed by customers at waste disposal sites throughout Townsville increased from 129,000 to 153,000.

Carbon Pricing

The Carbon Pricing Mechanism (CPM) took effect from 1 July 2012 in Australia, requiring liable entities to relinquish an eligible emissions unit for each tonne of greenhouse gas emitted within a financial year. Townsville City Council was a liable entity under the *Clean Energy Act 2011*, largely as a result of the landfill operations of Townsville Waste Services. The CPM was disbanded from 1 July 2014.

In the 2014/15 financial year, Townsville Waste Services developed landfill and collection pricing to account for the removal of the Carbon Pricing Mechanism.

Free dumping weekend

A free dumping weekend was held at all council waste facilities on 4, 5 and 6 October 2014. Council provided free access for the community to waste disposal sites for a three-day weekend, to encourage property owners to clean up their property prior to the cyclone season. The weekend was a success, with 7,938 transactions completed over the course of the weekend, and 1,322 tonnes of waste received across all landfills during the event.

Our infrastructure

In 2014/15, Townsville Waste Services focused on developing a Maintenance Management Strategy Plan, and undertook a number of planned capital upgrades and renewals to its infrastructure.

Asset management

In 2014/15, Townsville Waste began to implement its Maintenance Management Strategy Plan, identifying proactive maintenance activities which will contribute to a reduction in reactive maintenance.

Townsville Waste undertook a maturity assessment during the financial year against the International Standard 55000:2014 *Asset Management*. The business was assessed as having a good level of compliance, which reflects the focus and commitment of the business to develop an effective asset management system. Council intends to pursue alignment with ISO55000 for its waste business.

Magnetic Island Waste Facility

During the financial year, Townsville Waste Services continued to work towards its vision for a waste transfer station at Magnetic Island. The development of the Magnetic Island Waste Facility will ensure that Townsville Waste Services can continue to provide high quality, environmentally sound, waste disposal services to the Island. The facility is on track to be completed late in 2015 and will include a garden organics collection area, a recovery area for white goods, batteries and oil recovery, a "buy-back" shop, and a push pit transfer station for waste collection and sorting for transport. As part of the works, the widening of West Point Road is nearing completion, as well as the realignment of the Hurst Street intersection.

Development of Waste Disposal Sites

During the financial year, works were undertaken at Stuart waste disposal site to construct an interface liner over unlined cells to allow continued placement of waste in the area. The construction of the interface liner will take place progressively over six stages, with Stage 1 of the construction being completed during 2014/15.

At Hervey Range waste disposal site, works were undertaken to install a geosynthetic clay liner to effectively cap areas of the landfill which will not be receiving further waste in future. The capping works prevent the ingress of water into the landfill cell, reducing the formation of leachate and providing for improved environmental outcomes for the facilities. The works will continue in 2015/16.

Our environmental management

Gas recovery

As part of its efforts to reduce its carbon footprint, Townsville Waste Services has installed a gas flaring system at its Stuart Landfill site, and is working towards implementing similar systems at its Hervey Range and Jensen landfills. The gas flaring system captures and burns landfill gas generated by organic matter breaking down in the landfill. This is designed to reduce the potent greenhouse gas methane to a less potent form and therefore reduce the overall emissions from the landfill. During the financial year, over three million cubic metres of methane was captured and burned, reducing the amount of potent greenhouse gases emitted by council's facilities.

Contracts are in place for future gas flaring at Hervey Range and Jensen landfills, but further progress towards commencement of flaring is dependent upon the completion of capping works as a prerequisite to the completion of the installation of the gas flaring systems.

Salvage operations

Townsville Waste Services is working towards improving its salvage operations at waste disposal sites to increase the diversion of reusable and resaleable items. Plans are in place to introduce collection areas at entry points to waste disposal sites to encourage residents to recycle reusable items in good condition.

Concept phase planning for the development of collection areas at entry points, at the Stuart and Hervey Range landfills, was undertaken in 2014/15 and detailed design for these facilities will be undertaken in 2015/16. Construction is scheduled to take place over the subsequent two financial years.

E-waste recycling

Townsville Waste Services continued to collect waste televisions, computers, printers and computer products at drop-off points at its waste disposal sites during the financial year, working with industry partners under the National Television and Computer Recycling Scheme. In the 2014/15 financial year, over 84 tonnes of e-waste was collected at council drop-off points.

Waste and recycling characterisation audit

In June 2015, Townsville Waste Services conducted an audit of domestic waste and recycling bins to better understand residential waste management behaviours. This audit is the fourth audit undertaken by council, which are conducted approximately every five years. The findings of the audit will assist Townsville Waste Services to better understand what residents place in their bins and to tailor education campaigns to address specific issues. The results of the audit will be used to inform future investigations into opportunities for recycling and reuse, bin sizing and waste minimisation strategies.

Recycling education program

Recycling education programs were delivered at Townsville schools and community events during the year in a bid to educate residents, local industry and businesses about recycling participation and reduce recycling contamination levels.

During National Recycling Week in November 2014, information stalls were held at local shopping centres and The Strand over a four day period. Over 200 family groups were engaged through the stalls and a variety of information discussed including some common myths about recycling in Townsville. The results of a recent residential kerbside recycling audit were also made available during discussions with the community, to illustrate how residents can help improve recycling in their homes.

A promotion held during National Recycling Week to upgrade residential kerbside recycling bins from 240 litres to 360 litres was met with great enthusiasm. A total of 185 residents took up the offer to increase their recycling capacity which almost doubled the number of 360 litre recycling services in the city.

Our governance

Queensland Waste Avoidance and Resource Productivity Strategy 2014-2024

In December 2014, the Queensland Government released its new industry-led waste strategy: the *Queensland Waste Avoidance and Resource Productivity Strategy 2014 - 2024*. Townsville Waste Services participated in the development of the strategy along with business and industry, the waste and resource recovery sector, other local governments and community and environment groups.

The strategy provides direction for waste and resource management in Queensland over the next 10 years, underpinned by the waste and resource management hierarchy, an internationally recognised framework for managing waste generation and disposal, describing the preferred order for managing waste and resources. The hierarchy places waste avoidance as the preferred option, followed by reducing, reusing, recovering and disposing of waste. Other important focuses of the draft strategy include better management of high priority waste, resource recovery, new technologies and alternative waste treatments, and tailoring policy and actions to each region.

The strategy will be implemented by the Queensland Government through a set of sectoral or organisational action plans including specific or sectoral targets, which align with and contribute to achieving state-wide targets. The action plans are proposed to be guided by priority areas and high priority waste identified in the strategy.

North Queensland Regional Waste Reduction and Recycling Plan

In August 2014, council endorsed the North Queensland Regional Waste Reduction and Recycling Plan 2014 – 2024.

Townsville Waste Services collaborated with other regional North Queensland councils including Burdekin Shire Council, Hinchinbrook Shire Council and Charters Towers Regional Council to develop the plan, which sets a vision for waste management in North Queensland over the next 10 years. It addresses the requirements of the *Queensland Waste Reduction and Recycling Act 2011*, as well as providing a framework to realise opportunities for efficiencies and cost savings across the region.

The plan sets out actions for managing waste in the four local government areas in a way that best achieves the objects of the *Waste Reduction and Recycling Act 2011*. It is a headline document supported by regional and local action plans for each of the four council areas, setting out regional and individual council actions and initiatives for driving the plan forward.

The regions have set targets to reduce waste generation per capita by 2.5% from 2014 levels by 2024, and to achieve a year on year increase in the recycling rate, with the aim of achieving a 40% recycling rate for municipal solid waste (domestic), a 50% recovery rate for commercial and industrial waste, and an 80% recovery rate for construction and demolition waste by 2024.

Townsville Waste Services implemented the governance arrangements of the plan during 2014/15, and will implement action plans in 2015/16.

Participation in Local Authority Waste Management Advisory Committee

Townsville Waste Services actively participated in the Local Authority Waste Management Advisory Committee in 2014/15, working with the organisation to advocate for more sustainable waste management solutions, and to consider current and future Waste Management Practices and Technologies. The organisation is made up of 19 North Queensland Local Government Councils who are dedicated to best practice waste management.

4. Major investments

A number of investments were proposed for the 2014/15 financial year. During the year, Townsville Waste Services invested in the below major projects.

Initiative/Project	Proposed Investment \$000s	Actual Investment \$000s	Commentary
Stuart Landfill – Cell Construction – Interface Liner Stage 1	\$1,000	\$1,103	Construction of the Stuart Landfill Cell was completed in December 2014.
Hervey Range Landfill – Progressive capping & rehabilitation management – Landfill Conventional Capping Stage B	\$1,700	\$125	This project was planned to be run over two financial years. The work carried out in 2014/15 was less than expected, however work is progressing and is expected to meet the scheduled completion date of 30 November 2015. The budget for the project for 2014/15 was adjusted to \$160,000 during budget reviews.
Magnetic Island Waste Transfer Station – Construction Year 1	\$6,000	\$4,132	The construction of the facility met all key project milestones for the 2014/15 financial year. Construction will continue in 2015/16.

5. Performance Targets

In the 2014/2015 financial year, Townsville Waste Services measured its performance against the below performance indicators as outlined in its Annual Performance Plan.

GOAL 1 ECONOMIC SUSTAINABILITY						
Performance Measure	Description	Target	Timing	Result	Status	Comment
Revenue – Budget to Actual	Comparing the actual revenue received each month with the budget revenue.	Within 5% of revised budget	Monthly	-0.42%	●	Revenue is slightly below budget expectations due to lower than expected disposal trends.
Operating Cost – Budget to Actual	Comparing the actual operating cost each month with the budget operating cost.	Within 5% of revised budget	Monthly	0.27%	●	Operating costs are within expectations with minimal variance to the revised budget.
Capex – Budget to Actual	Comparing the actual capital expenditure with the budget capital expenditure.	Within 5% of revised budget	Monthly	12.59%	●	Actual capital expenditure was above budgeted capital expenditure due to unforeseen costs relating to cell construction at Stuart Landfill, and works at Hervey Range Landfill.
Net Operating Result – Budget to Actual	Comparing the actual net operating result with the budget net operating result.	Within 5% of revised budget	Monthly	-60.44%	●	The actual Net Operating Result was 60.44% less than the budgeted Net Operating Result. This is principally due to Townsville Waste Services' profits being less than expected, as a result of lower than expected landfill revenue. Whilst the lower landfill revenue alone would not normally have impacted the Net Operating Result so significantly, it was exacerbated in the 2014/15 financial year by the payment of a carbon tax refund to Townsville ratepayers totalling \$2.9 million, which was paid from the profits of the business, following the ceasing of the Carbon Pricing Mechanism from 1 July 2014.

GOAL 2 ENVIRONMENTAL SUSTAINABILITY

Performance Measure	Description	Target	Timing	Result	Status	Comment
Penalty Infringement Notices or Legal Action for Non-Compliance	Number of penalty infringement notices issued or instances of legal action initiated by the Regulator for non-compliance.	Zero	Monthly	0	●	No Penalty Infringement Notices were issued to Townsville Waste Services for non-compliance during 2014/15.
Rate of Diversion of Waste at Disposal Sites	Maintain waste diversion rate at all disposal sites of greater than 40%	40%	Monthly	62.76%	●	An average diversion rate of 62.76% was maintained by Waste Services during the financial year.

GOAL 3 SOCIAL RESPONSIBILITY

Performance Measure	Description	Target	Timing	Result	Status	Comment
Total Collections	Percentage of services rendered on the scheduled collection day in a month.	99.95%	Monthly	99.96%	●	Waste Services are on target, with an average collection rate of 99.96% maintained for the financial year.
Customer Satisfaction Waste	Percentage of results of "good" and "excellent" recorded by the Customer Service department monthly survey.	90%	Monthly	88.76%	●	On average, 88.76% of customers rated Townsville Waste Services as 'good' or 'excellent'. Waste Services achieved above-target ratings for the first, second and fourth quarters of the year, with ratings dropping to 85% in quarter three, which has been attributed to an instance where a lack of communication between the customer and a council officer resulted in delays with the service.

GOAL 4 RESPONSIBLE GOVERNANCE

Performance Measure	Description	Target	Timing	Result	Status	Comment
Number of Lost Time Injuries	Total number of lost time injuries.	0	Monthly	1	●	There was one lost time injury at the end of June 2015.
No. of Process Improvements Outstanding – Waste Services	Total number of outstanding process improvements at the end of the month.	40	Monthly	17	●	There were 17 process improvements outstanding at the end of June.
Number of Scheduled Safety Inspections Undertaken	Total number of safety inspections undertaken within the month as required.	In accordance with the Safety Inspection Schedule	Monthly	86%	●	Safety inspections were below target, with 86% of safety inspections being carried out in the month in which they were scheduled. Missed inspections were due to site inaccessibility and staff on leave at the scheduled time.

6. Community service obligations

Townsville Waste Services were required to carry out a number of community service obligations for the financial year. A community service obligation is defined in the *Local Government Regulation 2012* as an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do. For example, give a price concession to a particular group of customers, such as pensioners.

In the 2014/15 financial year, Townsville Waste Services carried out the following community service obligations, at a total cost of \$275,185.

Category	Budgeted Value \$	Actual Value \$
Charity Dumping Fees	\$65,000	\$45,609
Infirm Services	\$26,000	\$26,231
Removal of Dead Animals	\$24,056	\$24,056
Clean Up Australia Day	\$6,500	\$6,500
Great Northern Clean Up	\$3,000	\$3,000
Free Dumping Weekend at Waste Disposal Sites	\$151,000	\$144,165
Waiver of Demolition Fees - Tippet Street	\$0	\$2,202
National Recycling Week	\$0	\$4,250
End of financial year adjustment to recognise full application of concessions granted to community groups	\$0	\$19,172
TOTAL	\$275,556	\$275,185

7. Changes to the Annual Plan

The *Local Government Regulation 2012* allows local government to amend its annual performance plan for a commercial business unit, at any time before the end of the financial year for which it is prepared. Any changes must be documented in this annual operations report.



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Townsville Water

Annual Operations Report 2014/15



1. Purpose of this Report

The *Local Government Regulation 2012* requires that Townsville City Council must include an Annual Operations Report for each commercial business unit in the council's Annual Report.

This Annual Operations Report is designed to provide an overview of the operations and performance of Townsville Water for the 2014/15 financial year, as measured against its Annual Performance Plan.

2. Townsville Water

Townsville Water is a significant business of the Townsville City Council, providing water and wastewater services to the Townsville community. It supplies potable water, collects and treats wastewater and supplies recycled water.

The business was commercialised in 2008, with the creation of a commercial business unit. The business unit sits within the Townsville Water and Waste division of council. It employs over 270 staff from the Townsville community and has a combined annual operating and capital budget of over \$216 million.

Townsville Water aims to be the best regional water service provider in Australia and is committed to providing safe, reliable, value for money water services for the Townsville community. It supplied more than 51,000 mega litres of safe, high-quality potable water to over 83,000 service connections in the Townsville region over the financial year and collected and treated over 16,000 mega litres of sewage, serving in excess of 71,000 residential properties and approximately 1,000 trade waste customers.

The operation of the water business includes the management of assets valued at approximately \$1.6 billion in total, including the operation of two major water storages, three water treatment plants, six sewage treatment plants, 41 water reservoirs or tanks, 24 water pumping stations, 18 chlorinators, 180 sewage pump stations, over 2,500 kilometres of water mains and over 1,200 kilometres of sewer mains, in accordance with health, environmental and other legislative and regulatory obligations.

3. Our Performance

Townsville Water's performance in the 2014/15 financial year focused on a number of key areas.

Our customers

Customer Service Standards

Townsville Water maintains Customer Service Standards in accordance with the requirements of the *Water Supply (Safety and Reliability) Act 2008*. The standards set out the service standards that Townsville Water aims to achieve and which it will report on annually to the Water Supply Regulator.

Townsville Water reviewed its Customer Service Standards in the second half of 2014, to ensure that its quality and service reliability targets were acceptable to the business and its customers. As part of the review, Townsville Water released its draft service standards to the community, prior to adoption, for consultation. By resolution at its meeting on 16 December 2014, council adopted the new Customer Service Standards for Townsville Water.

In the first quarter of 2015/16, the focus will be on reporting to the community against the key performance targets that Townsville Water set for themselves as part of its Customer Service Standards.

Customer surveys

Voice of the customer surveys

Townsville Water regularly surveys customers to obtain feedback about the customer's experiences with and expectations of its services. A selection of customers, who have contacted Townsville Water requesting a service within a month, are randomly selected to be contacted to participate in a short, over-the-phone survey. Townsville Water aims to achieve 90% of customers rating its services as 'good' or 'excellent' each month. During the financial year, Townsville Water achieved an average of 91% of 'good' and 'excellent' ratings from customers for its water and wastewater services.

Community Survey

Townsville City Council conducted its two-yearly Community Survey early in the 2015/16 financial year, to determine the community's satisfaction levels and expectations about the delivery of council services, including water and wastewater services. The information will be analysed to give Townsville Water guidance on areas where improvement can be made. See page 116 for more information.

Education programs

Townsville Water continued to provide community and school education programs in 2014/15, with 31 school groups participating in Eco-catchment Education Tours offered to schools as an opportunity for students to follow the water cycle from catchment to reef and integrate essential infrastructure with the local natural environment. School groups participate in guided tours of "Learnsapes" such as the Mount Saint John Wastewater Treatment Plant and the Ross River Dam Spillway, where connections are made between our built environment and our surrounding natural habitats.

Our infrastructure

Townsville Water has extensive and valuable water assets including dams, weirs, treatment plants, pump stations, reservoirs, thousands of kilometres of water and sewer mains and tens of thousands of water meters. In 2014/15, Townsville Water focused on its development of a Maintenance Management Strategy Plan, and continues to implement the identified maintenance strategies to achieve the maintenance objectives.

Asset management

In 2014/15, Townsville Water focused on its development of a risk-based asset management strategy that ensures that the time, money and materials are spent targeting the overall risk to meeting business objectives. This strategy has the added benefit of ensuring regulatory compliance.

Townsville Water undertook a maturity assessment during the financial year against the International Standard 55000:2014 *Asset Management*. Townsville Water was assessed as having a good level of compliance, which reflects the focus and commitment of the business to develop an effective asset management system. Council intends to pursue ISO55000 certification for its water and wastewater business and Townsville Water commits to achieving this accreditation by 2017/18.

Reservoir storage capacity upgrade

During the financial year, Townsville Water completed the majority of the construction of Mount Louisa Reservoir No.3, which is the third of a series of reservoirs constructed by Townsville Water in line with strategic increases in water storage capacity within the city's reticulation network. The reservoir will increase storage capacity by 22.5 mega litres, catering for expanding growth in the central area of Townsville and the city's Western and Northern expansion areas. Filling and final testing of the reservoir is scheduled for late August 2015 and it is expected that the reservoir will become operational in September.

Northern Area (Kulburn) Booster Pump Station

Townsville Water constructed a permanent booster pump station at Mt Kulburn in 2014/15, to provide a reliable supply of water to the northern areas of Townsville. The construction of the permanent boosting system will negate the need for manual operation of valves to transition from forward to reverse flow at required times, and cater for more frequent operations of the boosting system as demand increases in the northern areas.

Demand management planning

During the 2014/15 financial year, the Townsville Water Demand Management Strategy 2015 – 2025 was developed. The Strategy provides the vision and framework for water demand management for Townsville into the future. Water demand management could result in the deferral of replacement of assets and new capital works, potentially leading to significant savings for the community.

In the 2015/16 financial year, Townsville Water will focus on evaluating and prioritising demand management initiatives to develop a Water Demand Management Action Plan to deliver on the objectives of the strategy. Focus areas include communication and education, finance and modelling, technology, strategy and leadership and customer service.

Duplication of the Haughton Water Supply Pipeline

To plan for the anticipated water supply requirements in the next eight to 10 years, preliminary planning began for the construction of a second Haughton Pipeline. The second bulk water pipeline will comprise a pump station adjacent to council's existing Black Road pump station site in the Upper Haughton and, where practical, the 36 kilometre pipeline will follow the alignment of council's existing pipeline to release water into the head of the Ross River Dam. Detailed documentation, including design drawings and specifications, cost plan, construction plan and commercial documents, will be developed in 2015/16 ready for construction at the point in time that the second bulk water pipeline becomes essential.

Douglas Water Treatment Plant Clarifier

Concept design works were undertaken in the 2014/15 financial year for the installation of a clarifier at Douglas Water Treatment Plant. The installation of the clarifier will increase the capacity of the treatment plant to treat water at times when high turbidity occurs within the Ross River Dam. This is essential to ensure the demand for water can be met during the wet season when fast changes in dam levels occur, causing high turbidity in the dam and a reduced capacity for treatment at the treatment plant. Detailed design will be undertaken in the 2015/16 financial year.

Charters Towers Road water pipes replacement

In 2014/15, Townsville Water began the construction of new water mains and associated connections required to replace an existing cast iron water main that is located on Charters Towers Road and Ross River Road. The new water mains are required to maintain a reliable water supply to residents and commercial customers in the suburbs of Hyde Park, Mysterton, Pimlico, Aitkenvale, Hermit Park and Rosslea. The construction will continue, and completion is expected, in 2015/16.

Mount Louisa South

The construction of a duplicate water main from the Mt Louisa Reservoir, in order to satisfy the demands of the expanding Bohle Plains area, was undertaken in 2014/15. The duplication work included the construction of a new water main along Graham Avenue and a bored section under Dalrymple Road. The final stages of this project were completed in June 2015 with practical completion reached in July.

Water Pipes Replacement program

Townsville Water undertook its annual Water Pipes Replacement programs in 2014/15, spending approximately \$3.6 million to replace pipes and services of priority to ensure that Townsville Water can provide a sufficient, safe and reliable water supply to its customers into the future.

CBD Upgrade project

In the 2014/15 financial year, planning and design of the works required for the CBD Utilities Upgrade Project was undertaken. The purpose of the project is to upgrade the water and sewer networks in the CBD. This will include the construction of a new water storage reservoir at Echlin Street, replacement of aged cast iron water mains in the CBD area, and the construction of a new sewer pressure main along The Strand and various other sewer upgrades. The project will address water quality and pressure issues due to the age and reduced capacity of water mains servicing the CBD and will ensure that council is able to meet the likely future demands on the water and sewerage network in the City.

Delays were experienced in obtaining State Government approvals for the Echlin Street Reservoir site. A

contract to begin the site works of the reservoir was entered into in June 2015, and the Reservoir project will commence in the 2015/16 financial year. Preliminary design was completed for sewerage design packages with detailed design commenced for the Strand Sewer Rising Main.

Cleveland Bay Purification Plant odour extraction and control system works

Works were undertaken during the year to upgrade Cleveland Bay Purification Plant's odour extraction and control system, to eliminate safety and odour issues arising from high concentrations of hydrogen sulphide at the plant and to rehabilitate assets that have been affected. Some commissioning delays have been experienced but are expected to be resolved during 2015/16.

Cleveland Bay Purification Plant capacity upgrade

Negotiations continued with the State Government in 2014/15 about the hydraulic capacity requirements for the upgrade of the Cleveland Bay Purification Plant. In August 2015, the Queensland Department of State Development advised council of a funding approval of \$20 million under the Royalties for Regions Strategic Projects Fund to assist with the capacity upgrade. In September 2015, council will consider the options for moving forward with the upgrade of the Purification Plant.

Southern Suburbs Pump Station and Pressure Main

Townsville Water began construction of the Southern Suburbs Pump Station and Pressure Main project in the 2014/15 financial year. The project will alleviate pressure on the existing sewerage infrastructure in the southern suburbs of Townsville including Annandale, Douglas, Idalia, Oonoonba, Wulguru, Stuart and Cluden. The works are to be constructed over two stages, with the majority of the first stage of the works completed in 2014/15. The first stage of the works included the construction of a new sewage pump station, gravity sewer and the first section of pressure main, which will ultimately transfer sewage directly from a large component of the Southern Suburbs catchment to the Cleveland Bay Purification Plant. The project will cater for future development and alleviates the current impact of sewage overflows during wet weather events.

Western Outfall Pressure Main

During the 2014/15 financial year, three creek crossings for the Western Outfall Pressure Main were replaced to address the aging, degraded pipe at the creek crossings which are critical in the transport of wastewater to the Cleveland Bay Purification Plant.

Sewer pipe Relining and manhole rehabilitation

Townsville Water carried out its annual sewer pipe relining and manhole rehabilitation programs in 2014/15, to address pipes and manholes of priority and lengthen the life of these assets in order to ensure that Townsville Water can continue to collect and transport wastewater safely and efficiently into the future. Works were completed in Belgian Gardens, Garbutt, West End, Railway Estate, Cranbrook, Annandale and Wulguru during the year. Some works in Wulguru will continue into 2015/16 due to some technical issues and contractor delays. In total, this project will reline approximately 39.5 kilometres of sewer and rehabilitate approximately 1,661 connections to properties.

Our environmental management

Environmental licences and compliance

There are environmental implications of Townsville Water's core activities of sourcing, storing and supplying water; collecting, treating and disposing of wastewater; and supplying recycled water. Townsville Water must be licenced under the *Environmental Protection Act 1994* to conduct its water treatment and wastewater operations.

During the financial year, Townsville Water was generally compliant with its discharge limits for its wastewater operations. However, a higher than usual number of bypasses at Magnetic Island Water Recycling occurred during the year as a result of ongoing insufficient demand for recycled water. Townsville Water is investigating options for additional recycled water use on the Island including investigating the irrigation capacities of the Magnetic Island Golf Course and undertaking a detailed study on risk and potential impacts of subsurface irrigation on groundwater quality. In an isolated event, one penalty infringement notice was received for a pressure main break at Toomulla on 27 November 2014. The break was repaired on 28 November 2014 and subsequent environmental monitoring was continued until December 2014.

Licence negotiations are ongoing for the Cleveland Bay, Magnetic Island Water Recycling and the Horseshoe Bay treatment plants. Model treatment plant licence conditions have been developed by the Department of Environment and Heritage Protection and renegotiations of the licences for these plants will be entered into to bring them in to line with these model conditions.

Compliance issues have been experienced at the Cleveland Bay Purification Plant and discussions with the State Government about the hydraulic capacity requirements for the upgrade have been ongoing. Funding from the Queensland Department of State Development has been secured and council will consider the options for moving forward with the Cleveland Bay Purification Plant capacity upgrade in September 2015. The renegotiation of the environmental licence for Horseshoe Bay Treatment Plant is on hold while an options study is conducted to determine an appropriate environmental discharge point for wet weather sewage flows exceeding treatment capacity. The renegotiation of the environmental licence for Picnic Bay Treatment Plant is on hold pending the outcome from an irrigation study submitted for review by the Department of Environment and Heritage Protection.

Change to the environmental regulation of sewage pumping stations

In 2014/15, Townsville Water continued to work with government and industry to change the regulation of sewage pumping stations. Following advocacy in previous years by the wastewater services industry, the Department of Environment and Heritage Protection proposed that sewage pumping stations be removed from the regulation of Environmentally Relevant Activity 63 under the *Environmental Protection Act 1994*, and be regulated instead by an Industry Code of Practice. Townsville Water would benefit from the move to a Code of Practice, which is a guideline created by the industry itself, describing 'best practice' operations, maintenance and planning.

During the 2014/15 financial year, Townsville Water worked with the Queensland Wastewater Industry to contribute to the development of a draft Code. It will be more flexible than a rigid list of regulatory requirements, allowing for risk-based management relevant to the particular conditions of Townsville Water's scheme, whilst still maintaining best practice standards to ensure environmental sustainability. The draft Code is currently being considered by the Department of Environment and Heritage Protection.

Environmental Management System

To ensure sound environmental management, Townsville Water maintains an Environmental Management System in accordance with the International Standard ISO14001 – *Environmental management systems*. Townsville Water has maintained accreditation with the principles of International Standard ISO14001 – *Environmental Management Systems* during the year, placing a high importance on controlling the impacts of its activities and services on the environment.

National Water Week

National Water Week is an annual awareness-raising celebration that aims to improve community understanding of water issues in Australia. As part of Australia's only national water awareness week Townsville Water successfully facilitated a number of community engagement, education, awareness and on-ground activities across the city. These included a tour of the Mount Saint John Wastewater Treatment Plant, a Rowes Bay Adventure Day where approximately 260 Townsville residents visited the Rowes Bay Sustainability Centre to learn about appropriate watering regimes and how to train a strong lawn and a Sprinkler Swap in which approximately 400 sprinklers were swapped for more water efficient counterpart, providing a saving of 40kL/yr/household or 10ML/yr/total based on an average household in Townsville.

Our governance

Water Service Provider Regulatory Framework simplification

In 2014/15, reforms introduced by the Queensland Government to simplify the regulatory framework for water and sewerage service providers came into effect. This included the removal of the requirement to prepare some regulatory plans, which are costly to prepare and do not always contribute to effective asset management or water security planning. This requirement has been replaced with annual reporting on key performance indicators. This will allow the Department of Energy and Water Supply to monitor performance of water and sewerage service providers and to promote transparency and accountability for customers of water and sewerage services through the publication of performance results. Townsville Water voluntarily participated in annual performance reporting and publication of a similar nature in the 2013/14 financial year and will report on its performance in 2014/15 under these new arrangements.

The reforms have simplified the regulatory requirements of Townsville Water as a recycled water provider. The reforms differentiate between recycled water schemes on the basis of risk, reducing the regulatory requirements for low risk schemes. The changes will benefit Townsville Water who only operate low risk schemes, delivering recycling water to open space areas. Townsville Water has been registered as a low risk recycled water scheme, as required by the new framework. It will no longer be required to keep and maintain Recycled Water Management Plans, or exemptions from same, as part of the reforms. Monitoring and sampling practices will continue to ensure that all recycled water delivered is fit for its use and complies with the requirements of the *Public Health Act 2005*.

Drinking Water Quality Management Plan

Townsville Water maintained a drinking water quality monitoring program in accordance with its Drinking Water Quality Management Plan during the 2014/15 financial year to ensure the effective management of its drinking water supply.

Largely due to a water quality incident within the Paluma Drinking Water Scheme, overall for the year, 89.84% of all test results complied with all parameters of the National Health and Medical Research Council's drinking water guidelines. All tests taken in the first two quarters of the financial year were compliant, maintaining 100% compliance during this time. Two failed samples in the third quarter reduced compliance to 99.78% compliance, over the first three quarters. In June 2015, *Giardia* was detected in the raw water feed for the Paluma Drinking Water Scheme, reducing the overall compliance for the year to 89.84%. A boil water notice was in place from 10 June 2015 to 10 July 2015. Sampling undertaken in July cleared the Scheme of further contamination. In August 2015, council agreed in principle to the installation of a treatment plant at Paluma to address water quality risks. Funding and design will be considered in 2015/16.

In accordance with its requirements under the *Water Supply (Safety and Reliability) Act 2008*, Townsville Water delivered a report during the 2014/15 financial year about compliance and progress against its Drinking Water Quality Management Plan.

Cairns Townsville Mackay Water Alliance

Townsville Water continued to work with the water directorates of the Cairns and Mackay Regional Councils during the financial year under the banner of the CTM Alliance, to collaboratively develop strategies to assist in the direction, structure and scope of water reform in North Queensland. The three water service providers have developed a communication tool to facilitate the sharing of information, ideas and documentation between all levels of staff within the councils. This includes information and resource sharing in the areas of asset management, strategy and governance, quality, operations, environment, regulatory compliance and benchmarking. The sharing of this information is expected to lead to more efficient and high quality services provided to the Townsville community.

The CTM councils are collaborating on a common design standard for water and sewerage infrastructure. It is envisaged that a consistent, common standard will reduce the cost of doing business across the regional water industry by:

- Providing greater consistency in construction standards across the participating regions
- Ensuring greater standardisation of processes and development application assessment
- Providing a common reference point for construction standards
- Providing a benefit to customers through better service and lower costs.

Queensland Water Technical Reference Group

During the financial year, Townsville Water participated in the Queensland Water developed Technical Reference Group which oversees industry priorities and technical focus areas. The group shares ideas across the water industry and works with the State Government and other agencies on initiatives that shape the industry. The Technical Reference Group is made up of water managers, chief engineers, chief executive officers and water operators representing nearly 20 urban water entities, including small, medium and large service providers from all regions across the state.

Quality Management Systems

Townsville Water has maintained its accreditation against the principles of International Standard *ISO9001 - Quality Management Systems* during the financial year. It will continue to develop and maintain systems and processes that support quality assurance of its services.

Workplace Health and Safety

Safety of its workforce is a primary concern for Townsville Water and as part of the raft of measures used to help achieve Zero Harm, Townsville Water has focused on the implementation of Work Health and Safety Annual Plans during the financial year.

During the financial year, departments developed and actioned their own Annual Plan which defined specific work health and safety activities required to be undertaken and completed at the workplace. The aim is to reduce the rate of incident and injury in the organisation, develop a safety leadership culture and improve the overall safety culture within the council.

4. Major investments

A number of investments were proposed for the 2014/15 financial year. During the year, Townsville Water Services invested in the below major projects.

Initiative/Project	Proposed Investment \$000s	Actual Investment \$000s	Commentary
Mt Louisa Reservoir No. 3 – Year 2	\$5,000	\$5,410	This project was to be undertaken over multiple years. At the end of June 2015, the project was tracking according to plan with completion expected in September 2015.
Magnetic Island Distribution Mains (Horseshoe Bay Reservoir Main – DN150)	\$1,100	\$1,187	The Magnetic Island Distribution Mains project was completed at the beginning of June 2015.
Kulburn Booster Pump Station	\$3,000	\$1,633	This project began in October/November 2014 and construction was completed at the end of June 2015. The pump station has been commissioned and is now online.
Sewer Pipe Rehabilitation	\$5,000	\$3,268	Works were completed in Belgian Gardens, Garbutt, West End, Railway Estate, Cranbrook, Annandale and Wulguru during the year. Some works in Wulguru will be continued into 2015/16 due to some technical issues and contractor delays. The remaining works are to be completed by September 2015. In total, this project will reline approximately 39.5 kilometres of sewer and rehabilitate approximately 1,661 connections to properties.
Western Outfall Pressure Main Works	\$1,500	\$1,189	This project was completed at the end of May 2015.
Sewer – Manholes (Relining)	\$1,000	\$384	Manhole relining was undertaken in Garbutt, West End, Cranbrook and Annandale, with completion of these works in February 2015. Works in Wulguru were also planned in 2014/15, however, due to delays in sewer relining works, the Wulguru package will not begin until the completion of the relining in September 2015.
Cleveland Bay STP Renewal/ Upgrade	\$1,300	\$982	Broken into 10 smaller projects, a majority of the projects were complete by the end of June, with the remaining projects nearing completion. Overall project progress at 30 June 2015 was 93%. The budget was reduced at review, to \$1.1 million.

Initiative/Project	Proposed Investment \$000s	Actual Investment \$000s	Commentary
Other reservoir renewals (including cathodic protection)	\$1,000	\$553	The budget was adjusted in the fourth quarter and reduced to \$500,000 for reservoir renewal designs. The designs were completed in 2014/15 and it is anticipated the renewal at Cungulla will be completed in the 2015/16 financial year.
Water Pipes Replacement (including cathodic protection)	\$4,000	\$3,654	All scheduled water pipe replacement projects were completed, and all designs for 2015/16 financial year were also completed.
Charters Towers Rd (via Minden Drain)	\$3,000	\$1,914	This project is in the construction phase and is tracking according to timeframes, with completion expected in November 2015. The budget was reduced to \$2.5 million during budget reviews.
Mt Louisa South DN500 duplicate water main to Dalrymple Rd & PRV	\$1,700	\$1,071	Final stages of this project were completed in June 2015, with practical completion being reached in July 2015.
Echlin St 31 ML Reservoir – Year 2 (Bulk Earth Works)	\$5,000	\$0	Delays were experienced in obtaining State Government approvals for the site. A contract to begin the site works of the reservoir was entered into in June 2015 and the project is expected to commence in the 2015/16 financial year.
Cleveland Bay STP Process Upgrade – Design/Implementation	\$3,000	\$0	The design and implementation of the Cleveland Bay Purification Plant upgrade was put on hold in 2014/15 while negotiations were underway between council and the Department of Environment and Heritage Protection about the hydraulic capacity requirements for the upgrade of the plant. In 2015/16, Townsville Water will progress the capacity upgrade of the plant.
Southern Suburbs Bypass Pump Station & 800m Rising Main	\$4,000	\$3,091	Works on the pump station were 95% complete at the end of June 2015. There was a slight delay due to technical issues and a change in design was required. It is expected that the pump station will be connected and in use by November 2015.
Southern Suburbs completion of Rising Main to Cleveland Bay STP detailed design	\$1,300	\$135	The design of the rising main was 95% complete at the end of June. The budget for this project was reduced to \$200,000 during budget reviews.

5. Performance Targets

In the 2014/2015 financial year, Townsville Water measured its performance against the below performance indicators as outlined in its Annual Performance Plan.

GOAL 1 ECONOMIC SUSTAINABILITY						
Performance Measure	Description	Target	Timing	Result	Status	Comment
Revenue – Budget to Actual	Comparison of actual revenue received with the budgeted revenue	Within 5% of revised budget	Monthly	0.92%	●	Revenue received was as per expectations, with only a minimal budget variance.
Operating Cost – Budget to Actual	Comparison of the actual operating cost with the budgeted operating cost	Within 5% of revised budget	Monthly	-0.51%	●	Actual expenses were within expectations.
Capex – Budget to Actual	Comparison of the actual capital expenditure with the budgeted capital expenditure	Within 5% of revised budget	Monthly	-12.34%	●	Actual capital expenditure was below budgeted capital expenditure due to delays in the completion of a number of capital projects, including sewer pipe rehabilitation, water pipes replacement, Paluma Dam renewals, Charters Towers Road Water Pipes Replacement, and Kulburn Booster Pump Station.
Net Operating Result – Budget to Actual	Comparison of the actual Net Operating Result with the budgeted Net Operating Result	Within 5% of revised budget	Monthly	4.91%	●	The Net Operating Result was within the target range. Townsville Water's budgeted surplus of \$50,734,634 was exceeded by \$2,491,840.
5 Year Price Path	Approved price path derived from QTC model	Information only	Yearly	Completed	●	Approved in 2014/15.
Return on assets	Net income / NBV of non-current assets	Within 5% of revised budget	Yearly	5%	●	Return on assets is on target.

Asset Sustainability Ratio	Capital expenditure on renewal of assets, relative to depreciation expense	Minimum 90%	Yearly	67%	●	Townsville Water will need to increase the renewal spending on some of its asset classes. Townsville Water is working on evidence based renewal models to forecast its future renewal requirements. This will increase the asset sustainability ratio in the future. Improvements have also been made in the booking of renewal costs to function, contributing to a significant increase, compared with 2013/14 results.
Interest coverage ratio	Total operating revenue / Net interest expense	Information only	Yearly	11.34 times	●	Townsville Water is able to service its debt.
Asset Consumption Ratio	Comparison of written down value to replacement costs, as an indicator of consumption of depreciable assets	Information only	Yearly	60%	●	On average, assets are 60% through their useful life.

GOAL 2 SOCIAL RESPONSIBILITY

Performance Measure	Description	Target	Timing	Result	Status	Comment
Customer Satisfaction	Percentage of results of “good” and “excellent” recorded by the Customer Service Department monthly survey	90%	Monthly	91.12%	●	On average 91.12% of customers rated Water and Wastewater services as good or excellent.
Drinking Water Quality Compliance	Percentage of compliance with all drinking water quality requirements in accordance with Townsville Water’s Drinking Water Quality Management Plan	100%	Monthly	89.84%	●	Giardia was detected in the raw water feed for the Paluma Drinking Water Scheme, with a boil water notice in place from 10 June 2015 to 10 July 2015. Sampling undertaken in July cleared the Scheme of contamination. Sampling for the Paluma Drinking Water Scheme will now be undertaken on a monthly basis.

GOAL 3 ENVIRONMENTAL SUSTAINABILITY						
Performance Measure	Description	Target	Timing	Result	Status	Comment
Penalty Infringement Notices or Legal Action for Non-Compliance	Number of penalty infringement notices issued or instances of legal action initiated by the Regulator for non-compliance with respect to sewerage treatment or reticulation activities	Zero	Monthly	1		In an isolated event, one penalty infringement notice was received for a pressure main break at Toomulla on 27 November 2014. The break was repaired on 28 November 2014 and subsequent environmental monitoring was continued until December 2014.

GOAL 4 RESPONSIBLE GOVERNANCE						
Performance Measure	Description	Target	Timing	Result	Status	Comment
Number of Lost Time Injuries	Total number of lost time injuries	0	Monthly	8		There were a total of eight lost time injuries at the end of June 2015.
No. of Process Improvements outstanding – Water Operations	Total number of outstanding Process Improvements at the end of the month for Water Operations	50	Monthly	37		Water Operations are on track, with a total of 37 process improvements outstanding at the end of June 2015.
No. of Process Improvements outstanding – Wastewater Operations	Total number of outstanding Process Improvements at the end of the month for Wastewater Operations	80	Monthly	37		Wastewater Operations are on track, with a total of 37 process improvements outstanding at the end of June 2015.
Number of scheduled Safety Inspections undertaken	Total number of Safety Inspections undertaken as required in the month	In accordance with the Safety Inspection Schedule	Monthly	76%		76% of safety inspections were completed in the month in which they were scheduled.

6. Community service obligations

Townsville Water was required to carry out a number of community service obligations for the financial year. A community service obligation is defined in the *Local Government Regulation 2012* as an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do. For example, give a price concession to a particular group of customers, such as pensioners.

In the 2014/15 financial year the following community service obligations were carried out by Townsville Water at a total cost of \$2,982,060.

Category	Budgeted Value \$	Actual Value \$
Pumping of sewerage – Magnetic Island Surf Lifesaving Club	\$11,600	\$8,625
Total amount of price concessions on water and wastewater charges in recognition of an activity's contribution to the social and cultural welfare of the community, across the following concession categories:	\$3,699,400	\$2,935,716
Commercial Irrigation	N/A	\$255,879
Caravan Parks	N/A	\$237,612
Retirement/lifestyle villages	N/A	\$290,442
Boarding and lodging houses	N/A	\$101,844
Charitable and non-profit aged care facilities	N/A	\$949,282
Churches, church halls, clubhouses and halls - Charitable and non-profit organisations	N/A	\$218,761
Sporting field irrigation - restricted public access (not including schools, tertiary institutions and other educational facilities)	N/A	\$561,092
Sporting field - no public access restrictions (not including schools, tertiary institutions and other educational facilities)	N/A	\$4,890
War graves	N/A	\$1,382
Approved transitional sewerage price plans	N/A	\$70,906
Water Leakage Concession	N/A	\$99,001
Water Haemo Dialysis Concession	N/A	\$625
CBD Development Incentive Concessions	N/A	\$35,345
YWAM (Old Tafe Building)	N/A	\$108,654
End of financial year adjustment to recognise full application of concessions granted to community groups.	N/A	\$37,719
TOTAL	\$3,711,000	\$2,982,060

7. Changes to the Annual Plan

The *Local Government Regulation 2012* allows local government to amend its annual performance plan for a commercial business unit, at any time before the end of the financial year for which it is prepared. Any changes must be documented in this Annual Operations Report. No changes were made during the financial year.

Appendices

Index of Legislative Requirements

Council is required to include certain legislative information in its Annual Report, which has been outlined below.

Local Government Act 2009		
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186	Councillors Remuneration Expenses Council meetings Misconduct and Complaint	24 24 155 110
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190	Other contents Assessment of progress Commercial Business Unit reports Joint local government activities Special rates levied Changes to tenders List of Registers Concessions for rates and charges Internal Audit Competitive neutrality complaints	52 – 127 128 – 151 172 175 117 154 196 112 109
Public Sector Ethics Act 1994		
23	Code of Conduct preparation, education and procedures	32, 108

Appendix A – International Travel Register

Name	Position	Dates of Travel	Destination	Purpose	Cost	Notes
Cr Jenny Hill	Mayor	10 – 17 August 2014	Changshu, China	Celebrations for the 10th Anniversary of the Sister City relationship	\$2,926.13	
Simon Millcock	Senior Economic Development Officer	12 – 16 August 2014	Changshu, China	Celebrations for the 10th Anniversary of the Sister City relationship	\$4,428.65	
Gavin Hammond	Executive Manager Environmental Health Services	18 – 21 August 2014	Bali	To participate as an instructor, facilitator and researcher for the course “Managing Environmental Health in Disaster and Humanitarian Settings”	-	The International Federation of Environmental Health paid for air fares and accommodation.
Simon Millcock	Acting Manager Economic Development and Strategic Projects	18 – 22 October 2014	Fort Worth, Texas	Attendance at Fort Worth Economic Development Council Conference	\$1,218.52	Accommodation only, remainder of costs paid for by staff member.
Shane Fitzgerald	Manager Gallery Services	19 – 25 November 2014	Auckland, New Zealand	Attendance at WOW, World of Wearable Art Exhibition Launch	\$2,429.20	
Ray Burton PSM	Chief Executive Officer	16 – 24 April 2015	Huizhou and Guangzhou, China	North Queensland, Australia Region of Councils Mission to Huizhou, Guangzhou & Hong Kong	\$2,524.65	
Simon Millcock	Acting Manager Economic Development and Strategic Projects	16 – 24 April 2015	Huizhou and Guangzhou, China	North Queensland, Australia Region of Councils Mission to Huizhou, Guangzhou & Hong Kong	\$4,743.87	
Christopher Manning	Acting Executive Manager Integrated Sustainability Services	2 – 11 May 2015	Portmore, Jamaica	Participation in ICMA USAID CityLinks Climate Adaptation Partnership Program	-	The travel costs were wholly funded by the International City/County Managers Association's CityLinks Climate Adaptation Partnership Program – an USAID funded program. TCC funded staff time only.
Graham Anderson	Manager Infrastructure Planning	5 – 12 June 2015	Rotorua, New Zealand	Attendance at International Federation of Municipal Engineering World Congress	\$3,477.60	

Appendix B Council Registers

Townsville City Council has a number of listed registers open to the public to inspection.

Register	Department Owner	Contact Office Tittle
Cost-recovery Fees	Finance	Executive Manager Finance
Complaints Register (Councillor Conduct)	Corporate Governance	Executive Manager Corporate Governance
Register of Assets and Gifts	Corporate Governance	Executive Manager Corporate Governance
Beneficial Enterprises	Corporate Governance	Executive Manager Corporate Governance
Register of Regulatory Fees	Finance	Executive Manager Finance
Register of Local and Subordinate Local Laws	Corporate Governance	Executive Manager Corporate Governance
Roads Map	Infrastructure Services	Manager Assets Maintenance Services
Major Contracts Register	Finance	Executive Manager Finance
Cat and Dog Registry	Regulatory Services	Team Leader, Business Support Unit
Register of Impounded Animals	Regulatory Services	Manager Regulatory Services

Appendix C - Councillor Attendance at Meetings

		Ordinary Council	Special Council	Infrastructure Committee	Townsville Water & Waste Committee	Planning & Development Committee	Community & Cultural Committee	Smart City Sustainable Future Committee	Sports Recreation & Parks Committee	Healthy & Safe City Committee	Governance & Finance Committee
	STANDING COMMITTEE MEMBERSHIP										
ANNUAL TOTAL	Total number of meetings	12	6	7	11	11	11	9	8	7	11
Cr Jenny Hill	The Mayor serves as a member on all of the Council's Standing Committees	12	6	5	9	7	3	1	1	4	8
Cr Vern Veitch	Chair of Smart City Sustainable Future, Member of Townsville Water and Waste, Planning and Development, Community and Cultural Committees	11	6	2	11	11	10	8	4	1	2
Cr Sue Blom	Chair of Community and Cultural, Member of Infrastructure, Healthy and Safe City and Governance and Finance Committees	12	6	7	-	-	10	-	-	6	10
Cr Colleen Doyle	Member of Community and Cultural, Smart City Sustainable Future, Healthy and Safe City and Governance and Finance Committees	12	6	-	-	-	10	8	-	7	10
Cr Gary Eddiehausen	Chair of Healthy and Safe City, Member of Community and Cultural, Sports Recreation and Parks, and Governance and Finance Committees	11	6	-	-	-	10	-	7	7	10
Cr Pat Ernst	Chair of Sports Recreation and Parks, Member of Townsville Water and Waste, Planning and Development and Governance and Finance Committees	10	6	-	11	9	-	-	7	-	11
Cr Ray Gartrell	Chair of Townsville Water and Waste, Member of Infrastructure, Planning and Development, and Sports Recreation and Parks Committees	11	6	7	11	11	-	-	8	-	-
Cr Jenny Lane	Chair of Governance and Finance, Member of Smart City Sustainable Future, Healthy and Safe City Committees	12	6	-	-	-	-	9	-	7	11

		Ordinary Council	Special Council	Infrastructure Committee	Townsville Water & Waste Committee	Planning & Development Committee	Community & Cultural Committee	Smart City Sustainable Future Committee	Sports Recreation & Parks Committee	Healthy & Safe City Committee	Governance & Finance Committee
	STANDING COMMITTEE MEMBERSHIP										
ANNUAL TOTAL	Total number of meetings	12	6	7	11	11	11	9	8	7	11
Cr Tony Parsons	Chair of Planning and Development, Member of Infrastructure, Townsville Water and Waste, and Sports Recreation and Parks Committees	12	6	7	11	10	-	-	7	-	-
Cr Trevor Roberts	Chair of Infrastructure, Member of Community and Cultural, Smart City Sustainable Future and Healthy and Safe City Committees	12	6	6	-	-	9	7	-	6	-
Cr Les Walker	Member of Infrastructure, Townsville Water and Waste, Planning and Development, Smart City Sustainable Future and Sports, Recreation and Parks Committees	11	6	7	9	11	-	8	8	-	-

Appendix D - Mayor's Community Assistance Fund

ORGANISATION NAME	PROJECT / ACTIVITY DETAILS	AMOUNT APPROVED
99.9 Live FM	2014-2015 End of Financial Year Appeal	200
ACT for Kids	Towards purchasing 2 x Brandy's Bags of Air	450
AFL Townsville Umpires Association	Annual Awards Night	400
Body Torque	Charity Boxing Night: Fight for your Cause Townsville	400
Churches of Christ	School Holiday Program	250
Delta Society Therapy Dogs	Donation to support the Delta Society Therapy Dogs Program	250
Filipino Australian Affiliation of North Queensland	Donation towards the Masquerade Ball & Oath Taking Ceremony	200
Guide Dogs Queensland	Catering for Pimlico SHS Symphony Orchestra 2014 Benefit Concert	250
Gulliver Neighbourhood Watch	Gulliver Neighbourhood Watch Christmas Break-up	100
Heatley Secondary College	Heatley Secondary College Awards Night	200
Immune Deficiencies Foundation Australia	Donation towards purchasing Circus Quirkus tickets for a group of children	275
IWD Townsville Breakfast Committee 2015	Donation to purchase 2 tickets for secondary school students to attend the International Women's Day Breakfast	90
Jaguar Club of North Queensland	All British Day - Annual Event	300
Kelso State School P & C Association Inc	Kelso State School P & C Association Cent Sale	200
Lions Club City of Townsville (Host) Inc	28th Annual Children's Festival - World Festival of Magic	275
North Queensland Association for Blind Citizens	White Cane Day luncheon	300
North Queensland Wildlife Care Inc.	Fundraising calendar	380
North Shore Fusion Swim Club	Donation towards the purchase of Team Manager Software	350
Oonoonba State School P & C Assn	Community Movie Night	450
Port of Townsville	The purchase of a TCC Corporate Paver as part of the Port of Townsville 150 Year Celebrations	350
Prostate Cancer Foundation of Australia	Donation to assist with the Townsville Launch of "The Long Ride" 2014	200
Queensland Public Interest Law Clearing House Inc.	Donation towards the Queensland Legal Walk	250

ORGANISATION NAME	PROJECT / ACTIVITY DETAILS	AMOUNT APPROVED
Rebels Baseball Club	Fundraising for lights	500
Ross River Junior Football Club	Assistance towards irrigation of the football club grounds at Charles Moroney Park	400
Royal Australian Regiment Association	Donation for annual fundraising dinner	400
Ryan Catholic College	Ryan Catholic College Presentation Night	100
SBH Queensland	2014 Christmas Party for children with Spina Bifida	250
Sky Foundation	Townsville Women's Centre 30th Anniversary celebration	500
South Townsville Bowls Club	South Townsville Bowls Club Trophy Night	450
St Margaret Mary's College	To sponsor the 'Dux Award' for annual awards night	100
Tai Chi for Health North Queensland Association Inc.	Donation towards the World Tai Chi Day in April 2015	350
The Diggers Military MC	Diggers Military MC Charity Ride	300
The Pyjama Foundation	Sponsorship of the Long Road Walk	300
Toomulla Beach Community Association	Donation towards the purchase of a BBQ to assist in fundraising efforts	300
TORGAS	Donation towards the Torgas Awards Night	300
Townsville Basketball Inc.	Assistance with trophy costs for the Townsville Junior Basketball Representative Dinner Awards	300
Townsville Bicycle Users Group	Ride for Road Safety in Memory of Sue Bell	200
Townsville Bowls Club	Donation to assist with purchase of paint to repaint clubhouse	400
Townsville Castle Hill Touch Associaion Inc.	Annual 'Player of the Year' awards	500
Townsville Citizens Band Association	Townsville Brass uniforms for 2015 State Brass Band Championships	300
Townsville Dragon Boat Club	Donation towards the Townsville Spitfires attending the QLD State Dragon Boat Titles on the Sunshine Coast	400
Townsville Eisteddfod Incorporated	Townsville Eisteddfod trophy for September 2015 Eisteddfod	55
Townsville Holistic Cancer Help Centre	Donation towards landscaping of the HCHC facility	350
Townsville Intercultural Centre	Mental Health Week Celebrations	200

ORGANISATION NAME	PROJECT / ACTIVITY DETAILS	AMOUNT APPROVED
Townsville Marksmen Rifle Club Inc.	Donation towards the purchase of trophies & medallions for the NQ Rifle Shooting Championships in May	300
Townsville State High School	Townsville State High School Annual Awards Evening	150
Townsville Toy Library	Messy Play Day	350
Tropical Coast Wanderers' Dam Fine Rally Committee	The purchase of paint products to paint internal walls of the storeroom at Ross Park	300
Ulysses Dance Group	Donation towards staging the production "A Midsummer Night's Dream"	350
Western Suburbs Rugby Union Club Townsville	Assist with travel costs for "The Hottest Sevens in the World" competition	400
	TOTAL:	\$14,925

Appendix E - Together Townsville Program

Together Townsville Initiatives 2014/15	
For our youth McDonald's Beach Party – National Youth Week School Breakfast Program Schools Tree Day Let's Read Summer Reading Program Shop n Play	For our Seniors Seniors Lifestyle Expo Seniors Week Luncheon Seniors Music Day on Maggie Seniors Guide to Council Handbook Morning Melodies
For our environment Eco Fiesta National Tree Day Solar Panels at Reid Park Toad Day Out Town Common Revitalisation Project	For our arts and culture The Percival's Townsville Artist Markets Savannah Voices Up North – Literary Festival
For our families, community and businesses Jezzine Barracks Kissing Point Fort Observation Points Carol's by Candlelight Mayor's Christmas Tree Appeal Riverway Movies Cyclone Sunday Hydration Station T150 logo competition Book club	For our facilities Naming rights to the 10,000-capacity AFL and Cricket stadium – Tony Ireland Stadium Naming rights to the multi-purpose built stadium – Townsville RSL Stadium Naming rights to the award winning square – Townsville Bulletin Square
For our lifestyle and sports Australia Day Fun Run and Breakfast Sports Awards	In-kind Accommodation Prizes, products and services Marketing, media and promotion Volunteering

Our Partners and Sponsors		
Townsville Bulletin Horan and Bird South 32 Southern Cross Austero Tony Ireland Townsville Townsville RSL Lancini Property and Development McDonald's Origin Townsville Airport Westpac Willows Shopping Centre Wilson Ryan Grose Lawyers Bluewattle – Rasmussen DUO	James Cook University Lotsa Print and Signage Pakmag Rotary Club of Thuringowa Central Telstra Stores Townsville Aquarius on the Beach Australian Hearing Castletown Shoppingworld Coca-Cola Amatil Complete Production Services Australia Fantasea Cruising Magnetic Gough Plastics Jupiters Townsville Kingpin Bowling Lions Club (Castle Hill)	Lions Club (Northern Suburbs) Mike Carney Toyota Quota International Thuringowa Reading Cinemas RID Australia Rotary Club of Port of Townsville Rotary Club of Thuringowa Central Rydges Southbank Sealink Queensland Stockland Shopping Centre Suncorp Bank Totts Community Flyer Wild Gravity Wingate Communities SuperGreen Solutions

2014/15

TOWNSVILLE CITY COUNCIL ANNUAL REPORT

Financial Report

FOR THE YEAR ENDED 30 JUNE 2015



TOWNSVILLE CITY COUNCIL
ABN: 44 741 992 072

General Purpose Financial Report For The Year Ended 30 June 2015

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Financial Sustainability Report For The Year Ended 30 June 2015

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TOWNSVILLE CITY COUNCIL MANAGEMENT CERTIFICATION

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 42, present a true and fair view, in accordance with *Australian Accounting Standards*, of council's transactions for the financial year and financial position at the end of the year.

Mayor

Dated this


22nd day of OCTOBER 2015

Chief Executive Officer

Dated this


22nd day of OCTOBER 2015

TOWNSVILLE CITY COUNCIL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$000	2014 \$000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	2(a)	325,270	315,370
Fees and charges	2(b)	22,648	24,444
Interest received		5,992	5,468
Other income		13,759	13,068
Grants, subsidies, contributions and donations	2(c)	23,814	23,610
		<u>391,483</u>	<u>381,960</u>
Capital revenue			
Grants, subsidies, contributions and donations	2(d)	51,572	54,479
Fair value gain on contributions of assets		59,716	46,627
		<u>111,288</u>	<u>101,106</u>
Total revenue		<u>502,771</u>	<u>483,066</u>
Capital income		1,872	64
Total income		<u>504,643</u>	<u>483,130</u>
Expenses			
Recurrent expenses			
Employee benefits	3(a)	(136,786)	(132,344)
Materials and services	3(b)	(112,846)	(112,501)
Depreciation and amortisation		(105,110)	(102,142)
Finance costs	3(c)	(23,181)	(24,555)
Other expenses		(3,547)	(2,622)
Share of net loss of joint venture	6	(2,156)	(1,721)
		<u>(383,626)</u>	<u>(375,885)</u>
Capital expenses	3(d)	(46,028)	(78,270)
Total expenses		<u>(429,654)</u>	<u>(454,155)</u>
Net result		<u>74,989</u>	<u>28,975</u>
Other comprehensive income:			
Items that will not be reclassified to net result			
Net gain/(loss) on revaluation of property, plant and equipment		62,133	(295,403)
Total comprehensive income for the year		<u>137,122</u>	<u>(266,428)</u>

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

*See Note 17 for details regarding the retrospective restatement of comparative figures.

TOWNSVILLE CITY COUNCIL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	4	108,149	96,785
Trade and other receivables	5	44,326	35,395
Inventories		1,025	1,261
Investments		-	10,000
Other assets		1,946	2,155
Total current assets		<u>155,446</u>	<u>145,596</u>
Non-current assets			
Trade and other receivables	5	9,261	10,005
Investments accounted for using the equity method	6	21,749	23,905
Property, plant and equipment	7	4,469,523	4,324,190
Intangible assets		10,711	12,409
Other assets		4,382	4,988
Total non-current assets		<u>4,515,626</u>	<u>4,375,497</u>
Total assets		<u>4,671,072</u>	<u>4,521,093</u>
Current liabilities			
Trade and other payables	8	64,940	55,321
Borrowings	9	19,070	19,600
Provisions	10	25,714	22,794
Other current liabilities		2,748	2,953
Total current liabilities		<u>112,472</u>	<u>100,668</u>
Non-current liabilities			
Trade and other payables	8	1,873	1,973
Borrowings	9	310,175	314,233
Provisions	10	33,983	28,772
Total non-current liabilities		<u>346,031</u>	<u>344,978</u>
Total liabilities		<u>458,503</u>	<u>445,646</u>
Net community assets		<u>4,212,569</u>	<u>4,075,447</u>
Community equity			
Asset revaluation surplus		750,575	688,442
Retained surplus		3,461,994	3,387,005
Total community equity		<u>4,212,569</u>	<u>4,075,447</u>

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

*See Note 17 for details regarding the retrospective restatement of comparative figures.

**TOWNSVILLE CITY COUNCIL
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

	Note	Retained surplus \$000	Asset revaluation surplus \$000	Total \$000
Balance as at 1 July 2014		3,387,005	688,442	4,075,447
Net result		74,989	-	74,989
Increase/(decrease) in asset revaluation surplus			62,133	62,133
Total comprehensive income for the year		<u>74,989</u>	<u>62,133</u>	<u>137,122</u>
Balance as at 30 June 2015		<u><u>3,461,994</u></u>	<u><u>750,575</u></u>	<u><u>4,212,569</u></u>
Balance as at 1 July 2013		3,358,029	983,845	4,341,874
Net result		28,975	-	28,975
Increase/(decrease) in asset revaluation surplus		-	(295,403)	(295,403)
Total comprehensive income for the year		<u>28,975</u>	<u>(295,403)</u>	<u>(266,428)</u>
Balance as at 30 June 2014		<u><u>3,387,005</u></u>	<u><u>688,442</u></u>	<u><u>4,075,447</u></u>

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

TOWNSVILLE CITY COUNCIL STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers		406,773	408,812
Payments to suppliers and employees		(277,039)	(269,725)
Interest received		6,162	5,386
Finance costs	3(c)	(21,269)	(22,388)
Net cash inflow (outflow) from operating activities	14	<u>114,627</u>	<u>122,085</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(156,098)	(125,563)
Payments for intangible assets		-	(2,089)
Proceeds from sale of property, plant and equipment		1,987	1,784
Proceeds from cash contributions for constructing assets		45,807	57,760
Net movement in community loans and advances		(371)	(5,010)
Net movement in term deposits over 90 days		10,000	(10,000)
Net cash inflow (outflow) from investing activities		<u>(98,675)</u>	<u>(83,118)</u>
Cash flows from financing activities			
Proceeds from borrowings		15,000	-
Repayment of borrowings		(19,588)	(19,992)
Net cash inflow (outflow) from financing activities		<u>(4,588)</u>	<u>(19,992)</u>
Net increase in cash and cash equivalent held		11,364	18,975
Cash and cash equivalents at the beginning of financial year		96,785	77,810
Cash and cash equivalents at end of financial year	4	<u>108,149</u>	<u>96,785</u>

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

*See Note 17 for details regarding the retrospective restatement of comparative figures.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value
- assets held for sale which are measured at fair value minus cost of disposal.

Recurrent/capital classification

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

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

The following transactions are classified as either “capital income” or “capital expenses” depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

All other revenue and expenses have been classified as “recurrent”.

Account classifications

Some account classifications have changed in the current year in order to improve the accuracy of presentation of the financial statements, comparative figures have also been reclassified for consistency of presentation. Refer note 17 for disclosure of significant reclassifications.

Currency

Townsville City Council uses the Australian dollar as its functional currency and its presentation currency.

Constitution

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

Rounding of amounts

The amounts included in the financial report have been rounded to the nearest \$1,000 or where that amount is \$500 or less, to zero. Amounts shown in the financial statements may not add to the correct subtotals or totals due to rounding.

(b) Statement of compliance

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 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 impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal revenue.

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(c) Adoption of new and revised Accounting Standards

In the current year, council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to council's accounting policies. However, the adoption of the new suite of consolidation standards has resulted in changes to council's disclosure requirements. The impact of these standards is summarised below:

- AASB 11 *Joint Arrangements* replaced AASB 131 *Interests in Joint Ventures* for the 2014/15 financial year. AASB 11 specifies how a joint arrangement, where two or more parties have control, should be accounted for. Under AASB 11 joint arrangements are classified as either joint operations or joint ventures and this, in turn, determines the accounting treatment. This classification is based on the rights and obligations of the parties and, when relevant, other facts and circumstances. Under AASB 11 council's investment in Townsville Breakwater Entertainment Centre is classified as a joint venture and accounted for using the equity method. This remains unchanged from the prior year.
- AASB 12 *Disclosure of Interests in Other Entities* is a new disclosure standard which has resulted in greater disclosures of its investment in the joint venture. Refer Note 1(l) and Note 6.

Council has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-profit Public Sector Entities*, and as a result disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs is no longer required.

Council has not applied any other Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies Standards and Interpretations in accordance with their respective commencement dates except where early adoption is permitted and is favourable to council.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9 *Financial Instruments (effective from 1 January 2018)*

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

AASB15 *Revenue from Contracts with Customers (effective 1 January 2017)*

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

AASB 15 is effective from 1 January 2017 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (effective 1 July 2016)*

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, Councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

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

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(d) Critical accounting estimates and judgements

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

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

- Fair value assessments of property, plant and equipment assets. Refer to Note 21
- Estimated useful life assessments of property, plant and equipment assets. Refer to Note 7
- Impairment of property, plant and equipment assets. Refer to Note 7
- Impairment of trade and other receivables. Refer to Note 5
- Measurement and recognition of provisions. Refer to Note 10
- Measurement and recognition of revenue arising from non-reciprocal transfers of assets. Refer Note 2.

(e) Taxation

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 council pay an income tax equivalent to council in accordance with the requirements of the *Local Government Act 2009*.

Where a commercial business of council is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent and timing differences between taxable and accounting income. These transactions are eliminated upon consolidation of the commercial business units.

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

(f) Revenue

Rates and utilities revenue

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.

Fees and charges

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

Grants, subsidies and contributions

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

Where grants, subsidies and contributions are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council currently receives contributions for the maintenance of state controlled roads. These funds are held as an unearned revenue liability until projects are evaluated and approved by the relevant funding body.

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.

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Grants, subsidies and contributions - continued

Council may also receive cash contributions towards the cost of constructing/upgrading 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*.

Physical assets contributed to council by developers in the form of buildings, road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Grants and subsidies that meet the recognition criteria as revenue above, but are received for the purpose of constructing assets, are treated as grants, subsidies, contributions and donations in the Statement of Comprehensive Income.

(g) Leases

Leases of property, plant and equipment where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

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

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position, when applicable.

(i) Receivables

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

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

All known bad debts were written off at 30 June 2015. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

If required, council has the power to sell an owner's property to recover certain outstanding rate receivables, in accordance with the *Local Government Act 2009*. However, in recognition of the three year period for residential properties and one year period for commercial properties that must lapse prior to collection being pursued via sale of the property, in accordance with the *Local Government Regulation 2012*, these receivables are presented as non-current rates and utility 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 rates and utility receivables.

Loans and advances to community organisations, are recognised in the same way as other receivables. Security is not normally obtained.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(j) Inventories

Council holds stores inventory held for distribution. These are goods to be supplied or to be used for the provision of services at no or nominal charge. Inventory held for distribution are valued at actual cost adjusted, when applicable for any loss of service potential.

(k) Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash and cash equivalents. At 30 June 2015 council had no term deposits in excess of three months.

(l) Interests in joint ventures

Council has joint control of the Townsville Breakwater Entertainment Centre Joint Venture, an entity of which council has 79.8% ownership. Council has determined that this joint arrangement is a joint venture under AASB 11 *Joint Arrangements* and accounts for this investment using the equity method. Under the equity method the investment is initially recognised at cost and is adjusted each year to recognise council's share of profit or loss. Council's share of movements in other comprehensive income of the joint venture are recognised in other comprehensive income. Distributions received are recognised as a reduction in the carrying amount of the investment.

Further information about the joint venture is set out in Note 6.

(m) Other assets

Other assets includes current and non-current prepayments. Non-current prepayments are for capital expenditure on council owned assets under a long term operating contract.

(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.

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

Fair value is defined in Fair Value Measurements Note 21.

Physical assets contributed to council by developers in the form of buildings, road works, stormwater, water and wastewater infrastructure and park equipment are recognised when 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.

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. Assets such as computers and water meters that have individual values below \$5,000 but are connected to a network are treated as assets. A park, including all the play equipment and shade sails therein, is treated as a single asset with linked sub-assets.

The measurement basis used for determining the gross carrying amount of each class of property, plant and equipment assets are set out in Note 7.

Acquisition of assets

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

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Capital and operating expenditure

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

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Valuation

Land, buildings, infrastructure and other assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment, are measured at cost. Where there is no active market, assets will be valued at replacement cost less obsolescence. 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 Regulation 2012* and council policy. In the intervening years, council internally assesses through physical inspection the condition of infrastructure assets on a sample basis and as part of the maintenance process. The inspection results are considered in combination with external indices from a range of sources including the Australian Bureau of Statistics, the Bureau of Resources and Energy Economics, plus data provided by Queensland Treasury and where appropriate internally sourced capital cost data. Indices are viewed over a five year cycle and short term fluctuations are discounted in determining the appropriate index to be applied. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years when an external revaluation is not performed.

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

Deed of settlement in trust lands

Under a Deed of Settlement in Trust dated 23 July 2009, council is Trustee of the Jezzine Land Trust, comprising certain land titles known as Jezzine Barracks. Council has not recognised this land as an asset. Under the terms of the Trust, council has control over the improvements on the site and accordingly the improvements are recognised as assets in these financial statements.

Depreciation

Property, plant and equipment assets, having a limited useful life, are systematically depreciated over their useful lives as listed in Note 7.

Land, certain cultural and heritage assets with heritage listing, and some portions of rock contained in dams and levee banks, are not depreciated.

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

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Depreciation - continued

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. Where expenditure extends the life of an asset, the expenditure is capitalised and the asset's life is revised.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated replacement cost are used to estimate the useful lives of these assets at each reporting date.

The useful lives for each class of asset is included in Note 7.

Assets under construction

The costs of non-current assets constructed by 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 Comprehensive Income where appropriate.

(o) Impairment of physical and intangible assets

All current and non-current physical and intangible assets are assessed for indicators of impairment on an annual basis.

(p) Intangible assets

Software assets

Software assets are recognised as intangible assets, where their cost exceeds \$5,000. Intangible assets with a value less than \$5,000 are expensed. Expenditure on internally generated intangible assets is recognised from the date of the approval by 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, are research costs and are expensed. 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 and is recognised as an expense in the Statement of Comprehensive Income. Amortisation is calculated on a straight-line basis over the expected period of benefit to council that they are available for use. The estimated useful lives for software assets are between three and 50 years. Council does not hold any intangible assets with infinite lives.

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

(q) Payables

Trade and other payables have been recognised as a liability for the year ended 30 June 2015, 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 owing are unsecured and are normally settled within 30 working days.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(r) Borrowings and borrowing costs

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

Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.

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

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

(s) Provisions

Landfill restoration provision

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable council will be liable, or required, to incur costs on the cessation of use of these facilities. The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

Nelly Bay provision

A provision 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. 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.

(t) Employee benefits

Salaries and wages

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

This liability represents an accrued expense and is reported in Note 8 as a sundry payable and accrued expense.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the council makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 18.

Annual leave

A liability is recognised for annual leave and is calculated on current pay rates and projected future increases in those rates and includes related employee on-costs. Amounts not expected to be settled within 12 months are discounted to present values.

This liability represents an accrued expense and is reported in Note 8 as a payable.

As council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Long service leave

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

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability. Otherwise it is classified as non-current.

This liability is reported in Note 10 as a provision.

(u) Asset revaluation surplus

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

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

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

(v) Retained surplus

In reference to the comparative figures for the year ended 30 June 2014, this represents the amount of council's net funds not set aside in reserves to meet specific future needs.

(w) Financial assets and liabilities

Council recognises a financial asset or financial liability in its Statement of Financial Position when, and only when, council becomes a party to the contractual provisions of the Instrument.

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

Financial assets

Cash and cash equivalents
Receivables - measured at amortised cost

Financial liabilities

Payables - measured at amortised cost
Borrowings - measured 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.

(x) National competition policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 20.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Revenue and income

	2015 \$000	2014 \$000
(a) Rates and utilities revenue		
General rates	167,731	160,114
Refuse and recycling utility charges	17,554	18,761
Water and wastewater utility charges	171,658	166,616
Less discounts	(21,903)	(20,831)
Less pensioner and other remissions	(9,770)	(9,290)
	<u>325,270</u>	<u>315,370</u>
(b) Fees and charges		
Regulatory fees and charges	10,618	10,333
Commercial fees and charges	12,030	14,111
	<u>22,648</u>	<u>24,444</u>
(c) Grants, subsidies, contributions and donations		
Recurrent		
Contributions received for operating purposes	1,405	1,838
Subsidies and grants received for operating purposes	22,409	21,772
	<u>23,814</u>	<u>23,610</u>
(d) Grants, subsidies, contributions and donations		
Capital		
Contributions received for capital purposes	21,714	34,808
Subsidies and grants received for capital purposes	29,858	19,671
	<u>51,572</u>	<u>54,479</u>

Conditions over contributions

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Rates received in advance	10,359	8,957
Non-reciprocal grants	7,022	3,126
	<u>17,381</u>	<u>12,083</u>

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Rates received in advance	8,957	7,519
Non-reciprocal grants	3,126	4,381
	<u>12,083</u>	<u>11,900</u>

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 3 Expenses

	2015 \$000	2014 \$000
(a) Employee benefits		
Total staff wages and salaries	126,356	123,136
Councillors' remuneration	1,135	1,092
Superannuation	13,960	13,403
	<u>141,451</u>	<u>137,631</u>
Other employee related expenses	17,395	26,265
	<u>158,846</u>	<u>163,896</u>
Less: Capitalised employee expenses	(22,060)	(31,552)
	<u>136,786</u>	<u>132,344</u>
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.		
(b) Materials and services		
Accommodation services	6,620	5,547
Administration supplies and consumables	12,159	14,384
Audit of annual financial statements by the Auditor-General of Queensland	271	263
Bulk water supply	10,771	11,208
Contractors and service providers	11,704	9,792
Electricity	12,704	13,121
Employee related costs	3,671	3,805
Equipment and tools	3,148	3,989
Information, communications and technology	7,487	5,387
Insurance	1,630	6,188
Marketing and promotion	2,011	2,069
Other materials and services	5,456	7,421
Other utilities	2,111	607
Repairs maintenance and construction	23,875	16,976
Vehicle and plant operating costs	14,952	14,570
	<u>118,570</u>	<u>115,327</u>
Less: Capitalised materials and services	(5,724)	(2,826)
	<u>112,846</u>	<u>112,501</u>

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
(c) Finance costs		
Interest and finance charges on loans from financial institutions	21,269	22,388
Unwinding of discounted provisions	725	810
Impairment of trade receivables	1,187	1,357
	<u>23,181</u>	<u>24,555</u>
 (d) Capital expenses		
Loss on sale/disposal of property, plant and equipment	40,868	9,358
Revaluation decrement of property, plant and equipment	-	68,912
Impairment losses on market value assets	4,481	-
Other capital expenses	679	-
	<u>46,028</u>	<u>78,270</u>

Note 4 Cash and cash equivalents

Cash at bank and on hand	1,888	1,324
Deposits at call	106,261	95,461
Balance per Statement of Cash Flows	<u>108,149</u>	<u>96,785</u>

Cash not available for general use

Council cash and cash equivalents are subject to external restrictions at the reporting date that limit amounts available for discretionary or future use. These include:

Unspent contributions, government grants and subsidies	2,138	5,408
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Note 5 Trade and other receivables

Current

Rates and utilities	11,836	11,677
Fees and charges	4,317	5,704
Less: Allowance for impairment	(593)	(704)
Loans and advances to community organisations	1,706	9
Water charges not yet levied	15,407	13,315
Other receivables	11,653	5,394
	<u>44,326</u>	<u>35,395</u>

Non-current

Rates and utilities	5,518	4,936
Loans and advances to community organisations	3,743	5,069
	<u>9,261</u>	<u>10,005</u>

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

Loans and advances made to various not-for profit community organisations arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Allowance for impairment of trade and other receivables

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 finance costs.

Movement in accumulated allowance for impairment losses is as follows:

	2015 \$000	2014 \$000
Balance at 1 July	704	661
Additional impairments recognised	398	559
Impaired debts written off during the year	(67)	(164)
Impairments reversed	(442)	(352)
Closing balance at 30 June	593	704

Note 6 Investments accounted for using the equity method

Interests in joint venture	21,749	23,905
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Joint venture

A joint venture exists between Breakwater Island 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 Townsville Breakwater Entertainment Centre. Colonial Leisure Group acquired 100% ownership of Breakwater Island Limited during the financial year. Breakwater Island Limited has a 20.2% interest in the Townsville Breakwater Entertainment Centre Joint Venture.

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 (as amended)*.

The joint venture has entered into an agreement with the Trustee of Breakwater Island Trust and Breakwater Island Limited for the management of the Townsville Breakwater Entertainment 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 total revenue. Defined costs exclude general rates and land tax, replacement of fixed assets and major repairs. Breakwater Island Trust is entitled to reimbursement of any indemnity paid in any previous year out of net operating surpluses of the operations of the centre.

The Entertainment Centre Joint Venture is not considered a controlled entity because, in accordance with the *Townsville Breakwater Entertainment Centre Act 1991 (as amended)*, 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.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Joint venture - continued

At the time of preparation of this report, the audited special purpose financial statements for the year ended 30 June 2015 of the joint venture were not available. Provisional 2015 financial results have been included. The joint venture's last audited financial statements were for the year ended 30 June 2014. The final 2014 financial results have been provided for comparison with the 2014 provisional results previously reported. Adjustments for the final 2014 financial results have been processed in the current year.

The following information has been provided by the Operator of the centre.

Townsville Breakwater Entertainment Centre	2015 Provisional \$000	2014 Final \$000	2014 Provisional \$000
Revenue	1,808	2,598	2,597
Expenses	(4,330)	(4,959)	(4,956)
Profit or loss from continuing operations	<u>(2,522)</u>	<u>(2,361)</u>	<u>(2,359)</u>
Post-tax profit or loss from discontinued operations			
Profit (loss) for the year	(2,522)	(2,361)	(2,359)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>(2,522)</u>	<u>(2,361)</u>	<u>(2,359)</u>

The above profit (loss) for the year includes:

Depreciation and amortisation	(2,267)	(2,280)	(2,250)
Interest income	2	10	10
Interest expense	-	-	-
Current assets	623	710	675
Non-current assets	27,576	29,837	30,050
Total assets	<u>28,199</u>	<u>30,547</u>	<u>30,725</u>
Current liabilities	(944)	(717)	(715)
Non-current liabilities	-	(54)	(54)
Total liabilities	<u>(944)</u>	<u>(771)</u>	<u>(769)</u>
Net assets	<u>27,255</u>	<u>29,776</u>	<u>29,956</u>

The above amounts include:

Cash and cash equivalents	<u>417</u>	<u>609</u>	<u>609</u>
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Included in Cash is \$324,328 (2014: \$518,969) in accounts established in the name of the operator pursuant to the Management Agreement.

The joint venture's net assets reconcile to the carrying amount of the investment as follows:

Net assets	27,255	29,776	29,956
Ownership interest in the joint venture	79.8%	79.8%	79.8%
Carrying amount of council's interest in the joint venture	<u>21,749</u>	<u>23,761</u>	<u>23,905</u>

The movement in the carrying amount of council's investment in the joint venture is as follows:

Carrying amount at the beginning of the financial year	23,905	25,605	25,626
Share of profit (loss)	(2,156)	(1,884)	(1,721)
Other equity adjustments	-	40	-
Distribution received	-	-	-
Carrying amount at the end of the financial year	<u>21,749</u>	<u>23,761</u>	<u>23,905</u>

TOWNSVILLE CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 7 Property, plant and equipment

Townsville City Council - 30 June 2015

Basis of measurement

Asset values

Opening gross value as at 1 July 2014

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to Statement of

Comprehensive Income

Transfers between classes - reallocation

Transfers between classes - capitalised assets/

intangibles

Closing gross value as at 30 June 2015

Accumulated depreciation and impairment

Opening balance as at 1 July 2014

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to Statement of

Comprehensive Income

Impairment adjustment to income

Transfers between classes/intangible assets

Accumulated depreciation as at 30 June 2015

Total written down value as at 30 June 2015

Residual value

Range of estimated useful life in years

Additions including reallocations from WIP to asset class:

Renewals

Other additions

Total additions

Asset revaluation surplus

Opening balance at 1 July 2014

Asset revaluation movement

Closing balance at 30 June 2015

Buildings	Dams & weirs		Major fixed plant		Cultural & heritage		Land		Land improvements		Landfills		Pipe network		Plant & equipment		Transport network		Assets under construction		Total
	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Cost	\$'000	
240,838	531,240	738,032	12,135	335,403	125,585	30,656	2,195,331	136,169	1,898,574	102,695	6,346,657	803	-	2,592	2,875	30,746	162,412	232,472	(74,641)	86,070	3,048
(3,030)	-	(5,447)	(31)	(2,469)	(1,860)	-	(45,025)	(8,535)	(8,244)	-	-	-	-	-	-	-	-	-	-	-	-
2,591	-	-	-	-	457	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5,309)	(124)	5,386	468	-	(7,974)	-	232	(277)	7,598	-	-	-	-	-	-	-	-	-	-	-	-
18,533	841	5,676	26	8,939	4,268	-	23,220	15,860	70,453	(147,816)	-	-	-	-	-	-	-	-	-	-	-
254,426	531,957	755,809	16,267	341,873	123,351	39,615	2,251,934	145,100	2,015,984	117,291	6,593,606	-	-	-	-	-	-	-	-	-	-

(82,237)	(122,212)	(306,687)	(3,884)	-	(54,075)	(22,101)	(919,764)	(62,203)	(449,304)	-	(2,022,467)	-	-	-	-	-	-	-	-	-	-
(9,139)	(4,776)	(15,924)	(71)	-	(4,704)	(2,966)	(24,247)	(13,550)	(28,628)	-	(104,005)	-	-	-	-	-	-	-	-	-	-
898	-	2,818	17	-	897	-	19,441	5,200	2,119	-	31,390	-	-	-	-	-	-	-	-	-	-
(1,066)	-	(1,272)	3,328	-	(110)	-	(22,788)	-	(3,205)	-	(23,937)	-	-	-	-	-	-	-	-	-	-
(4,481)	-	-	-	-	-	-	-	-	-	-	(1,176)	-	-	-	-	-	-	-	-	-	-
3,836	37	(3,636)	581	-	(6)	-	(36)	600	(783)	-	593	-	-	-	-	-	-	-	-	-	-
(92,189)	(126,951)	(324,701)	(29)	-	(57,998)	(25,067)	(947,394)	(69,953)	(479,801)	-	(2,124,083)	-	-	-	-	-	-	-	-	-	-
162,237	405,006	431,108	16,238	341,873	65,353	14,548	1,304,540	75,147	1,536,183	117,291	4,469,523	-	-	-	-	-	-	-	-	-	-

5 - 180	10 - 110	3 - 150	10 - 200	3 - 115	2 - 18	7 - 120	3 - 100	3 - 150	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,186	-	-	-	-	-	-	-	-	-	-	-	-

\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3,290	983	5,028	-	7,824	-	25,408	10,520	38,269	-	-	91,323	-	-	-	-	-	-	-	-	-	-
21,805	-	5,855	2,865	7,167	11,389	31,497	9,783	48,921	141,152	-	-	-	-	-	-	-	-	-	-	-	-
25,096	983	10,884	2,865	14,991	11,389	56,906	20,303	87,190	232,475	-	-	-	-	-	-	-	-	-	-	-	-

-	23,959	1,044	-	-	641	139,120	-	521,284	-	-	686,048	-	-	-	-	-	-	-	-	-	-
-	-	10,890	4,405	-	-	33,186	-	13,652	-	-	62,133	-	-	-	-	-	-	-	-	-	-
-	23,959	11,934	4,405	-	641	172,306	-	534,936	-	-	748,181	-	-	-	-	-	-	-	-	-	-

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Buildings		Dams & weirs		Major fixed plant		Cultural & heritage		Land		Land improvements		Landfills		Pipe network		Plant & equipment		Transport network		Assets under construction		Total		
	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000		Fair Value	\$'000
Basis of measurement																									
Townsville City Council - 30 June 2014																									
Asset values																									
Opening gross value as at 1 July 2013	227,734	477,067	656,135	6,121	375,927	240,959	26,556	2,198,182	129,142	1,987,023	91,188	6,416,034													
Additions	-	-	2,258	410	-	1,448	4,817	22,192	810	19,524	124,347	175,806													
Disposals	(208)	(129)	(4,540)	-	(1,616)	(7,241)	-	-	(3,991)	(2,568)	-	(20,293)													
Revaluation adjustment to asset revaluation surplus	-	32,588	56,120	(1,625)	(16,552)	(16,877)	-	(11,382)	112	(198,884)	-	(156,500)													
Revaluation adjustment to Statement of Comprehensive Income	14,829	-	-	-	(28,526)	(58,427)	-	-	-	-	-	(72,124)													
Assets classified as held for sale	59	-	-	-	5,655	-	-	-	-	-	-	5,714													
Transfers between classes - reallocation	(3,819)	21,714	10,881	7,621	105	(72,207)	(952)	(30,378)	1,912	65,123	-	(0)													
Transfers between classes - capitalised assets/ intangible assets	2,243	-	17,178	18	-	37,930	235	16,717	8,184	28,356	(112,840)	(1,979)													
Closing gross value as at 30 June 2014	240,838	531,240	738,032	12,135	335,403	125,585	30,656	2,195,331	136,169	1,898,574	102,695	6,346,657													
Accumulated depreciation and impairment																									
Opening balance as at 1 July 2013	(47,635)	(100,002)	(194,662)	-	-	(112,636)	(21,659)	(861,728)	(52,824)	(404,577)	-	(1,795,723)													
Depreciation provided in period	(7,279)	(3,858)	(17,071)	(82)	-	(7,664)	(1,088)	(23,536)	(12,963)	(26,665)	-	(100,206)													
Depreciation on disposals	89	113	3,887	-	-	5,739	-	-	3,043	401	-	13,272													
Revaluation adjustment to asset revaluation surplus	-	(8,629)	(99,308)	1,452	-	-	-	(34,429)	-	2,010	-	(138,904)													
Revaluation adjustment to Statement of Comprehensive Income	(30,035)	-	-	-	-	27,496	-	-	-	-	-	(2,539)													
Impairment adjustment to asset revaluation surplus	62	-	1,508	-	-	-	-	-	-	-	-	1,570													
Impairment adjustment to income	-	-	-	-	-	-	-	-	-	64	-	64													
Transfers between classes/ intangible assets	2,561	(9,836)	(1,041)	(5,254)	-	32,990	646	(71)	477	(20,473)	-	(1)													
Accumulated depreciation as at 30 June 2014	(82,237)	(122,212)	(306,687)	(3,884)	-	(54,075)	(22,101)	(919,764)	(62,203)	(449,304)	-	(2,022,467)													
Total written down value as at 30 June 2014	158,601	409,028	431,345	8,251	335,403	71,510	8,555	1,275,567	73,966	1,449,270	102,695	4,324,190													
Residual value	-	226,512	8,178	-	-	1,372	-	267,666	8,025	121,659	-	633,412													
Range of estimated useful life in years	5 - 180	10 - 110	3 - 150	10 - 200	-	3 - 115	3 - 42	7 - 120	3 - 100	3 - 150	-	-													
Additions comprise																									
Renewals	-	-	-	-	-	-	-	-	-	-	-	88,666													
Other additions	-	-	2,258	-	410	1,448	4,817	22,192	810	19,524	35,681	87,140													
Total additions	-	-	2,258	-	410	1,448	4,817	22,192	810	19,524	124,347	175,806													
Asset revaluation surplus																									
Opening balance at 1 July 2013	-	-	44,232	173	16,552	16,877	641	184,931	(112)	718,158	-	981,452													
Asset revaluation movement	-	23,959	(43,188)	(173)	(16,552)	(16,877)	-	(45,811)	112	(196,874)	-	(295,404)													
Closing balance at 30 June 2014	-	23,959	1,044	-	-	-	641	139,120	-	521,284	-	686,048													

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 8 Trade and other payables

	Note	2015 \$000	2014 \$000
Current			
Trade payables		19,052	21,022
Annual Leave		17,084	16,549
Sundry payables and accrued expenses		28,804	17,750
	16	64,940	55,321
Non-current			
Sundry payables and accrued expenses	16	1,873	1,973

An announcement was made by council on 26 May 2015 that a carbon tax refund would occur on the rates notices in 2015/16 to return carbon tax collected due to the introduction of the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013*. A liability of \$2,982,879 has been recognised as part of sundry payables and accrued expenses for a refund of carbon tax to applicable customers.

Note 9 Borrowings

Current			
Unsecured liabilities			
Loans - Queensland Treasury Corporation		19,070	19,600
Non-current			
Unsecured liabilities			
Loans - Queensland Treasury Corporation		310,175	314,233
Total borrowings	16	329,245	333,833

(a) Loans

No assets have been pledged as security by council for any liabilities.

The loan market value at the reporting date was \$389,221,908. This represents the value of the loans if council repaid the loans as at 30 June 2015. As it is the intention of council to hold the debt for its term, no provision is required to be made in these accounts.

The interest rates on borrowings range from 3.59% to 9.72% for book value rates. Based on the current level of repayment of the book value debt, the expected terms vary from six months to 16 years.

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

(b) Undrawn facilities

Unrestricted access was available at balance date to undrawn facilities listed below:

Bank overdraft facility	500	500
Purchase card facility	1,376	1,364
	1,876	1,864

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 10 Provisions

	2015 \$000	2014 \$000
Current		
Self insurance	1,249	1,926
Landfill restoration	7,537	5,043
Long service leave	16,692	15,475
Other	236	350
	25,714	22,794
Non-current		
Self insurance	3,150	4,665
Landfill restoration	25,471	19,266
Long service leave	3,864	3,556
Other	1,498	1,285
	33,983	28,772

(a) Self insurance provision

A provision of \$4,399,000 has been recognised for self-insured risks relating to workers' compensation claims, based on independent actuarial advice of the estimated liability at 30 June 2015. Refer note 12.

(b) Landfill restoration provision

A provision of \$33,007,881 has been recognised as the present value of the estimated cost of restoring council's landfill sites to the condition required by the licence at the end of their useful life.

The total projected cost of \$55,915,231 is expected to be incurred between 2015 and 2033. The figure includes rehabilitating landfill cells on existing sites that are yet to be used, but which are in the current site plan.

(c) Long service leave provision

Management reclassified \$13,658,000 in 2014 from non-current to current provisions, refer note 17(b).

Based on past experience, council does not expect all employees to take the full amount of accrued long service leave or require payment with the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Current long service leave obligations expected to be settled after 12 months	18,570	17,214
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(d) Movements in provisions

Movements in the provisions during the financial year are set out below:

	Self insurance \$000	Landfill restoration \$000	Long service leave \$000	Other \$000	Total \$000
Balance at beginning of financial year	6,591	24,309	19,031	1,635	51,566
Additional provisions raised during year	425	8,959	3,124	212	12,720
Amounts used	(997)	(1,370)	(1,911)	-	(4,278)
Unused amounts reversed	(1,620)	-	-	(316)	(1,936)
Increase in provision due to unwinding of discount	-	579	91	55	725
Increase/(decrease) in provision due to change in discount rate	-	531	221	148	900
Balance at end of financial year	4,399	33,008	20,556	1,734	59,697

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 11 Commitments for expenditure

	2015 \$000	2014 \$000
(a) Operating leases		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
within one year	411	628
one to five years	1,252	1,814
later than five years	21	9
	1,684	2,451
 (b) Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Blakeys Crossing	-	6,115
Charters Towers Rd water pipes replacement	5,916	-
Dalrymple Road Bridge	32,334	104
Hervey's Range Waste Facility improvements	7,816	-
Howitt St drainage upgrade	-	1,149
Northern reservoir strategy site levelling	3,671	-
Road upgrades	2,705	-
Sewerpipe rehabilitation	1,733	206
Stuart waste facility improvements	3,702	-
Tony Ireland Stadium external scoreboard	-	1,012
Townsville Recreational Boating Park	1,050	825
Water treatment plant refurbishment	28,792	35,008
Other	8,171	4,188
	95,890	48,607

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 12 Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2015 \$000	2014 \$000
Guarantees		
Workers compensation self insurance guarantees	8,238	5,060

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 worker's compensation claims liability performed on 30 July 2015 has estimated the required self insurance guarantee be \$5,235,000.

A provision of \$4,399,000 (2014: \$6,591,000) has been recognised, for self-insured risks relating to the workers' compensation claims at balance date. Refer to Note 10(a).

Claims

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 deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

At the time of preparation of this report, the financial statements for 30 June 2015 of LGM Queensland were not available. As at 30 June 2014 the financial statements reported an accumulated surplus of \$26,013,447 and it was not anticipated any liability would arise.

Note 13 Operating functions

Function information

Identification of reportable functions

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

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 service characteristics.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Operating functions by core service

Core Services

- (i) **Community and cultural services**
Includes community services, libraries, art galleries, civic theatre, cultural, recreational facilities, health, integrated sustainability services and parking regulation.
- (ii) **Enabling services**
Includes human resources, payroll, knowledge management, corporate communications, legal services, corporate governance, customer service, fleet services, corporate asset management and finance.
- (iii) **Environmental and sustainability services**
Delivery of specialised environmental health services to community including food safety, environmental protection, dangerous goods, public health, vector control and health promotion.
- (iv) **Planning and development services**
Includes town planning, development assessment, economic development and special projects.
- (v) **Public infrastructure**
Includes roads, drainage, infrastructure planning and investigations, urban redevelopment and parks.
- (vi) **Solid waste management**
Includes refuse collection and disposal, and landfill operations and management.
- (vii) **Waste water services**
Includes council's wastewater disposal and treatment plants.
- (viii) **Water services**
Includes operation, construction and maintenance of council's water storage, treatment, distribution and reticulation operations.

Core services group by entity

The council has identified its operating core services and grouped them by entity based on the internal reports that are reviewed and used by management in assessing performance and in determining the allocation of resources and assets. The core services above are grouped into the following entities:

Rest of council	(i) to (v)
Townsville Waste Services	(vi) and (vii)
Townsville Water	(viii)

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Analysis of results by function

Year ended 30 June 2015

Core Service	Income				Internal eliminations	Total income	Expense		Internal eliminations	Total expenses	Net result from recurrent operations			
	Recurrent		Capital				Recurrent	Capital			2015	2015	2015	2015
	Grants	Other	Grants	Other										
	2015	2015	2015	2015			2015	2015			2015	2015	2015	2015
	2,772	9,177	115	2,873	-	14,937	(62,146)	2,030	23,077	(37,039)	(27,119)	(22,101)		
Community and cultural services	4,350	176,176	360	3,127	(27,454)	156,559	(42,792)	(10,161)	(81,724)	(134,678)	28,556	21,881		
Enabling services	15	74	364	-	-	453	(6,527)	(401)	2,324	(4,604)	(4,114)	(4,151)		
Environment and sustainability services	-	9,122	-	-	(144)	8,978	(19,273)	1,174	5,390	(12,709)	(4,904)	(3,731)		
Planning and development	15,273	5,264	29,019	52,658	(13)	102,201	(134,929)	(9,970)	33,230	(111,669)	(81,175)	(9,468)		
Public infrastructure	(1)	32,435	-	-	(6,707)	25,727	(32,263)	(530)	11,589	(21,204)	5,053	4,523		
Solid waste management	-	81,909	-	12,453	(1,369)	92,993	(55,033)	(2,620)	23,593	(34,060)	49,100	58,933		
Wastewater services	-	108,074	-	12,192	(17,471)	102,795	(78,095)	(25,550)	29,954	(73,691)	42,462	29,104		
Water services	22,410	422,231	29,858	83,303	(53,158)	504,644	(431,058)	(46,028)	47,433	(429,654)	7,859	74,989		
Total														

Year ended 30 June 2014

Core Service	Income				Internal eliminations	Total income	Expense		Internal eliminations	Total expenses	Net result from recurrent operations			
	Recurrent		Capital				Recurrent	Capital			2014	2014	2014	2014
	Grants	Other	Grants	Other										
	2014	2014	2014	2014			2014	2014			2014	2014	2014	2014
	2,487	9,071	-	14,050	-	25,609	(55,352)	(137)	20,237	(35,252)	(23,557)	(9,644)		
Community and cultural services	2,249	167,170	135	-	(25,321)	144,233	(72,407)	(41,705)	(63,033)	(177,145)	8,658	(32,912)		
Enabling services	328	254	-	-	-	582	(5,429)	51	1,247	(4,132)	(3,601)	(3,550)		
Environment and sustainability services	-	7,613	-	-	(40)	7,573	(19,330)	-	5,005	(14,324)	(6,751)	(6,751)		
Planning and development	16,640	6,111	19,536	38,483	-	80,769	(107,125)	(36,959)	17,620	(126,465)	(66,755)	(45,695)		
Public infrastructure	66	31,797	-	-	(2,842)	29,020	(24,452)	1,027	8,874	(14,551)	13,443	14,470		
Solid waste management	-	81,008	-	21,656	(1,562)	101,102	(57,356)	(6,280)	22,060	(41,576)	44,150	59,526		
Wastewater services	1	103,531	-	7,308	(16,599)	94,241	(77,972)	5,735	31,528	(40,710)	40,488	53,531		
Water services	21,772	406,554	19,671	81,498	(46,364)	483,130	(419,425)	(78,268)	43,538	(454,155)	6,075	28,975		
Total														

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Function Assets

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

Unit	Assets 2015 \$000's	Assets 2014 \$000's
Rest of council	2,881,773	2,774,759
Townsville Water	1,758,811	1,728,844
Townsville Waste Services	30,488	17,490
Total council	4,671,072	4,521,093

Note 14 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	2015 \$000	2014 \$000
Net result for the year	<u>74,989</u>	<u>28,975</u>
Non-cash items:		
Depreciation	104,005	100,206
Amortisation	1,105	1,936
Gain on impairment loss reversed for property, plant and equipment	(1,872)	(64)
Revaluation decrement of property, plant and equipment	-	68,912
Impairment losses on market value assets	4,481	-
Change in future rehabilitation and restoration costs	<u>(8,959)</u>	<u>(4,602)</u>
	<u>98,760</u>	<u>166,388</u>
Investing and developing activities:		
Net loss on sale/disposal of non-current assets	40,828	9,378
Grants, subsidies and contributions received for constructing assets	(45,807)	(57,760)
Fair value gain on contributions of assets	(59,716)	(46,627)
Share of joint venture entity net loss after income tax and dividends	2,156	1,721
	<u>(62,539)</u>	<u>(93,288)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(7,816)	8,920
(Increase)/decrease in inventories	236	344
(Increase)/decrease in other assets	233	1,253
Increase/(decrease) in trade payables and other payables	2,797	4,677
Increase/(decrease) in provisions	8,131	2,849
Increase/(decrease) in other liabilities	<u>(164)</u>	<u>1,967</u>
	<u>3,417</u>	<u>20,010</u>
Net cash flows from operating activities	<u><u>114,627</u></u>	<u><u>122,085</u></u>

Note 15 Events after the reporting period

There were no material adjusting events after the balance date.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 16 Financial instruments

Council has exposure to the following risks arising from financial instruments: credit risk, liquidity risk and market risk. This note provides information (both qualitative and quantitative) to assist users to evaluate the significance of financial instruments on the council's financial position and financial performance, including the nature and extent of risks and how council manages these exposures.

Financial risk management

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 council. These methods include sensitivity analysis in the case of market risk, ageing analysis for credit risk and short term investment strategies to ensure sufficient funds are available to meet short term liquidity requirements.

Credit risk

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

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

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

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

Cash and cash equivalents

Council may be exposed to credit risk through its investments with the QTC Cash Fund and deposits held with other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Trade and other receivables

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

The pensioner rate concession policy states council will not pursue pensioners for payment of arrears of rates and will not take recovery action against them. Rates owing on an approved pensioner's property on which council has allowed the concession will be permitted to accumulate until either death of the pensioner, sale or disposal of the property or application to subdivide land is made.

In order to reduce the credit risk council may seek to recover any outstanding rates, including rates owed by a pensioner, where the independent market value of the property is less than the amount of outstanding rates.

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

Council has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables where an allowance for impairment has been specifically provided for.

The class of financial assets described as trade and other receivables is considered to be the main source of credit risk to the entity.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Credit risk - continued

The following table details 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 council. Indicators of impairment of trade and other receivables include: bankruptcy, liquidation or receivership along with any legal action taken on default or delinquency in payments.

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

30 June 2015	Gross Amount \$000	Past due and impaired \$000	Within initial trade terms \$000	Past due but not impaired (days overdue)			
				<30 \$000	31-60 \$000	61-90 \$000	>90 \$000
Rates and utilities, fees and charges	21,671	(593)	4,751	947	390	187	15,396
Loans and advances to community organisations	5,449	-	5,449	-	-	-	-
Water charges not yet levied	15,407	-	15,407	-	-	-	-
Other receivables	11,653	-	11,653	-	-	-	-
Total	54,180	(593)	37,260	947	390	187	15,396

Liquidity risk

Liquidity risk is the risk that the council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 9.

The following table sets out the liquidity risk of financial liabilities held by council. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	Within 1 Year \$000	1 to 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying amount \$000
2015					
Trade and other payables	64,940	1,873	-	66,813	66,813
Loans - Queensland Treasury Corporation	40,123	157,165	287,103	484,391	329,245
Total	105,063	159,038	287,103	551,204	396,058
2014					
Trade and other payables	55,321	1,973	-	57,294	57,294
Loans - Queensland Treasury Corporation	40,843	152,768	309,646	503,257	333,833
Total	96,164	154,741	309,646	560,551	391,127

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

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Market risk

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

Interest rate risk

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. In relation to QTC loans, council holds generic debt pool products which approximate a fixed rate loan. Consequently, there is negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Council does not undertake any hedging of interest rate risk.

Sensitivity analysis

Sensitivity analysis depicts what effect a reasonable possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period. If the rates increased by 1% the impact would be an increase in profit of \$1,074,568 (2014: \$1,057,000), an equal amount in the reverse direction is possible for a decrease in rates.

Fair value

Refer note 21 for information relating to the fair value of assets and liabilities.

Note 17 Correction of error, revision of estimates and reclassifications

	2014 \$'000	Increase/ (Decrease) \$'000	2014 (Restated) \$'000
(a) Statement of Comprehensive Income (extract)			
Capital revenue			
Fair value gain on contributions of assets	-	46,627	46,627
Capital income	46,691	(46,627)	64
Expenses			
Finance costs	(23,198)	(1,357)	(24,555)
Other expenses	(3,979)	1,357	(2,622)
Change in classification of capital revenue			
Fair value gain on contribution of assets has been reclassified from capital income to capital revenue.			
Change in classification of expenses			
Impairment charge - trade receivables has been reclassified from other expenses to finance costs.			
(b) Statement of Financial Position (extract)			
Current liabilities			
Provisions	9,136	13,658	22,794
Non-current liabilities			
Provisions	42,430	(13,658)	28,772

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Change in classification of long service leave provision

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer settlement of this liability beyond 12 months, long service leave is classified as current. Otherwise it is classified as non-current. Management changed the classification of long service leave to move \$13,658,000 from non-current to current provisions.

	2014 \$'000	Increase/ (Decrease) \$'000	2014 (Restated) \$'000
(c) Statement of Cash Flows (extract)			
Cash flows from operating activities			
Receipts from customers	400,919	7,893	408,812
Payments to suppliers and employees	(257,057)	(12,668)	(269,725)
Interest received	5,468	(82)	5,386
Cash flows from investing activities			
Payments for property, plant and equipment	(171,982)	46,419	(125,563)
Proceeds from sale of property, plant and equipment	46,627	(44,843)	1,784
Proceeds from cash contributions for constructing assets	54,479	3,281	57,760

Change in cash flows from operating and investing activities

The cash flow statement has been restated as shown above to provide consistency for reclassifications in the current year and adjustments required to last year's statement. Each line affected by the changes has been disclosed above, along with the amount of the change. Changes include correcting the classification of goods and services tax, removing non-cash donated assets and reclassifying other receivables, payables and provision movement items for which the cash effects are operating or investing. This did not affect the net result of council.

Note 18 Superannuation

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

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

The scheme has three elements referred to as:

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

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

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

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 18 Superannuation – continued

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

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were 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 Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

The next actuarial investigation will be conducted as at 1 July 2015.

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Townsville City Council made less than 4% of the total contributions to the plan for the 2015 financial year.

	2015 \$000	2014 \$000
The amount of superannuation contributions paid by council to the scheme in this period for the benefit of employees was:	13,920	13,354

Note 19 Trust funds

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

Townsville City Council Mayor's Christmas Tree Appeal

	2,571	2,616
	24	25
	2,595	2,641

Council performs only a custodial role in respect of these monies. As these funds cannot be used by council, they are not brought to account in these financial statements.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 20 National competition policy

Council applies the competitive code of conduct to the following activities:

Water and sewerage
Waste management
Performing arts

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

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

The following activity statements are for activities subject to the competitive code of conduct:

	Water and sewerage	Waste management	Performing arts
	2015 \$000	2015 \$000	2015 \$000
Revenue for services provided to the council	18,946	6,432	-
Revenue for services provided to external clients	172,732	25,727	1,551
Community service obligations	2,982	275	-
Less: Expenditure	194,660 (120,628)	32,434 (30,933)	1,551 (9,566)
Surplus/(deficit)	74,032	1,501	(8,015)

Description of CSO's provided to business activities:

Activities	CSO Description	Net cost \$000
Townsville Water	Concessions on water and waste water utility charges	2,982
Townsville Waste	Concessions on landfill charges, community clean-up events and other waste services	275

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 21 Fair value measurements

(a) Recognised fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

Council also measures and recognises the following assets at fair value on a recurring basis:

- Land
- Buildings
- Dams and weirs
- Major fixed plant
- Transport network
- Pipe networks
- Landfills
- Land improvements
- Cultural and heritage.

In accordance with AASB 13 fair value measurements are categorised on the following basis:

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

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 9 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2). A long term debt is owed by the College of Nations (YWAM) to council, associated with the sale and lease of Lots 4 and 5 RP116804, is carried at the amount of the debt less a discount applied at the implicit rate derived from the interest payable (QTC 30 day deposit rate +.01%) in the lease and debt agreement. This debt is unsecured.

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

The table presents council's assets measured and recognised at fair value at 30 June 2015.

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

At 30 June 2015	Note	Level 2 (Significant other observable inputs)		Level 3 (Significant unobservable inputs)		Total	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Recurring fair value measurements							
Land	7	341,873	335,403	-	-	341,873	335,403
Land improvements	7	-	-	65,353	71,510	65,353	71,510
Buildings							
- Market value buildings	7	39,790	27,491	-	-	39,790	27,491
- Buildings - special purpose	7	-	-	122,447	131,109	122,447	131,109
Dams and weirs	7	-	-	405,006	409,027	405,006	409,027
Major fixed plant	7	-	-	431,108	431,347	431,108	431,347
Transport network	7	-	-	1,536,183	1,449,269	1,536,183	1,449,269
Pipe networks	7	-	-	1,304,540	1,275,568	1,304,540	1,275,568
Landfills	7	-	-	14,548	8,554	14,548	8,554
Other assets (cultural and heritage)	7	-	-	16,238	8,251	16,238	8,251
Total		381,663	362,894	3,895,423	3,784,635	4,277,086	4,147,529

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council adopted AASB13 *Fair Value Measurement* for the first time for the financial year ended 30 June 2014 and has reviewed each valuation to ensure compliance with the requirements of the standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value council assets comprise:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Discount rate	2.4-3.8%	Higher the discount rate, the lower the fair value.
Capitalisation rate	4.0-8.5%	Higher the capitalisation rate and expected vacancy rate, the lower the fair value.
Expected vacancy rate	6-22%	Higher the vacancy rate, the lower the fair value.
Rental growth rate	-1% to +4%	Higher the rental growth rate, the higher the fair value.
Condition rating(remaining useful life)	1-5	Higher the condition rating, the lower the fair value.
Residual value	\$0 - \$8m	No impact on fair value until fair value is equal to residual value.

(c) Land - (level 2)

Land fair values were determined by independent valuer, Knight Frank (Craig Stack FAPI MDIA Registered Valuer (Qld) no.1632), with an effective date of 28 February 2014. Council review of those figures at 30 June 2015 resulted in no change in values. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. Land was valued for its highest and best use, notwithstanding that this may differ from its current use.

TOWNSVILLE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(c) Land - (level 2) - continued

There was no land classified as held for sale during the reporting period. Council owns multiple land sites which are not currently used for administrative, community or particular purposes. This land may be sold or exchanged from time to time as council determines. However, these parcels are not exclusively held for sale and are recorded within the land asset class. There was no land held specifically for sale as at June 30, 2015.

(d) Buildings - (level 2 and 3)

The fair value of buildings were determined by independent valuers.

Knight Frank (Craig Stack FAPI MDIA Registered Valuer (Qld) no.1632) valued level 2 buildings, which are those where an equivalent market value was the appropriate valuation technique. For these buildings the most significant inputs were estimated net rental per square metre and the associated capitalisation rate, valued at the highest and best use. Other inputs into this valuation approach were the sales prices of comparable properties after adjusting for differences in key attributes such as property size. Where a market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. For this exercise council applied comparable land values from this revaluation for equivalent land only valuations. Valuations on these buildings did not change in 2015 as council determined that the market has not materially changed. An impairment was recorded for the Civic Centre where council will be substantially vacating the premises in the next year and moving to Walker Street, impacting the valuation parameters for fair value.

All other buildings were deemed of specialist nature with no active market or were placed on reserve land; valued at current replacement value less obsolescence by Michael Puntill from Aecom (RPEQ No.11865), effective as at 28 February 2014. The comparative basis is a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values were derived by Aecom using their professional judgement, appropriate benchmarks, industry standard cost guides such as Rawlinson's (Australian Construction Handbook) plus their proprietary databases such as Townsville tender price index. For specialist usage buildings, by definition, there is no depth of market and the net current value of a building asset is the gross current value less straight line accumulated depreciation to reflect the consumed or expired service potential of the asset. The weighted average cost of construction used to calculate the gross current value of council's buildings and structures, including pools, lagoons, other specialist structures while excluding car parks and small structures under 50 sqm, is \$2483/sqm. A review of various inputs resulted in no change to these values as at 30 June 2015.

In determining the level of accumulated depreciation the assets are disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. For this financial year, no residual amounts were applied to buildings.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair
Condition rating (remaining useful life)	1-5	Higher the condition rating, the lower the fair value.
Residual value	\$0	No buildings have residual values

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(e) Infrastructure assets - (level 3)

Infrastructure assets comprise major fixed plant, pipe networks, dams and weirs, land improvements and the transport network asset classes.

All council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset. Technical obsolescence was also included as a discount factor with the differing service potential between a modern replacement asset and the asset *in situ* being a determinant in assigning value. Where valuation is based on visual external inspection and where that inspection cannot reasonably determine the interior condition of the asset (which may require non-destructive testing or invasive inspection techniques and not be cost justified), the date of installation of the asset is a factor in determining remaining life.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" top down assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. Elements of original cost that may not be included in CRC include stamp duty, capitalised interest, buy outs of leases or other legislative or legal impediments to access the site where the asset is constructed. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

(e)(i) Transport network - calculation of current replacement cost - (level 3)

Roads

Current replacement cost

Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. All roads are managed in sections, generally assigned as intersection to intersection, but varying to meet engineering requirements. All road sections are then componentised into formation, pavement, surface, kerbs and footpaths (where applicable). Pathways, road furniture, lights and car parks are not segmented. Council assumes that environmental factors such as soil type, climate and topography are consistent across each section. Council also assumes a section is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC for road sections is calculated by reference to asset linear and area specifications, then applying rates based road profiles established by the Roads and Transport Alliance Valuation Project, a joint initiative by Local Government Association of Queensland and the Queensland Government, of which both council and the valuer are members. These rates are then modified by taking into account costs that apply to council such as equipment hire and usage rates, variations in employee wage rates, contractor cost indices and the local environment. Generally Townsville ground conditions are described as wet and reactive, which lessens the economic life and can increase the cost of road construction. The cost difference is less once the road formation has been constructed. Road condition is based on laser camera road surface cracking indexes, used also to extrapolate the condition of the underlying pavement. Pavement and spray seal surfaces are componentised to reflect the different life of cost elements within each. These components are attached to individual road rates for each road profile and vary according to road hierarchy, surface composition and actual reuse of road material. A roads' condition can vary markedly when an adverse weather event occurs, causing moisture to enter the pavement structure and reducing the service potential of the road section components to varying degrees. CRC for other transport network elements is serviced from extracts from these rates or management estimates based on current construction costs - these elements reflect a small portion of overall transport network value.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Roads - continued

The last full valuation of road infrastructure was undertaken effective 30 June 2015, determined by independent valuations performed by Lemmah Pty Ltd (Graham John Jordan RPEQ No.3305). This was a review of rates and condition and included laser camera cracking survey. The condition assessment of the road surface is a combination of cracking analysis and the time expired since the commissioning. For roads where the exact date of commissioning is unknown, an adjustment to remaining life may be made based on actual experience of road surface replacement capital expenditure.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives. Depreciation is calculated on a straight line basis, reflecting the utility to users of the service potential over the life of the road. Usage is determined by a mix of date constructed and a condition matrix based on laser camera derived cracking scores.

Estimated useful lives and residual values are disclosed in Note 7.

Bridges

Current replacement cost

A full valuation of bridges assets was undertaken in 2012. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads. Valuation in this financial year is based on management estimates of the 2012 rates adjusted for current construction costs, Roads Alliance rates and index data.

Accumulated depreciation

In determining the level of accumulated depreciation, bridges were disaggregated into significant components which exhibited different useful lives. Depreciation is calculated on a straight line basis, reflecting the utility to users of the service potential over the life of the bridge.

(e)(ii) Pipe Networks - water, wastewater and stormwater - (level 3)

Current replacement cost

Pipe network assets are split into over 400,000 individual components of varying length and function. Generally for pipes below 100mm in size, fittings are included in the pipe revaluation rates but fittings, valves and flow meters are listed separately for larger pipe sizes. Culverts in the stormwater system are generally characterised as bridges if that is their function. Key valuation data are usage, material, depth, length and size. Secondary factors include ground conditions, construction cost indexes such as Rawlinson's, and local contractor cost data. Generally a standardised rate reflecting current best practice and materials is used. Limitations on access caused by location or methodology are not incorporated into standardised rates. Many elements of wastewater and limited elements of stormwater pipes may be relined at the end of their useful life, extending the economic life to a high percentage of the original life. Pipes that may be relined are componentised into the appropriate life. Water pipes are not relined nor subject to CCTV inspections. CCTV inspection data currently does not cover a statistically significant portion of the pipe network each year, accordingly condition data derived from the CCTV images is not applied to remaining life for the network.

The valuation process, for pipes revalued as at 1 June 2015, was performed as follows:

Stormwater pipe network assets were revalued at their depreciated replacement cost based on independent valuations performed by Lemmah Pty Ltd (Graham John Jordan RPEQ No.3305). 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.

Water and Wastewater pipe network assets were revalued at their depreciated replacement cost based on assessments performed by Northern Water Management Pty Ltd (J Ballard RPEQ No.6854). The process incorporates the determination of unit rates by reference to data contained in Rawlinson's Australian Construction Handbook plus an assessment of council's internal and external costings.

Estimated useful lives and residual values are disclosed in Note 7. The remaining useful life was calculated on an age of installation basis.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(e)(iii) Landfills - (level 3)

Current replacement cost

Waste landfill cell restoration provision fair values were determined by council engineers effective 30 June 2015. New landfill cells are recorded at cost for recently completed cells, then have an index applied for subsequent periods. The principal element of landfill costs is the restoration cost provision at the end of the cells economic life. Long lived cells which are in the restoration phase do not have a cell construction cost applied to them. Periodically new site plans are prepared which may be able to utilise an existing cell for an extended period of time. In such cases only the incremental landfill cell cost is recorded at fair value.

Accumulated depreciation

Accumulated depreciation was determined through assessment of the remaining life for each landfill cell, allocated on a straight line basis.

(e)(iv) Major fixed plant, dams and weirs - comprising treatment plants and pump stations plus some coastal assets - (level 3)

Current replacement cost

All assets, including treatment plants, dams, weirs and pump stations, excluding pipelines, were valued as at 28 February 2014 at their respective depreciated replacement cost determined by independent valuations performed by Michael Puntill from Aecom (RPEQ No.11865). Where a market value existed, this was used to determine fair value. These valuations were applied at 30 June 2015 as it was determined there had been no material change in values in the intervening period.

Council has a range of water and wastewater treatment plants, plus a significant number of water, wastewater and stormwater pump stations. There are other structures such as tide gates. In 2014, all major fixed plant assets were physically inspected by the valuer Aecom and their condition determined on a 1-5 scale by external inspection. Photos and GPS data were recorded for each asset. Valuations were determined on a top down, greenfield model for all the assets in this class. In some cases recent construction data (e.g. Mt St John Wastewater Treatment Plant, Northern Water Treatment Plant) and Bill of Material costs were used as prime data to inform the valuation, including specialised indexes such as Aecom's proprietary tender price index for Townsville. In other cases, such as Douglas Water Treatment Plant, comparative construction costs for similar plants in southern parts of Australia were used as reference costs. Adjustments were made for local costs and conditions. Discounts were applied to modern plant replacements to allow for differentials in service potential to the *in situ* plant as appropriate. Dam construction was based on original plans converted to current construction costs. Various assets are componentised into separate elements if the useful lives differ. The main element here is the rock used to construct dam walls and levee banks, which does not depreciate. Earthworks at reservoirs are also not depreciated.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(e)(iv) Major fixed plant, dams and weirs (level 3) - continued

AECOM's cost models were derived from the following sources:

- AECOM database
- Schedule rates for construction of asset or similar assets
- Cost curves derived by AECOM
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's Rates for building and construction
- Suppliers' quotations.

Factors taken into account in determining replacement costs included:

Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).

Soil factors - the types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

Valuation unit rates (replacement costs) of equipment were increased to allow for construction and installation, project overheads including survey, environmental and investigation costs, engineering design, planning and project management, and permit and license requirements.

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection and an assessment to determine remaining useful life. Assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition rating and description	Description explanation	Remaining useful life %
1. As new/ excellent	Asset "as new"	95% of useful life
2. Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3. Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4. Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5. Unserviceable	Asset is not functioning/ needs immediate attention.	0% of useful life

(e)(v) Land improvements - (level 3)

Land improvements were valued at current replacement value less obsolescence by Michael Puntill from Aecom (RPEQ No.11865), effective as at 28 February 2014. The comparative basis is a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values were derived by Aecom using their professional judgement, appropriate benchmarks, industry standard cost guides such as Rawlinson's (Australian Construction Handbook) plus their proprietary databases such as Townsville tender price index. It has been determined that there have been no material change in value in the intervening period.

TOWNSVILLE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(f) Other assets (cultural and heritage) - (level 3)

This asset group comprises art works held in galleries and public art. Art works in galleries are often donated and, as a public gallery, may never be disposed of unless damaged or destroyed by natural disasters. A full valuation of all artworks was performed as at 30 June 2015.

(g) Changes in fair value measurements using significant unobservable inputs - (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 7 (property, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Townsville City Council

Report on the Financial Report

I have audited the accompanying financial report of Townsville City Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Townsville City Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



JF Welsh FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

TOWNSVILLE CITY COUNCIL CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Measures of financial sustainability

Council's performance at 30 June 2015 against key financial ratios and targets:

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
How the measure is calculated	Net result (excluding capital items) divided by total operating revenue (excluding capital items)*	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Total liabilities less current assets divided by total operating revenue (excluding capital items)
Target	Between 0% and 10%	greater than 90%	not greater than 60%
Actual	2%	88%	77%

Note 1 Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on accrual basis and are drawn from council's audited general purpose financial statements for the year ended 30 June 2015.

* Operating surplus ratio has been calculated from the Statement of Comprehensive Income, with details on capital revenue and capital expenditure to be excluded derived from note 2 and 3 respectively

CERTIFICATE OF ACCURACY FOR THE YEAR ENDED 30 JUNE 2015

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

Mayor

Dated this



22nd

day of **OCTOBER** 2015

Chief Executive Officer

Dated this



22nd

day of **OCTOBER** 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Townsville City Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Townsville City Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Townsville City Council, for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



JF Welsh FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

TOWNSVILLE CITY COUNCIL LONG TERM FINANCIAL SUSTAINABILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Measures of financial sustainability		Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
How the measure is calculated		Net result divided by total operating revenue	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Total liabilities less current assets divided by total operating revenue
Target		Between 0% and 10%	greater than 90%	not greater than 60%
Actual	30-Jun-15	2%	88%	77%
Projected for the years ended	30-Jun-16	0%	96%	95%
	30-Jun-17	1%	76%	90%
	30-Jun-18	1%	76%	85%
	30-Jun-19	1%	76%	77%
	30-Jun-20	1%	76%	69%
	30-Jun-21	1%	101%	70%
	30-Jun-22	1%	76%	67%
	30-Jun-23	1%	110%	66%
	30-Jun-24	1%	105%	68%

Financial management strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community’s current and future needs.

CERTIFICATE OF ACCURACY FOR THE LONG TERM FINANCIAL SUSTAINABILITY STATEMENT PREPARED AS AT 30 JUNE 2015

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012 (the regulation)*.

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor 

Dated this 22nd day of OCTOBER 2015

Chief Executive Officer 

Dated this 22nd day of SEPTEMBER 2015

Global Reporting Initiative (GRI)

Reading this Index

The Global Reporting Initiative (GRI) is a non-profit organisation that works towards a sustainable global economy by providing sustainability reporting guidance. The Framework enables organisations to measure and report their economic, environmental, social and governance performance. The GRI Index is included in this Annual Report as a list of indicators that demonstrates council's sustainability practices, each indicator with a page reference to demonstrate where in the report the relevant data can be located. Some GRI Indicators are not relevant to our organisation as this is a framework used by organisations of all sizes and sectors. This is council's third year to use the GRI framework of which we endeavour to continue using as sustainability issues are of great importance to our community. Corporate Performance Management System (CPM) has been used by council to report on council performance.

GRI Application Levels

Application Levels show the extent to which GRI's Framework has been applied in a sustainability report. They communicate which disclosure items from the Sustainability Reporting Guidelines or Sector Supplements have been addressed. A report's Application Level is self-declared by the reporting organisation. There are three Application Levels: A, B and C. When a '+' is added to the Application Level it shows that a report has been externally assured. Application Level A represents the largest number of GRI disclosure items that can be addressed in a report, and Level C the smallest. This Report meets the requirement of Application Level C.

Report Application Level	C	C+	B	B+	A	A
Standard Disclosures	 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	 Disclosures on Management Approach	Not Required	Report Externally Assured Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
	 Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**	Report Externally Assured Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***	Report Externally Assured	Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured
<p>* Sector supplement in final version ** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines *** Performance Indicators may be selected from any finalized Sector Supplement but 14 of the 20 must be from the original GRI Guidelines</p>						

GRI content table

Disclosure		Cross Reference/ Comment
Profile		
1	Strategy and Analysis	
1.1	Statement from the most senior decision-maker of the organisation.	10
2	Organisational Profile	
2.1	Name of the organisation.	Throughout the report
2.2	Primary brands, products, and/or services.	14, 18- 19
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	6-7, 20-23
2.4	Location of organisation's headquarters.	172
2.5	Number of countries in which the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	6-7, 20-23
2.6	Nature of ownership and legal form.	10-11, 20-23
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	7,22-31
2.8	Scale of the reporting organisation.	40-41
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3	Report Parameter	
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3.2	Date of most recent previous report (if any).	Annual Report 2014/15
3.3	Reporting cycle (annual, biennial, etc.)	1, 4
3.4	Contact point for questions regarding the report or its contents.	220
3.5	Process for defining report content.	40-41
3.6	Boundary of the report e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers	6-7, 20-23
3.7	State any specific limitations on the scope or boundary of the report.	1, 4, 40-41
3.9	Data measurement techniques	8,15,66-67, 78-79,102-103,126-127
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Definition change
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	8,66-67, 78-79,102-103,126-127
3.12	Table identifying the location of the Standard Disclosures in the report.	i-iv

Disclosure		Cross Reference/ Comment
Profile		
4	Governance, Commitments and Engagement	
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	10-11, 20-25
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	The Mayor is not an Executive Officer
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Not Relevant to TCC
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	20-25,33
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	27-29, 40-41
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	25,144
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	27-29
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	3, 32, 108
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	40-41, 108
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Throughout the report
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	106-118
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	70,130, 143,145
4.14	List of stakeholder groups engaged by the organisation.	53,69,81,105, Back cover
4.15	Basis for identification and selection of stakeholders with whom to engage.	53,56,59,69, 105,106,114
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	11,45,89,98,100, 103,116, 119-120, 124,143
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	11,45,89,98,100, 103,116, 119-120, 124,143

Disclosure		Cross Reference/ Comment
Performance Indicators		
Economic		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial Report
EC2	Financial Implications and other risks and opportunities for the organisation's activities due to climate change.	25,70-73, 75
EC3	Coverage of the organisation's defined benefit plan obligations.	Financial Report
EC4	Significant financial assistance received from government.	Financial Report
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	59,97,100,116, 160,42 of Financial Statements
Environmental		
EN2	Percentage of materials used that are recycled.	47
EN3	Direct energy consumption by primary energy source.	74,141
EN4	Indirect energy consumption by primary source.	74,141
EN5	Energy saved due to conservation and efficiency improvements.	70,76-77, 78-79
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	70-79
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	70-79
EN8	Total water withdrawal by source.	64,139
EN10	Percentage and total volume of water recycled and reused.	47, 78-79
EN13	Habitats protected or restored.	70-77
EN18	Initiatives to reduce greenhouse gas emissions, including the areas where the initiatives were implemented.	70,77,78-79,130,131
EN22	Total weight of waste by type and disposal method.	47
EN23	Total number and volume of significant spills.	75
EN24	Weight of treated waste.	47
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	47,70-79
Social: Labour		
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	30-31
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	30-31,32
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	32,122-123
LA4	Percentage of employees covered by collective bargaining agreements.	30-32

Disclosure		Cross Reference/ Comment
Performance Indicators		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	30-32
LA7	Rates of injury and lost days.	122
LA12	Percentage of employees receiving regular performance and career development reviews.	33
Social: Human Rights		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	TCC does not engage in forced or compulsory labour
Social: Community		
S01	Managing impacts on Communities	Throughout the report
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Throughout the report
Social: Society		
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	TCC does not receive funds from political parties
Social: Responsibility		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	122, 124-125
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Throughout the report

Glossary

Accrual Accounting	The accounting basis that brings items to account as they are earned or incurred (and not as cash received or paid) and recognises them in financial statements for the related accounting period.
Annual Budget	A statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.
Annual Financial Statements	The Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement prepared in accordance with Australian Accounting Standards together with the notes and certification statements.
Asset	Resources controlled by an entity, the value of which can be reliably measured and from which future economic benefits are expected to flow to the entity.
Australian Accounting Standards	Accounting Standards issued by the Australian Accounting Standards Board that are equivalent to standards issued by the International Accounting Standards Board. These standards are binding on Queensland Councils and all other bodies established pursuant to the Local Government Act.
Balance Sheet	A quantitative summary of council's financial position at 30 June, including assets, liabilities and net equity.
Cash Flow Statement	Reports all cash movements during the financial year. Cash movements consist of cash inflows (receipts/proceeds) less cash outflows (payments).
Community	A group of people living in the same locality and under the same government. Can be extended to include those who visit, work or recreate within the locality.
Community Engagement	The process of working collaboratively with and through groups of people affiliated by Geographical proximity, special interest, or similar situations, to address issues affecting the wellbeing of those people. The levels of engagement are informed, consult, involve, collaborate and empower.
Community Plan	Council's 10 year strategic document identifying community needs articulating council's and the community's long term vision, aspirations and priorities for the city.
Community Report Card	A snapshot of what we've delivered and gives you some basic facts and figures to help understand the overall performance.
Corporate Plan	Council's principal long term planning document which identifies the issues and priorities for council over the next 5 years and beyond and which other council plans, strategies, policies and processes are created.
Councillors	Elected representatives of council who serve a 4 year term.
Depreciation	The value of the assets of a council consumed and systematically allocated as an expense to a particular reporting period.
Global Initiative Reporting (GRI)	Not-for-Profit organisation that produces sustainability reporting standard guidance for all organisations.
Goal	Desired result or achievement toward which effort using strategies and resources is directed.
Governance	The process by which decisions are taken and implemented, organisations are controlled and managed to achieve their objectives, and the process by which organisations are directed reviewed and held to account.
Income Statement	Identifies all revenues earned and expenses incurred during the financial year.
Indicators	Indicators define what will be measured to show we are meeting our objectives.
Local Government Act	The principal legislation which provides the legal framework for Queensland's local government sector.

Local Laws	Those laws under the jurisdiction of the Council and enforced by City Staff and/or Police.
Operational Plan	A document with a one-year outlook, which outlines the key activities to be undertaken to achieve the desired outcomes set out in the Corporate Plan. This is a legislative requirement.
Outcome	The effect, end result, consequence following strategies, policies, services or activities used.
Performance Monitoring	Continuous or periodic quantitative assessments of the actual performance compared with specific objectives, targets and standards.
Risk Management	The process of identifying, evaluating and controlling risk via the method outlined in the Principles and Guidelines AS/NZS ISO 31000:2009, Standards Australia.
Statement of Cash Flows	A financial statement showing the inflows and outflows of cash and cash equivalents of an organisation during a reporting period. Cash flows are classified as Operating, Investing and/or Financing activities.
Statement of Changes in Equity	A financial statement included in the Annual Financial Statements that shows changes in an organisation's equity between two reporting dates and reflects the increase or decrease in net assets during the period.
Statement of Comprehensive Income	A financial statement included in the Annual Financial Statements that shows all revenue and operating expenses in the reporting period. It highlights the operating surplus/deficit result, being the extent to which revenue is sufficient or insufficient to fund the cost of services.
Statement of Financial Position	A financial statement showing the Assets, Liabilities and Equity of an organisation at the end of a reporting period (30 June).
Vision	A statement that embraces the desired future the organisation is working towards.

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Contact us

This document contains important information about the Townsville City Council and Townsville City. If you would like further assistance or information on a service or council facility, please contact us:

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As part of council's commitment to environmental sustainability, council continues not to print copies of the Annual Report. The report is available online at www.townsville.qld.gov.au and may be downloaded at any of council's library branches.

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- Tourism Queensland
- Townsville Airports Limited
- Townsville Enterprise Limited
- Volunteering North Queensland