



2008/2009
TOWNSVILLE CITY COUNCIL
ANNUAL REPORT

OUR JOURNEY
a new city with a bright future

TABLE of CONTENTS

Our Journey

INTRODUCTION <i>and</i> OBJECTIVES	1
FEEDBACK.....	1
SECTION 1	3
OVERVIEW	4
STRATEGIC DIRECTION.....	5
Goal 1 » Economic Sustainability	5
Goal 2 » Environmental Sustainability.....	5
Goal 3 » Social Sustainability.....	5
Goal 4 » Responsible Governance	5
SCOPE <i>of</i> BUSINESS	6
Community and Environmental Services Division	6
Water and Asset Planning Division	6
Infrastructure Services Division	7
Planning and Economic Development.....	7
Corporate Services Division	8
VISION, MISSION, PRINCIPLES	9
COMMUNITY SATISFACTION	10
SECTION 2 » WITH A CLEAR VISION	13
CITY OF TOWNSVILLE DEMOGRAPHICS	14
Population and housing	14
Indigenous population	14
Labour force status	15
Age population of Townsville.....	16
Population projections.....	16
SECTION 3 » THROUGHOUT A SUCCESSFUL YEAR	17
THE YEAR <i>in</i> REVIEW.....	18
Corporate Services Division Achievements.....	18
Water and Asset Planning Division Achievements	18
Infrastructure Services Division Achievements	19
Community and Environmental Services Division Achievements	19
Planning and Economic Development Division Achievements.....	19
KEY PROJECTS <i>at a</i> GLANCE.....	20
COMMUNITY FINANCIAL REPORT.....	21
Introduction	21
Simplified Income Statement	22
Simplified Balance Sheet	22
Operating Revenue	23
Operating Expenses	24
Community Infrastructure	25
Financial sustainability indicators	26
SECTION 4 » TO IMPROVE COMMUNITY RELATIONS	27
REPORT <i>from the</i> MAYOR.....	28
REPORT <i>from the</i> CEO	29

SECTION 5 » THROUGH AMALGAMATION, CULTURE AND CHANGE	31
AMALGAMATION, CULTURE <i>and</i> CHANGE.....	32
Our community.....	32
Our staff.....	32
SECTION 6 » OF RENEWED STRENGTH	35
TOWNSVILLE CITY COUNCILLORS	36
TOWNSVILLE CITY COUNCIL COMMITTEES.....	38
COUNCILLOR ATTENDANCE RECORDS	39
COUNCILLOR REMUNERATION <i>and</i> SUPERANNUATION.....	40
COUNCILLOR EXPENSES.....	42
CODE <i>of</i> CONDUCT.....	42
EXECUTIVE STRUCTURE.....	43
EXECUTIVE TEAM PROFILES.....	44
HUMAN RESOURCES.....	47
OTHER STATUTORY REQUIREMENTS	48
SECTION 7 » TO STREAMLINE OUR BUSINESS	53
BUSINESS UNIT CODE <i>of</i> COMPETITIVE CONDUCT	54
TOWNSVILLE WATER.....	55
WASTE SERVICES.....	56
SECTION 8 » FINANCIAL STATEMENTS	57
INDEX.....	58
MANAGEMENT CERTIFICATE	59
INCOME STATEMENT	60
BALANCE SHEET.....	61
STATEMENT OF CHANGES IN EQUITY	62
CASH FLOW STATEMENT.....	63
NOTES TO THE FINANCIAL STATEMENTS	64
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	65
APPENDICES	97
APPENDIX A » COUNCILLOR EXPENSES REIMBURSEMENT POLICY.....	98
APPENDIX B » FEEDBACK.....	103

INTRODUCTION *and* OBJECTIVES

Each year, council is required to produce an annual report to review our performance and achievements for the past financial year. Our 2008/09 Annual Report is a bit different from most annual reports, because it covers a 15½ month period from 15 March 2008 to 30 June 2009.

On 15 March 2008, Townsville City Council, Thuringowa City Council and NQ Water were amalgamated following the Report of the Local Government Reform Commission.

Within this report you will discover an overview of how we have performed and what we've achieved, an insight into our operations and financial position and our commitment to continue serving the needs of our community and stakeholders into the future.

FEEDBACK

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



SECTION 1

Our Journey

A NEW DIRECTION

OVERVIEW

Townsville, with over 180,000 residents, is the largest tropical city in Australia, the fourth largest city in Queensland, and commonly referred to as the 'capital' of North Queensland.

The city covers an area of 3,733 sq km. As a major urban coastal city, Townsville's natural landscape is diverse, ranging from cool highland rainforests and the Great Barrier Reef to the dry, open outback. The greater North Queensland region offers a diversity of natural and cultural activities and attractions to compare with the best.

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

Townsville's average annual rainfall is 1,143mm. The city has an integrated water grid connected to three independent water supply sources. As a result, Townsville does not experience the water shortage issues shared by many other communities throughout Australia.

Some of Townsville's distinguishing characteristics are highlighted below:

- » the city has one of the largest population growth areas in Queensland
- » employment is significantly stronger than the national and state averages
- » Townsville has one of the busiest hospitals in Queensland
- » Townsville has the third busiest port in Queensland
- » economic growth in the city is significantly stronger than the national and state averages

- » Townsville is home to a major defence force base
- » internationally recognised James Cook university is based in the city
- » Townsville's large airport is used commercially and by the defence forces
- » the city features a strong industry presence
- » Townsville has status as a service and administrative centre for North Queensland
- » Townsville is the north's centre for all main road and rail networks
- » the city forms the basin for the Ross River catchment area
- » Townsville experiences a dry tropical climate with distinct wet and dry seasons
- » Townsville is located within the Great Barrier Reef World Heritage Area.

Within this context, significant development over the next 20 years is expected with respect to residential, commercial and industrial property. Townsville combines a booming and balanced economy with an enviable lifestyle. The city has affordable and diverse housing options with growing community infrastructure and is an attractive holiday destination for tourists.

STRATEGIC DIRECTION

To allow Townsville City Council to achieve the outcomes of economic, social and environmental sustainability and responsible governance, the following strategies have been developed and included as part of council's 2009 – 2014 Corporate Plan. This Corporate Plan was adopted by council in March 2009.

Goal 1 » Economic Sustainability

- » A robust, prosperous economy which provides opportunities for business and investment.
- » An integrated approach to city and regional planning, infrastructure provision and service networks which support a growing city.
- » An attractive place to live which encourages a diversity of business investment, development and employment opportunities.
- » Infrastructure that meets community needs.

Goal 2 » Environmental Sustainability

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

Goal 3 » Social Sustainability

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

Goal 4 » Responsible Governance

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

SCOPE of BUSINESS

Townsville City Council is a local government authority duly constituted pursuant to the provision of the *Local Government Act 1993*.

The council performs functions of local government set out in the *Local Government Act 1993* and is charged with the good rule and government of its local authority area. The following outlines the responsibilities of each of the council's divisions and departments, based on the organisational structure of the council as at 30 June 2009.

Community and Environmental Services Division

Community and Environmental Services is council's largest and most diverse division. This area is responsible for the community-based services and facilities of council's programs, liaison with relevant government departments and community organisations, public health services, waste management, parks and streetscape development and broader environmental issues.

» **Parks Services** is responsible for the development, provision and maintenance of Townsville's magnificent public parks, gardens and off-road bikeways that provide a range of recreational and sporting opportunities for both residents and visitors.

» **Environmental Health Services** manages all aspects relating to environmental health within the community. The department encompasses Regulatory Services, such as animal management and parking and Environmental Health, such as food safety and mosquito management.

» **Community Planning and Services** identifies the need for, plans the development of, and sources funding for community, sport, recreation and arts infrastructure.

» **Integrated Sustainability Services** is responsible to council for researching and collating integrated environmental management and advising council on implementation.

» **Customer Service's** mission is to help you find the answer and solutions to all of your questions. The Customer Service Centre aims to answer the majority of your council queries at the first point of contact.

» **Waste Services** provides a waste collection service, including recycling and disposal, from all domestic premises. The unit also operates a commercial refuse collection service.

» **Library Services** provides three public libraries throughout the city, a mobile service and a variety of programs, services and events for the community.

» **Community Venues** is responsible for managing the use and overseeing the operation of the variety of hireable sport and recreation orientated community facilities that exist across the city.

Water and Asset Planning Division

» **Water Management** is responsible for providing reliable and environmentally sustainable water and wastewater services to the local community.

» **Fleet Services** is an internal service provider with the objective of hiring major and minor plant and motor vehicles and provide mechanical services to council businesses and departments in an efficient and cost effective manner.

» **Infrastructure Planning** ensures required capital works for the city are identified and forecast years in advance. The unit is responsible for developing a coordinated approach to infrastructure planning across council, while carrying out actual infrastructure planning for services relating to water supply, sewerage, effluent re-use, as well as roads and drainage.

» **Asset Management** is responsible for the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required levels of services in the most cost effective manner.

Infrastructure Services Division

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

» **Construction and Maintenance** is responsible for managing the city's local roads and drainage infrastructure.

» **Technical Services** is responsible for assets donated through development, survey and design of the capital works program, infrastructure enquiry services, allocation of reactive works, investigation and solution of technical enquiries and emergency management.

» **Property Services** is the custodian of the majority of Townsville City Council's buildings and is responsible for all building services and maintenance. Property Services provides technical support, drafting, an in-house workshop and a graphics department.

» **Major Projects** is responsible for the planning and delivery of large, high profile projects within Townsville City Council and the development and management of a council wide project management methodology.

Planning and Economic Development

Planning and Economic Development seeks to enhance the social and economic well-being of the community, creating a quality environment for the people of Townsville through the management of the use of, and development of, land.

» **City Planning** develops and maintains Townsville's two planning schemes and associated policies. It is responsible for preparing and implementing localised and area strategies essential to providing constructive and strategic land use planning.

» **Development Assessment** provides a proactive assessment, approval and compliance service to facilitate development throughout Townsville through the coordination of material change of use and operational works applications.

» **Economic Development and Strategic Projects** is responsible for projects and programs which ultimately develop the wealth of business and residents in Townsville. These activities range from high level intergovernmental relations, policy development and strategic planning for major infrastructure projects and precincts capacity building for industry and business at all levels.

VISION, MISSION, PRINCIPLES

Corporate Services Division

Corporate Services is the administrative arm of council, responsible for providing support for the council's customers, the Mayor, councillors and all other internal service areas and business units.

» **Knowledge Management** is an internal service provider including information services such as Geospatial Solutions (aerial photography and maps), Technology Solutions (information infrastructure), Application Solutions (software development and maintenance) and Performance and Governance (records management and audit requirements).

» **Financial Services** raises and collects revenue and pays council's bills. The department sets the rates-in-the-dollar, manages the council's property database, invests the council's cash, organises loans to pay for investments in community infrastructure, submits council's tax returns and prepares the annual financial statements. The department is also responsible for the preparation of budgets, Ten Year Financial Models and other costing and overhead models.

» **Human Resources** services the council and employees through recruitment and selection of staff, remuneration, employee relations, health, safety and wellbeing assistance.

» **Governance and Corporate Planning** is an internal service provider, supporting the implementation and monitoring of best practice governance frameworks to ensure confidence in the organisation, its actions and its decisions.

» **Corporate Communications** has a variety of functions within Townsville City Council, including marketing, media relations, special events, protocol, corporate sponsorship, maintaining the council's public website and internal communications with employees.

» **Legal Services** provides most of council's legal needs in areas including property law, planning and environment law, commercial law and, of course, local government law. The team deals extensively with members of the public, the legal profession and community organisations.

» **Change Management** partners with council departments to facilitate organisational change to culture, systems, processes, environment, technology and people by developing and delivering leadership and executive capabilities, workforce planning initiatives and business review and improvement frameworks.

In March 2009, Townsville City Council adopted its Corporate Plan 2009 – 2014, three months ahead of the schedule imposed by the Queensland Government.

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

The Corporate Plan is the document from which other council plans, strategies, policies and processes are created. The Corporate Plan also fulfils the council's statutory obligation outlined in the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

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

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

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

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

We Value »

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

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

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

COMMUNITY SATISFACTION

In April 2009, Townsville City Council became the first local government in Queensland to commission a community attitude survey following the State Government enforced amalgamations.

The Local Government Association of Queensland (LGAQ) released its 2009 Community Satisfaction Tracking Study, which correlates with the same period of time the Townsville City Council survey covers. The study provided information relevant to all councils across Queensland.

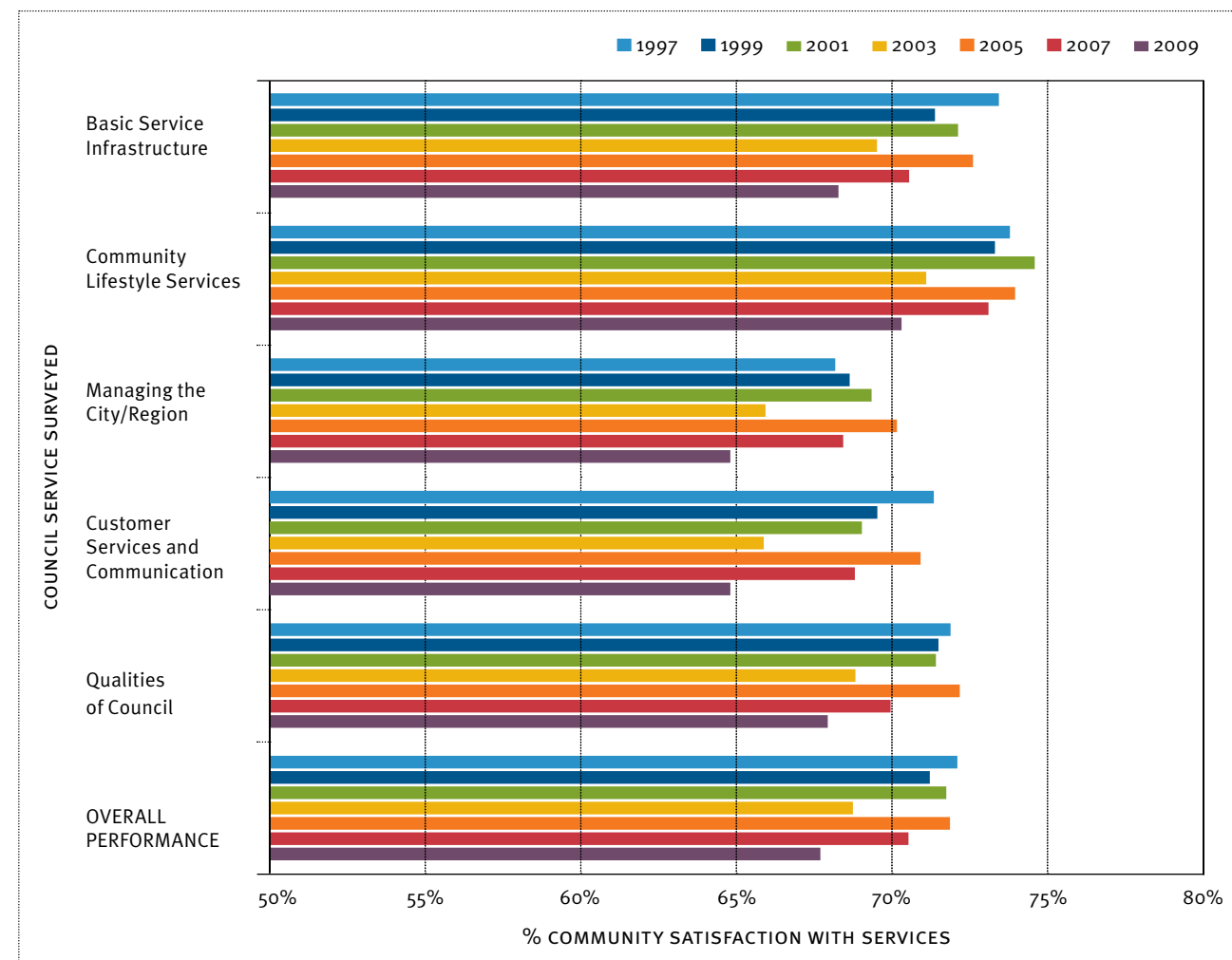
In a public statement LGAQ President, Cr Paul Bell, said amalgamated councils should not be unfairly blamed for a decline in public attitudes.

“Community attitudes to the performance of councils statewide has dropped from a high of 72 percent in 2005 to 67.8 percent this year,” Cr Bell said.

“There appears to be no doubt that amalgamated councils are suffering a backlash of community opinion, with a rating of 64.6 per cent across the state. Yet the ratings for councils which were not amalgamated, including Brisbane and the Gold Coast, went upwards,” he said.

The graph below has been extracted from the LGAQ 2009 Community Satisfaction Tracking Study and shows the average across all Queensland councils of the community’s satisfaction with services. The 2009 rating has clearly dropped in all of the areas surveyed.

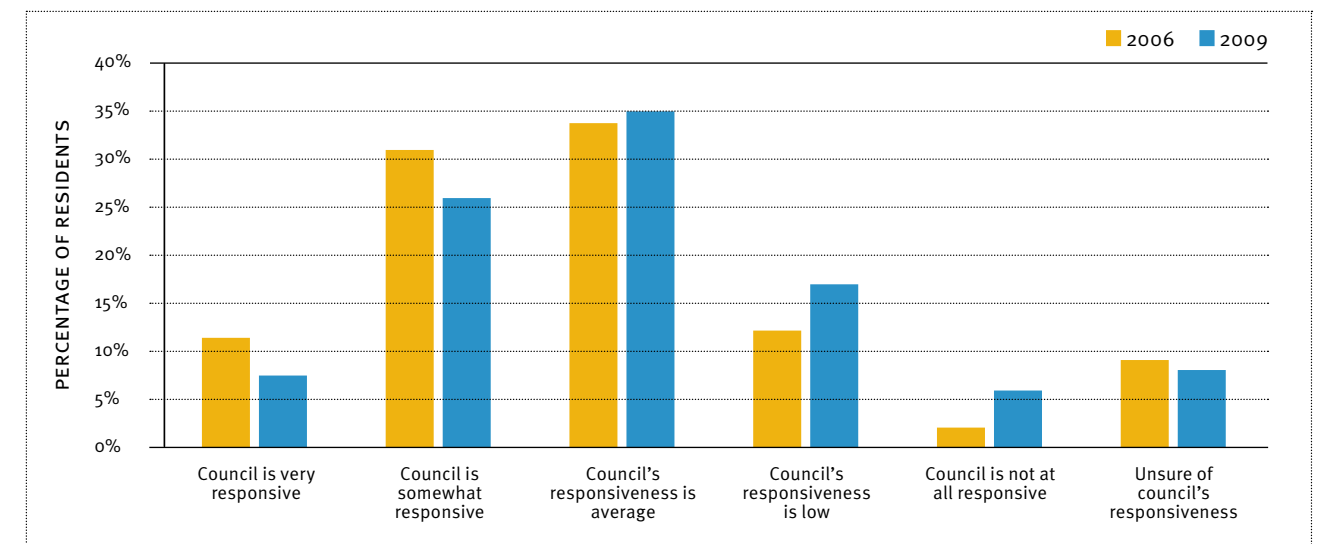
Community Attitude Survey



The following is an outline of key data obtained through the Townsville City Council’s Community Attitude Survey. The council acknowledge a drop in the level of satisfaction in various areas. It is suspected that the lower results can, in part, be attributed to the adverse effects on community perception resulting from amalgamation,

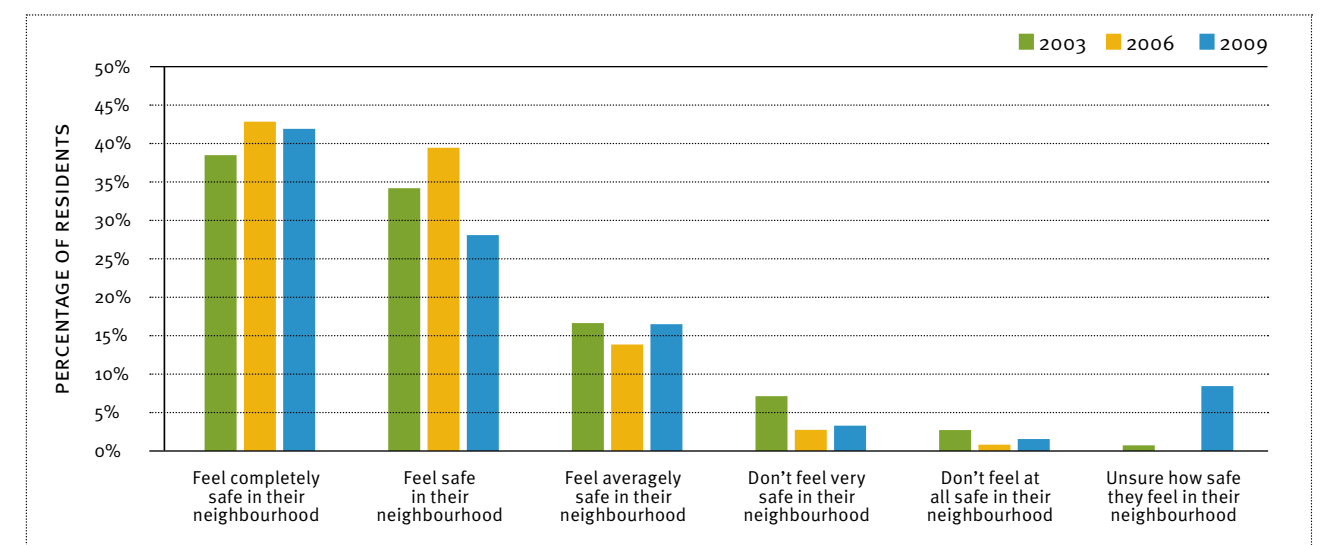
the impacts of the global financial crisis, the collapse of a major financial advising company within the city and an unusually long wet season. The council uses the results derived from the Community Attitude Survey to assist and direct the process of continual improvement in customer service.

Council’s responsiveness to concerns and issues



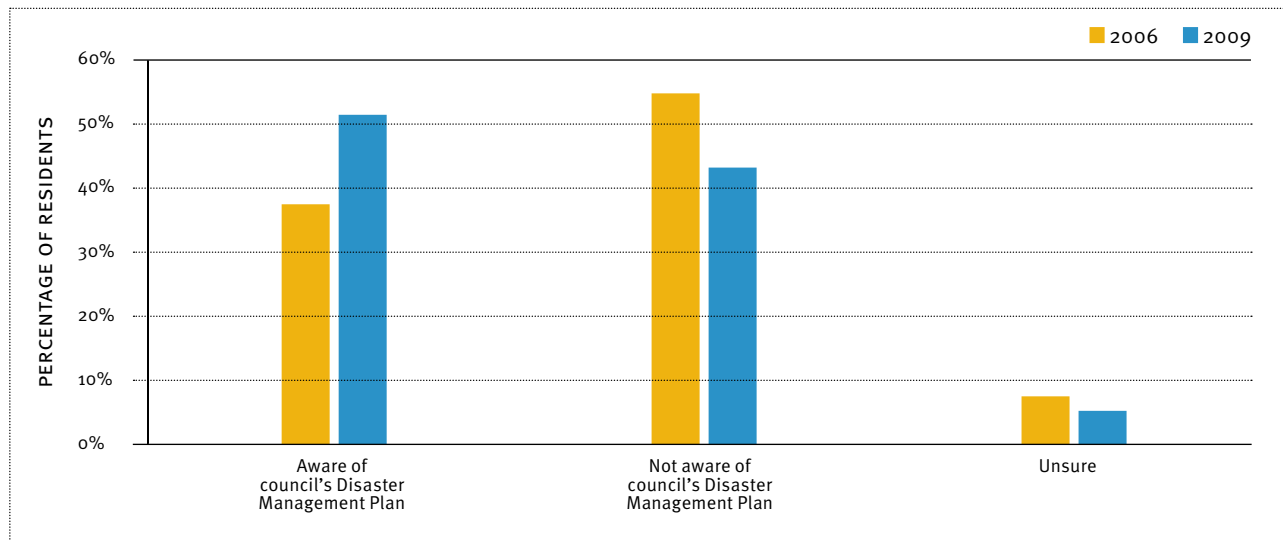
Almost 34% of survey respondents believe council is ‘very’ or ‘somewhat’ responsive to the concerns and issues of the community. This is a decline from the 2006 Townsville City Council results where 42.5% of survey respondents scored council as ‘very’ or ‘somewhat’ responsive to their concerns.

Community safety within resident’s own neighbourhood



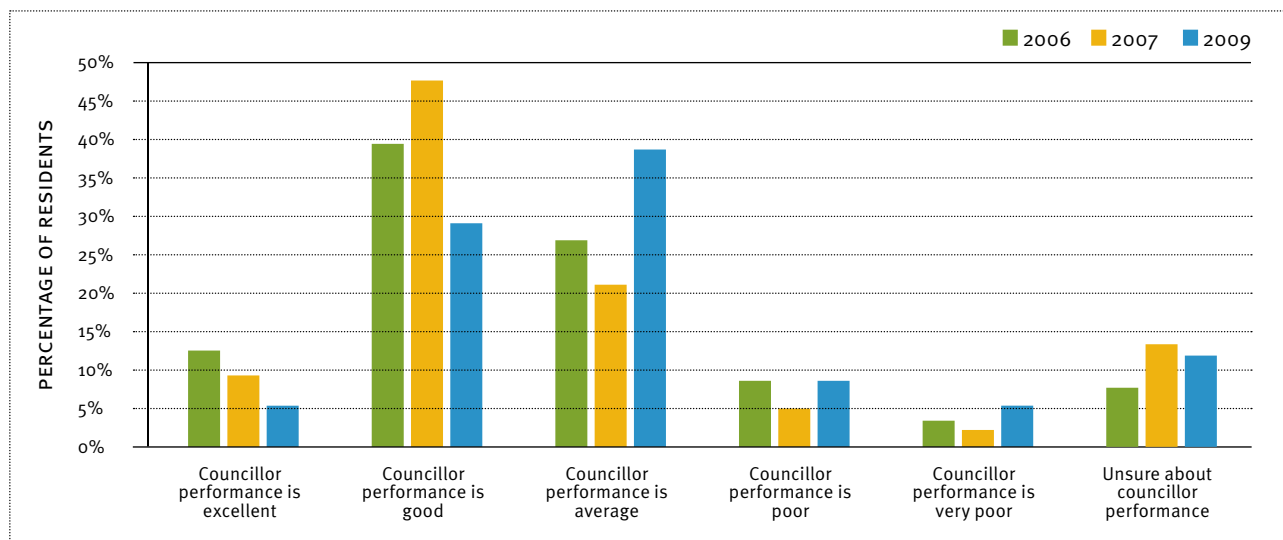
Approximately 77% of survey respondents felt ‘safe’ or ‘completely safe’ in their own neighbourhood. This is a decline from the 2006 data, in which 82% of survey respondents felt ‘safe’ or ‘completely safe’ in their own neighbourhood.

Awareness of Disaster Management Plan



Over half the people surveyed were aware of council's Disaster Management Plan (51.5%). This is an increase in awareness compared to the 2006 data (37.6%).

Performance of elected councillors



Over 73% of residents rate the overall performance of elected councillors as 'average' or better. These results are down from both the previous Townsville City data and Thuringowa City data.

SECTION 2

Our Journey

WITH A CLEAR VISION

CITY OF TOWNSVILLE DEMOGRAPHICS

With over 180,000 residents, Townsville is the largest regional city in Northern Australia, eclipsing both Darwin and Cairns in terms of population. Regional development practitioners suggest that Townsville has been, over the last 20 years, a regional development success.

As one of the fastest growing regional cities in the country, Townsville has maintained an average growth of three percent per annum over the past five years – well above the growth rate of 2.4 percent recorded for Queensland.

Growth is expected to continue at this rate into the foreseeable future. State Government projections

indicate Townsville will be the fastest growing centre in regional Queensland over the next 15 years.

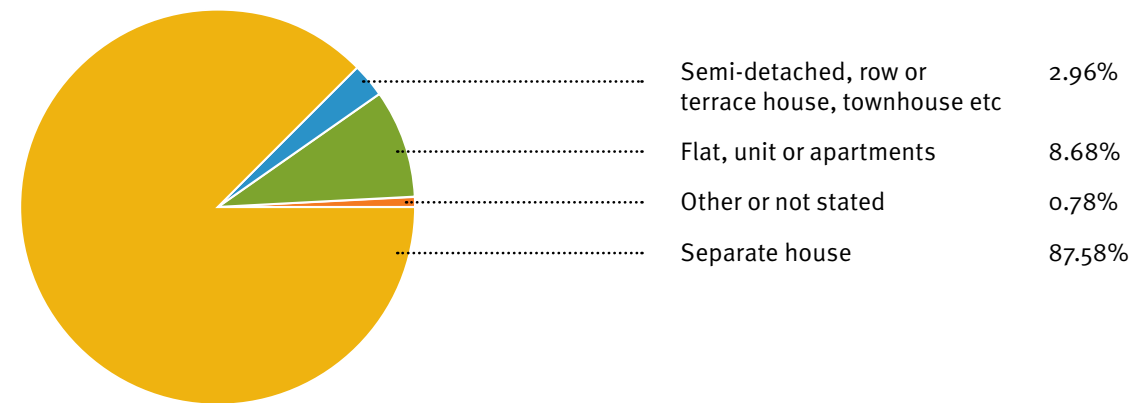
Townsville Airport features in the country's top 10 airports for month-to-month passenger activity, while the Port of Townsville exports were recorded at 4.3 million tonnes in the 2008/09 financial year.

Townsville residents still enjoy relatively affordable housing. Residential land prices average at about \$170,000 for a suburban block, and average home prices are around \$360,000.

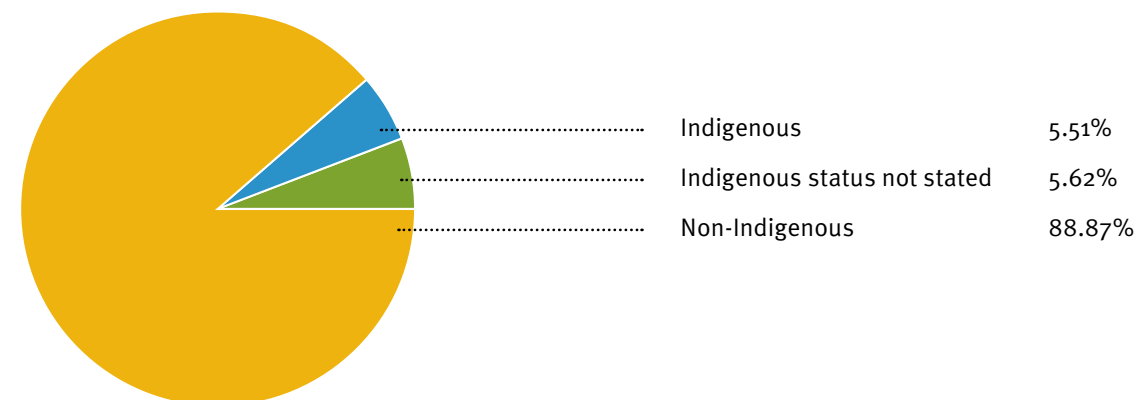
The following gives a visual representation of Townsville's population statistics.

Population and housing

Dwelling Structure

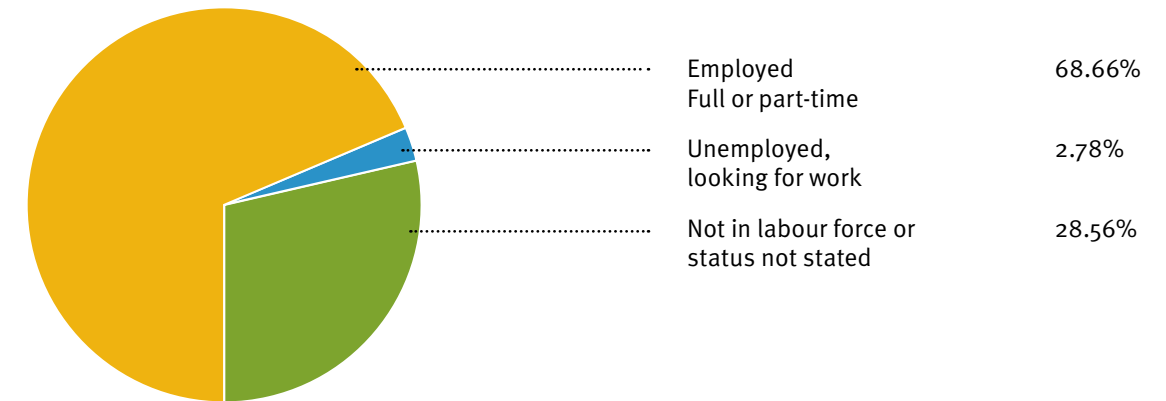


Indigenous population

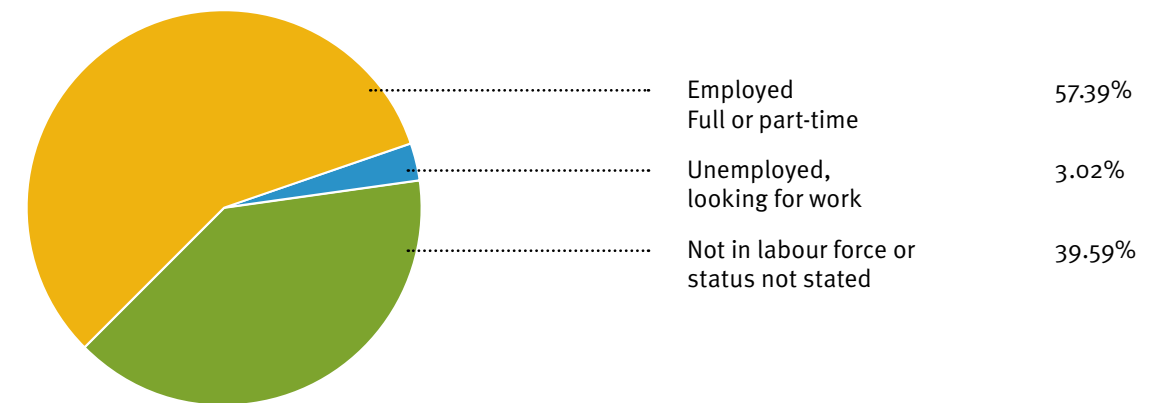


Labour force status

Total male labour force » 60,492

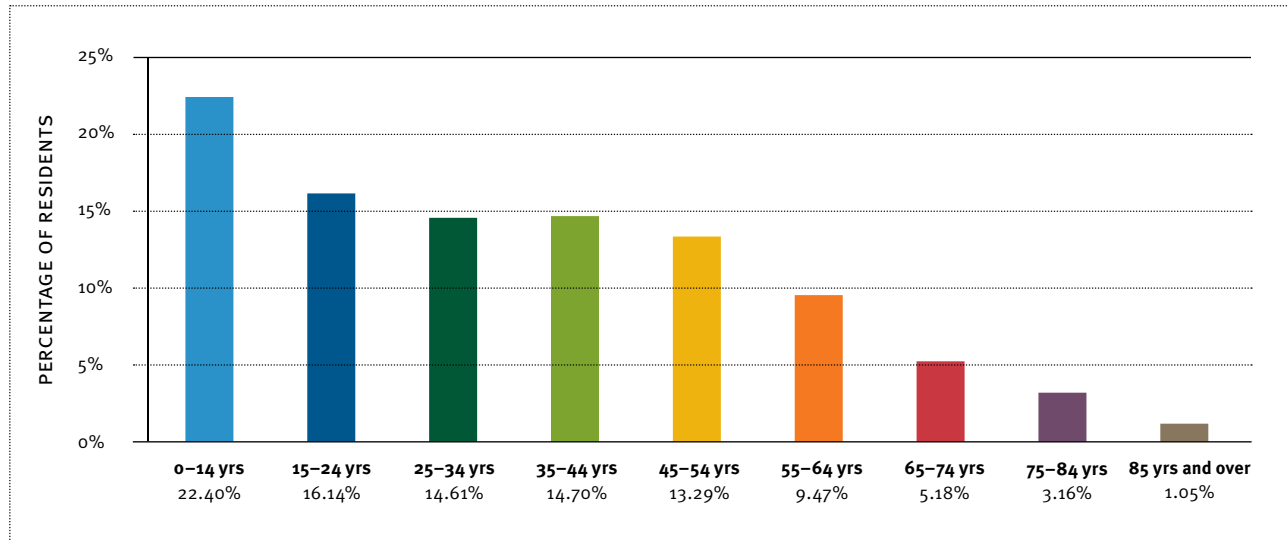


Total female labour force » 60,631



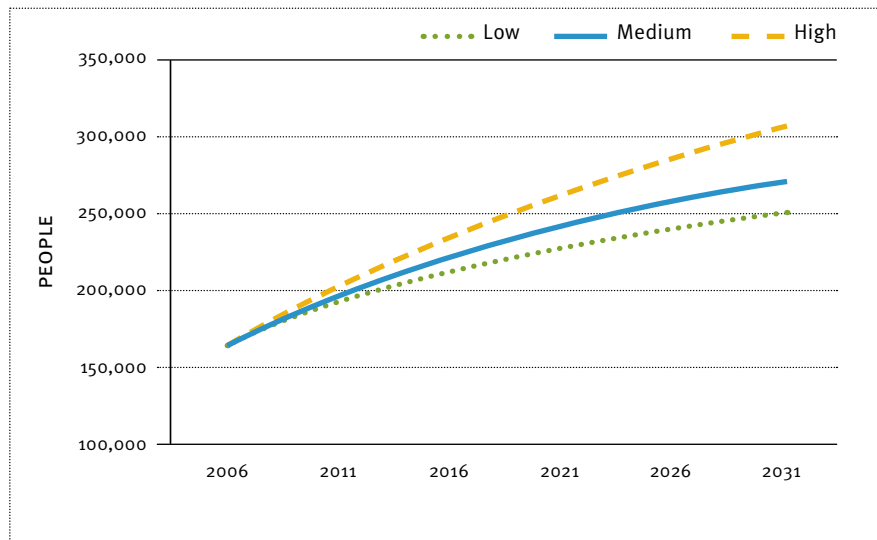
Taken from » AUSTRALIAN BUREAU OF STATISTICS 2006 Census of Population and Housing

Age population of Townsville



Taken from » AUSTRALIAN BUREAU OF STATISTICS 2006 Census of Population and Housing

Population projections



Five yrs to 30 June	Average annual change (medium series)
2011	3.0%
2016	2.7%
2021	1.8%
2026	1.3%
2031	1.1%

Taken from » Queensland Government - Population and Housing fact sheet March 2009

SECTION 3

Our Journey THROUGHOUT A SUCCESSFUL YEAR

THE YEAR *in* REVIEW

Part 8, Section 533 of the *Local Government Act 1993* requires that 'a local government's annual report also must contain an assessment of its performance in implementing its corporate and operational plans'.

According to the Queensland Government's Local Government Reform Legislation, amalgamated councils were required to adopt a new Corporate Plan by 30 June 2009.

For the majority of this financial period the amalgamated Townsville City Council operated without a Corporate Plan and, for the purposes of this report, will provide an assessment of its performance organisationally and by directorate.

Organisationally »

Townsville was one of the first amalgamated councils in Queensland to have an organisational structure in place. Council's Ten Year Capital Works Program and detailed Ten Year Financial Plan have also been developed.

We have a strong understanding of the roles and interrelationships resulting in greater cooperation between departments, and there is a concerted effort underway to develop a productive culture for our organisation with corporate communication processes enhanced.

A complete review of all council policies and delegations is nearing completion and we are currently reviewing service standards across the entire organisation.

In April 2009, we completed a community attitude survey encompassing the amalgamated local government community for the first time. Townsville City Council became the first in the State to make a submission to the Queensland Government for subsidy for its net amalgamation costs of \$4 million.

Council has developed a new Disaster Management Plan, put in place a business continuity plan, and has practically demonstrated our capacity to quickly respond to emergency situations such as swine flu and dengue fever, post wet season road repair, beach restoration and clean up of wastewater overflows and spills.

Corporate Services Division Achievements

- » Establishment of major governance functions, including the development of the Strategic Risk Management Profile, council's Audit Committee, critical corporate policies and framework for council's committee structure.
- » Commencement of council's culture change journey, including discovery reports and the implementation plan. This project has already seen improvements in behaviour and cohesion between teams, and will improve team efficiency and effectiveness long term.
- » Successful negotiation and staff acceptance of a new enterprise bargaining agreement, with common pay and conditions to unite the workforce, allowing easier management of that workforce and the focus on delivering service to the community.
- » Implementation of a successful events program integrated and presented including Carols by Candlelight, New Year's Eve, Toad Day Out, Australia Day and Arts Awards.
- » Rationalisation of telecommunication with a contract signed in February 2009 to deliver annual savings of \$600,000.
- » Rate notices issued for the new city from 2008/09, aligning much of the rating methodology.

Water and Asset Planning Division Achievements

- » Centralised ownership of major plant and placement under Fleet Services' management allowing council's major plant fleet to be managed to best advantage, providing opportunity to improve efficiency and reduce costs.
- » Adoption of a whole-of-council approach to asset management with the development of an Asset Management Policy and Asset Management Strategic Plan, resulting in identification of savings of more than \$2 million in depreciation.

Infrastructure Services Division Achievements

- » Successfully partnered with the Queensland Government, Leighton Contractors Pty Ltd and V8 Supercars Australia to deliver, despite significant climatic obstacles, the Reid Park Precinct, home of the Dunlop Townsville 400. The race drew a crowd of approximately 168,000 in its inaugural year.
- » Immediate and dedicated response to rectifying damaged roads and stormwater infrastructure following record rainfalls in February 2009, to restore council's road network and ensure the community's safety and wellbeing.
- » Activation of the Townsville Local Disaster Management Group (TLDMG) in response to the threat of Cyclone Hamish, further coordinating staff to be deployed to Hinchinbrook Shire Council to assist with their council's disaster response to extensive flooding experienced in February 2009.
- » Completion of the final stage of the Cape Pallarenda Road, reconstruction of Bayswater Road between Crestbrook and Weston Street and various road rehabilitation and kerb and channel replacement projects throughout the city.
- » Completion of stormwater drainage projects including construction of the Albany Street pump station and design commencing on the proposed Clayton/Campbell Street pump stations in addition to a dedicated program to maintain existing stormwater infrastructure including tide gates, the Barryman Street pump station and open waterways throughout the city.
- » The Graphics Workshop, together with Corporate Communications, undertook a rebranding project involving fabrication and installation of entrance statements and building signage.

Community and Environmental Services Division Achievements

- » The Customer Service Centre operated as a one-stop-shop from day one following amalgamation. The customer request module implemented resulted in over 40,000 customer requests processed between July 2008 and June 2009.
- » Overall use of community facilities and spaces exceeded projections and all expectations in 2008/09. More than 12,000 bookings were taken, with more than one million people visiting council facilities.
- » Completion of the Peggy Banfield Skate Park in December 2008 after full consultation with various user groups, providing a central youth precinct with an integrated skate and BMX park.
- » Awarding of a contract to deliver gas-to-energy solution at Stuart Landfill and a gas flare at Ross Landfill. The project will be no cost to council but result in annual revenue of approximately \$100,000 from royalties, and potential future annual saving of up to \$2 million in required carbon certificates.
- » Creation of one library service with amalgamation of library catalogues, providing seamless access for customers to all library resources.
- » Production of Draft Creek to Coral Water Quality Improvement Plan for Black-Ross Water Basins.
- » Effective management of council's response to two major disease incurrences in Townsville.

Planning and Economic Development Division Achievements

- » Successful negotiation with a major developer leading to a development outcome that will present the city with an iconic building within the Mariners Peninsula development.
- » Production of Sustainable Housing Guides providing ideas for incorporation into existing and new homes to improve energy-efficiency and climate response, lessening the impact on the environment and being more cost effective in the long term.
- » Convenor of the 2008 North Queensland Economic Development Conference, which highlighted the comparative funding shortfall facing regional communities.

KEY PROJECTS *at a GLANCE*

Key Project/Milestone	Progress during 2008/09
Flood Mitigation Strategy	A strategy to improve flood-prone locations throughout the city identified some 130 projects, with 117 ranked with possible solutions relating to around 1,600 properties at a cost in excess of \$500 million. The project includes a customer charter 'Living with Floods', communication plan, a full disclosure approach to flooding information and commitment to model flood constraints mapping for the City Plan.
Northern Beaches Road Network Optimisation Study	This study identified the appropriate roll out of council and state road infrastructure in the area, resulting in a resolution by council to build the North Shore Boulevard ahead of upgrading the Mount Low Parkway to four lanes, with justification for Main Roads to provide \$16 million of infrastructure charge revenue towards building the road.
Road Network Model	A calibrated city-wide road network model was developed in a jointly funded initiative of council, the Department of Main Roads and Queensland Transport as a tool for use in determining future strategic road network and capital works programs.
Water Maintenance Services	The provision of quality and cost effective maintenance services to United Utilities Australia, generated revenue in excess of \$500,000 per annum for council.
Wastewater Upgrade Project	This project saw a review of wastewater treatment upgrade solutions for the northern areas of Townsville, with a revised strategy at an estimated cost of \$189 million, yielding savings of \$75 million over the previous combined strategies of the former councils.
Civic Theatre Extensions	The scope and delivery plan for the Civic Theatre extension was reviewed in consultation with internal stakeholders and the Queensland Government to successfully achieve agreed project objectives. The major upgrade contract valued at \$11 million was awarded in line with the approved budget and program.
Water Supply Upgrade Project	The Water Supply Upgrade Project awarded a \$90 million contract for design and construction of council's major water treatment infrastructure. This project is on budget and achieving its key operational targets.
Public Transport Bus Stop Facilities	Milestone 1 (of 4) of the upgrade of the Public Transport Bus Stop facilities was completed, providing safe and independent means of accessing the public transport system for people with a disability. At a cost of \$2.84 million, the project eliminates environmental barriers to independent participation in the community.
Road Rehabilitation Program	The successful completion of the 2008/09 \$7 million road reseal and overlay program throughout the city, improving the quality and life expectancy of local roads.
Northern Beaches Leisure Centre	The Northern Beaches Leisure Centre aquatic facility opened in December 2008, with a total construction cost over three financial years of approximately \$5.5 million. Attendance in its first season of operation was approximately 30,000 patrons.
Major Parks Construction	Laurence Park in Condon was completed in August 2008 in partnership with local artists and Community Renewal, at a cost of \$430,000. The Allambie Lane Streetscape Project construction was completed in October 2008 in partnership with Community Renewal at a cost of \$390,000 and Peggy Banfield Skate Park was completed in December 2008 at cost of \$640,000, including a \$300,000 Queensland Government grant.
Finders Street Redevelopment	The Flinders Street Redevelopment is a \$56.6 million cornerstone project including external funding from both the state and federal governments. Community consultation, design and approval of design and costings were all completed in the 2008/09 year.
Jezzine Barracks Redevelopment	The Jezzine Barracks Redevelopment progressed with the finalisation of \$40 million funding, Concept Plan development and the land transfer to council.

COMMUNITY FINANCIAL REPORT

Introduction

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

The financial statements summarised in this report are different to those prepared in previous years. This year, Townsville City Council was created as a new entity resulting from the amalgamation of the former Thuringowa and Townsville City Councils and the Townsville-Thuringowa Water Supply Joint Board. The new council came into being on 15 March 2008.

The Queensland Government passed legislation to establish the new council and made special rules about reporting and operations for its first year. Notably:

- » annual and financial reports are generally prepared for a financial year from 1 July to 30 June; however, this report is for the period from 15 March 2008 to 30 June 2009;
- » financial reports generally include comparative information, the amalgamation created a new council and consequently there is no comparative information to present; and
- » the process of amalgamation and alignment of accounting policies generated unique financial transactions to effect the change.

Furthermore, the financial result for the period is affected by council's revenue cycle and the accounting rules governing revenue recognition. Council levies rates twice a year, generally around August and February, consequently this reporting period, March to June, only included two rate levies or effectively only 12 months worth of rates revenue. However, expenditure is incurred progressively throughout the period and accordingly this reporting period includes 15.5 months worth of expenses. This means that the reported financial result is distorted compared with the result from a normal 12 month financial year.

Simplified Income Statement

for the period 15 March 2008 to 30 June 2009

	\$000	\$000
Revenue from amalgamation of former entities		3,014,608
Operating revenue	340,786	
less discounts and remissions	(34,408)	
less operating expenses	(413,856)	
less interest and finance charges	(17,225)	
add Surplus/(deficit) from operations		(124,703)
add capital grants and contributed assets		95,850
less asset disposals and write-downs		(10,564)
Net result for the period		2,975,191

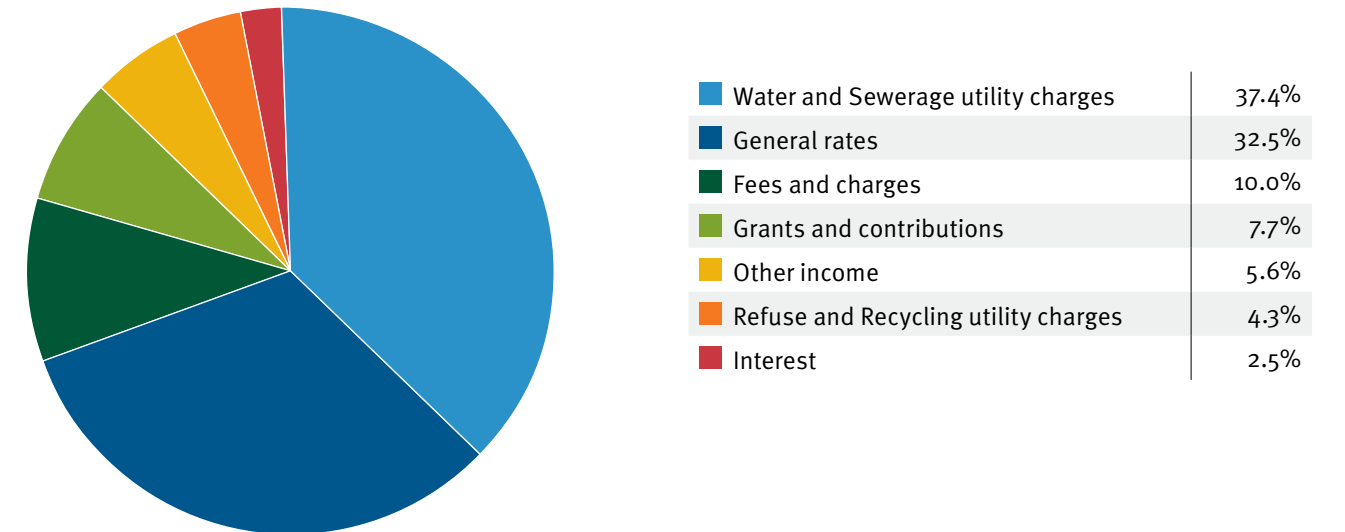
Simplified Balance Sheet

as at 30 June 2009

	\$000
What we have in the bank	98,263
What we own	3,288,629
What we are owed	20,990
Our total assets	3,407,882
What we owe our suppliers and employees	78,124
What we have borrowed	201,802
Our total liabilities	279,926
Net community assets (wealth)	3,127,956

Operating Revenue

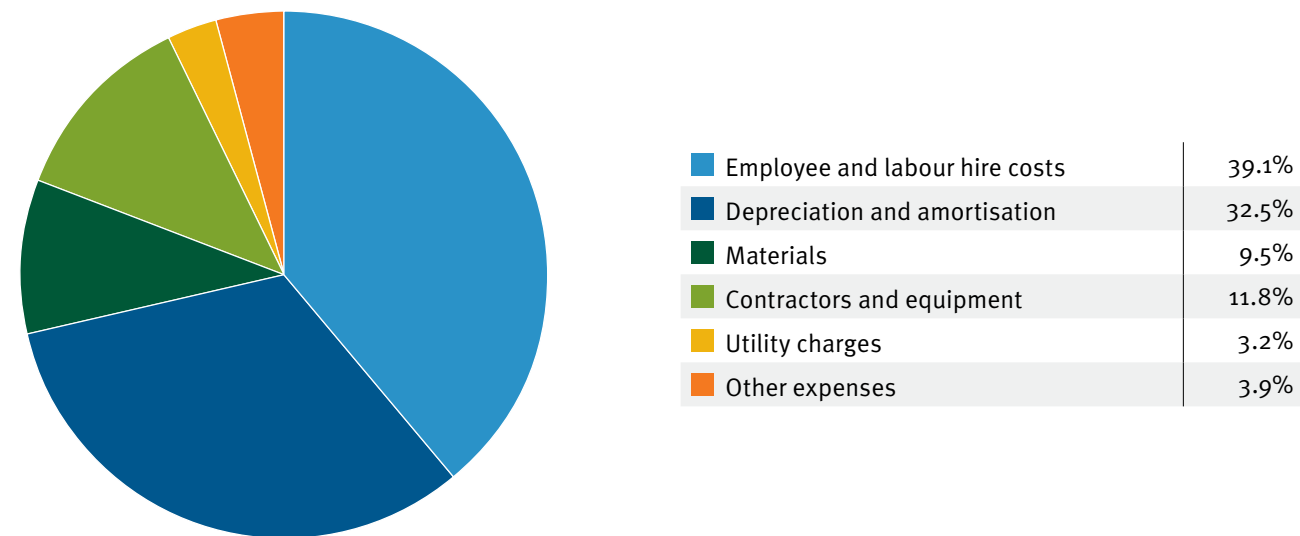
How we earned our operating revenue (\$340,786k before discounts given)



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

Operating Expenses

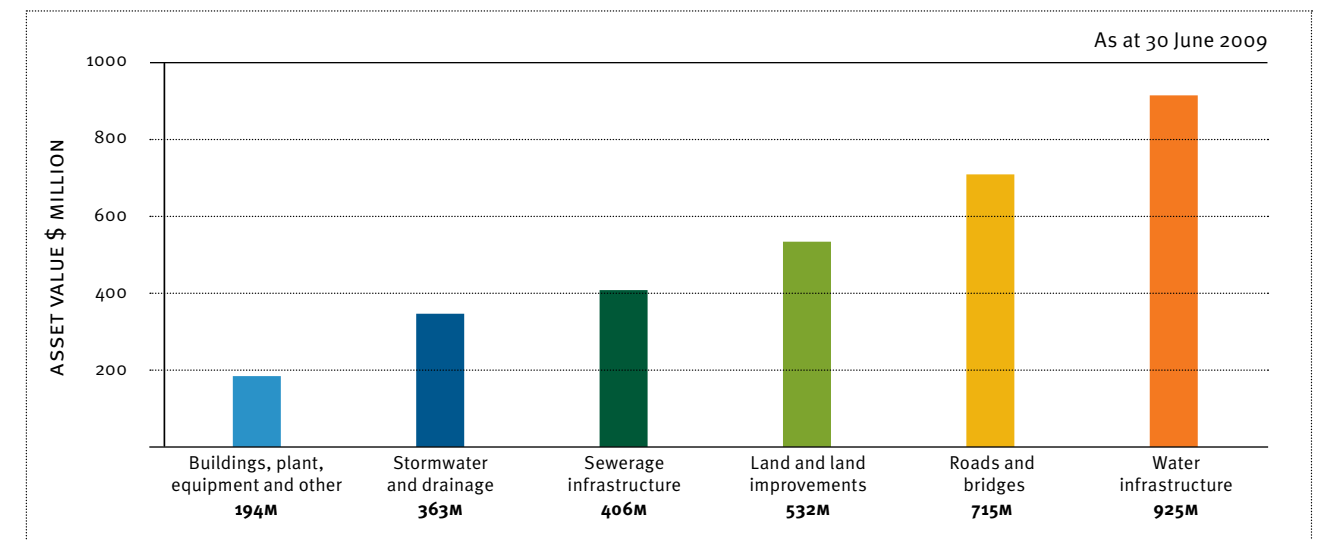
How we utilised our operating expenses (\$413,856k)



Council is actively working to reduce its operating expenditure through identifying efficiencies and ensuring value for money on purchases. Council has also reviewed the corporate structure and identified specific strategies in its budget. The 2009/10 Budget outlines a financial plan to reduce council's operating deficit by 2012/13. The 2009/10 Budget can be accessed on our website. Depreciation and amortisation make up a major component of our operating expenses. This item represents an allocation of the use or deterioration of the community infrastructure over the expected life of the infrastructure. Council is well progressed on developing detailed asset management plans for each category of infrastructure to ensure the best value and longest life is achieved for each asset. Townsville City Council is one of the leaders in local government for asset management.

Community Infrastructure

The community infrastructure we manage



Council owns and manages over \$3 billion worth of infrastructure providing benefits directly to the community. The 2009/10 Budget outlines a further \$1 billion investment in community infrastructure over the next 5 years.

The accounting standards require council to ensure that its Infrastructure assets are recorded at fair value. To achieve this council completed a revaluation of all relevant classes of assets in 2008/09. The revaluation resulted in a net increase in valuation of \$145 million, around 5%. The revaluation also took into account an assessment of the asset's condition and remaining useful life. Any increase in valuation will in turn affect the depreciation associated with the asset. Again, it is council's progressive approach to asset management that ensures our assets are optimised and that the community benefits from the greatest value possible.

Financial sustainability indicators	Actual as at 30 June 2009	Target
Interest coverage ratio		
The extent to which council's operating revenues are committed to interest expense.	3%	>0% <10%
Net financial liabilities ratio		
The extent to which the net financial liabilities of council can be serviced by its operating revenues.	52%	<60%
Working capital ratio		
The extent to which council has liquid assets available to meet short term financial obligations.	1.92:1	>1:1
Asset consumption ratio		
The extent to which council's physical assets have aged.	65%	>40% <80%

The 2009/10 Budget outlines additional financial ratios that council uses to monitor its financial performance and assess its financial sustainability. A number of those ratios are based upon the operating surplus/deficit. The amalgamation has generated a number of unique accounting transactions that are not part of council's normal operations and has resulted in an operating result distorted by a mismatch in the normal revenue and expenditure cycles. Accordingly the affected ratios are not included in this report. Analysis of these forecast ratios over the next five years is included in the 2009/10 Budget.

SECTION 4

Our Journey

**TO IMPROVE
COMMUNITY RELATIONS**

REPORT from the MAYOR

I am pleased to present the inaugural annual report of the new Townsville City Council.

In August 2007, the Queensland Government announced a sweeping reform which saw the number of councils throughout the state reduced from 157 to 73. On 15 March 2008, Townsville City Council, Thuringowa City Council and NQ Water became one organisation – Townsville City Council.

It is our aim to make this report not only informative, but reader-friendly. As our customers and stakeholders, I encourage you to let us know if there is any additional information you would like to see included in the report in future years. While, for the most part, this report is a legal document and must conform to the standards set out under the *Local Government Act 1993*, it is also one of our means of reporting our achievements back to the community.

This year's annual report has been themed around 'the journey'. That journey began in March 2008, when three organisations with varying goals, structures and cultures amalgamated to form one. Our goal, at that point, was to provide an uninterrupted and efficient service to our residents, despite the vast changes occurring internally within our council.

On my commencement in office, I made a commitment to bring Townsville City Council's budget back into the black within five years. This was no easy journey to take, considering the Queensland Treasury had just forecast our council would be running a deficit (loss) for up to a decade.

However, our staff and councillors worked tirelessly to produce an initial budget which saw the operating loss cut from \$52 million to just \$28 million, while still providing a high level of service to the community.

This financial year also saw the Global Financial Crisis (GFC) take hold. The effect on our city could be seen by the reduced number of residential building approvals, down from 5,752 in 2007/08 to 4,148 in 2008/09. While Townsville felt other symptoms such as the collapse of major business and postponement of major construction projects, our diverse local economy offered us some resilience and we fared better than most regional centres.

While the effects of the GFC were understandably difficult, it also meant our council was faced with the unique opportunity to assist the city, and lessen the burden felt by the construction industry in particular. Council was able to fast track several infrastructure projects, as part of our capital works program, and take advantage of a competitive tendering environment. We were also successful in securing funding for infrastructure projects as part of the Queensland Government's Q150 Infrastructure Legacy funding.

I am pleased to say Townsville City Council has led the way among amalgamated councils across Queensland.

Our journey through the amalgamation process and the resulting changes to structure, process and culture is a credit to our staff, executive team and councillors. It's easy to follow a well-worn path but not so easy to forge a new route through uncharted land. This is the challenge facing our council and I'm proud to say that challenge was accepted with the utmost professionalism and dignity. I'd like to take this opportunity to offer my thanks to the councillors who have assisted me during the year, especially those who served on committees and consultative bodies.



Les Tyrell OAM
Mayor of Townsville

REPORT from the CEO

The 2008/09 financial year was a difficult, but rewarding, one for Townsville City Council, as we worked through the challenges associated with amalgamating three organisations into one. It was a time of unprecedented change, but I am proud to say we emerged with our heads held high.

I am quite confident that the majority of our community wouldn't have recognised a significant change in the level of service delivered during the period of amalgamation, and that is a huge credit to our staff. Throughout this period of uncertainty, our staff remained committed to delivering a high level of customer service to the residents of Townsville.

Since my appointment as CEO in August 2008, my focus has been on efficient financial management within our council and creating a culture of transparency and service within our workforce.

One of the biggest challenges faced by our new council was the adoption of the 2008/09 budget. Our elected members and executive team did an extraordinary job under difficult circumstances to adopt a budget that contributed to the economic momentum of the region, while forging a new path toward sustainability for the council. At the start of the budget process, the council was faced with a projected \$52 million deficit for the financial year; this amount was reduced to \$28 million.

I am extremely proud of the decision making, vision and attention to detail that has been expressed in preparing a budget that is designed to get our city back on track and bring our post amalgamation financial situation under control. It will continue to be a tough financial journey in years to come, but one from which our community will ultimately reap the rewards.

Council has introduced a culture and change management program into the organisation called Make it Better! This program is a professional approach to integrating three very distinct organisations, ensuring that we achieve a culture that supports our new vision and goals and can provide the quality of service our community expects. Make it Better! will directly benefit our rate-payers by improving customer service delivery. This will be achieved by providing us with an improved work environment, including more efficient and effective ways of working, better clarity in our roles, and improved communications.

While dealing with some huge burdens, the council has also succeeded as a leader in the local government arena. Townsville City Council was among the first amalgamated councils in Queensland to put in place an organisational structure and was successful in producing and adopting a new Corporate Plan three months ahead of the imposed deadline. We became the first amalgamated council in Queensland to conduct a Community Attitude Survey and the first to make a submission to the Queensland Government for subsidy of the \$4 million net cost of amalgamation.

Townsville City Council really does set the bar high and strives to be a leader in local government.



Ray Burton
Chief Executive Officer



SECTION 5

Our Journey

**THROUGH AMALGAMATION,
CULTURE AND CHANGE**

AMALGAMATION, CULTURE *and* CHANGE

Following the announcement of the amalgamation on 10 August 2007, Townsville City Council, Thuringowa City Council and NQ Water entered a period of transition planning. Despite significant planning, it was inevitable there would be significant impacts on the culture of the new organisation, due to the 'human' nature of council's operations and a combined workforce in excess of 1,600 employees.

Our community

Due to the extensive planning conducted throughout the transitional period, customers of the new Townsville City Council effectively did not change the way they did business with council following the amalgamation.

Some of the most significant factors contributing to a streamlined level of service to customers as of 'day one' (Monday 17 March 2008) included:

- » a fully operational, centralised call centre able to deal with approximately 85% of calls at the first point of contact without having to transfer through to other departments
- » two Customer Service Centres, one operating from each of the main administration buildings, able to deal with enquiries and payments relating to any of the previous entities
- » upgraded IT systems linking all sites of the three previous entities to the same networks, allowing for access of information across the board
- » an upgraded website with redirects from the homepages of the previous organisations' websites. Information about the new entity was given where possible, with an ongoing program of adding new information and links to specific information from the three previous entities' websites were listed as required.

In the financial year following 'day one', council continued to work toward streamlining services by:

- » aligning the rating methodology to provide a consistent rating approach across the city
- » extending the Pensioner Bus Subsidy Scheme across the city
- » distributing the community newsletter 'City Update' to all households (awarded the Minister's Best Practice for Community Reporting 2008).

Our staff

Prior to the amalgamation, Townsville City Council employed approximately 1,200 staff, Thuringowa City Council employed approximately 480 staff and NQ Water employed approximately 17 staff. Each of these entities operated under different leadership, with different organisational cultures.

Council recognised the change process for staff would be a long and sensitive one, and in the financial year following 'day one', the council implemented:

- » a consolidated organisational structure complete with appointments to coordinator level
- » using the Mercer system, evaluated approximately 80% of all applicable position descriptions organisation wide
- » innovation awards for staff which were designed to improve sharing of information and development of low cost improvements to benefit service delivery to the community
- » length of service awards, recognising the combined services of employees from all previous organisations
- » appointment of a new CEO and staff to structures in the senior levels of the organisation
- » a program to transition from contrasting cultures to a single identity, with shared beliefs, values and behaviours.

- » a program to engage more than 25% (over 400) of council employees through the Discovery Phase of the Make it Better! program, implemented by the appointed change specialist to understand what the issues were and to develop a plan to address these issues
- » the North Queensland Rural Management Challenge, allowing a large number of employees to participate in a skill enhancing, organisation wide focussed development initiative
- » resources into a team of young employees to participate in the Local Government Management Association Management Challenge. The team won the Queensland title and placed fourth across Australia and New Zealand

While council's change management journey is continuing, significant developments have been made and milestones reached. Townsville City Council has been recognised as one of the most advanced of the recently amalgamated Queensland councils in relation to change management.



SECTION 6

Our Journey
OF RENEWED STRENGTH

TOWNSVILLE CITY COUNCILLORS

Cr Les Tyrell OAM

Mayor of Townsville City Council

Cr David Crisafulli

Deputy Mayor of Townsville City Council

Areas of Responsibility » Aitkenvale, Cranbrook, Douglas, Lavarack Barracks

Cr Deanne Bell

Areas of Responsibility » Alice River, Bohle Plains, Condon, Granite Vale, Gumlow, Hervey Range, Pinnacles, Rangewood, Rupertswood

Cr Suzanne Blom

Areas of Responsibility » Balgal Beach, Beach Holm, Black River, Blue Hills, Bluewater, Bluewater Park, Burdell, Bushland Beach, Clemant, Crystal Creek, Deeragun, Jensen, Lynam, Mount Low, Mystic Sands, Mutarnee, Paluma, Purono Park, Rollingstone, Saunders Beach, Shaw, Toolakea, Toomulla, Yabulu

Cr Ray Gartrell

Areas of Responsibility » Currajong, Hyde Park, Mundingburra, Mysterton, Pimlico

Cr Brian Hewett

Areas of Responsibility » Kirwan (north of Laguna Avenue and Charles Street to Dalrymple Road)

Cr Jenny Hill

Areas of Responsibility » Hermit Park, Oonoonba, Railway Estate, South Townsville, Townsville City

Cr Jenny Lane

Areas of Responsibility » Kelso, Rasmussen

Cr Dale Last

Areas of Responsibility » Annandale, Idalia, Rosslea

Cr Natalie Marr

Areas of Responsibility » Kirwan (south of Laguna Avenue to Ross River Road), Thuringowa Central

Cr Tony Parsons

Areas of Responsibility » Bohle, Cosgrove, Gulliver, Heatley, Mount Louisa, Vincent

Cr Trevor Roberts

Areas of Responsibility » Alligator Creek, Arcadia, Barringha, Brookhill, Calcium, Cape Cleveland, Cluden, Cungulla, Florence Bay, Horseshoe Bay, Julago, Majors Creek, Mount Elliot, Mount Stuart, Nelly Bay, Nome, Oak Valley, Picnic Bay, Reid River, Roseneath, Ross River, Stuart, Toonpan, West Point, Woodstock, Wulguru

(Cr Roberts was sworn into council on 1 December 2008, replacing Cr Robert McCahill who previously represented these suburbs)

Cr Vern Veitch

Areas of Responsibility » Belgian Gardens, Castle Hill, Garbutt, Mount St John, North Ward, Pallarenda, Rowes Bay, Shelly Beach, Town Common



Front left to right » Cr Bell, Cr Crisafulli, Cr Tyrell, Cr Lane and Cr Roberts.
 Back left to right » Cr Parsons, Cr Hewett, Cr Marr, Cr Last, Cr Gartrell, Cr Blom, Cr Veitch and Cr Hill.
 Inset » Cr McCahill.



TOWNSVILLE CITY COUNCIL COMMITTEES

In accordance with Section 443 of the *Local Government Act 1993*, and pursuant to Section 452 of the *Local Government Act 1993*, council has appointed the following Standing Committees.

Committee Name	Committee Members	Areas of Responsibility
Infrastructure Committee	Cr Brian Hewett (Chair) Cr David Crisafulli Cr Jenny Hill Cr Trevor Roberts Cr Deanne Bell Cr Dale Last	Asset Management and Maintenance, Project Management, Disaster Management, Public Transport Infrastructure, Stormwater, Infrastructure Acquisitions and Development Supervision, Infrastructure Construction and Maintenance, Infrastructure Design and Survey, Water, Wastewater, Street Lighting, Parking Infrastructure and Traffic Safety Management
Water Business Committee	Cr Les Tyrell (Chair) Cr Dale Last Cr Brian Hewett Cr Natalie Marr Cr Ray Gartrell Cr Tony Parsons Cr Vern Veitch	Water and Wastewater Management
Planning and Economic Development Committee	Cr David Crisafulli (Chair) Cr Ray Gartrell Cr Jenny Lane Cr Vern Veitch Cr Brian Hewett Cr Tony Parsons	Strategic Planning, Sustainable Development, Planning Assessment, Planning Regulations and Compliance, Hydraulic Services, Certification and Compliance, Council Strategic Projects, Economic Development, Fleet Services, Facilities Management, Building Certification, Regulation and Compliance and Affordable Housing
Lifestyle and Community Development Committee	Cr Jenny Lane (Chair) Cr Deanne Bell Cr Dale Last Cr Tony Parsons Cr Suzanne Blom Cr Natalie Marr	Events Management, Social Planning, Library Services, Grants Management, Community Policy, Cultural Development, Youth Development, Child Care, Gallery Services, Civic Theatre, Riverway, Venues and Facilities, Sport and Recreation, Community Centres, Community Engagement, Indigenous Services, Aged Services, Youth Services, Family Services, Disability Services, Home Services and Swimming Pools, Neighbourhood Projects and Programs
Corporate Governance Committee	Cr Natalie Marr (Chair) Cr David Crisafulli Cr Ray Gartrell Cr Trevor Roberts Cr Deanne Bell Cr Jenny Hill	Corporate Governance, Financial Services, Corporate Information, Corporate Support Services, Legal Services, Information and Communication Services, Workplace Health and Safety, Insurance Services, Workforce Management, Organisational Development, Customer Services, Corporate Communication, Marketing and Branding
Community Safety and Health Committee	Cr Dale Last (Chair) Cr Suzanne Blom Cr Jenny Lane Cr Vern Veitch Cr Brian Hewett Cr Natalie Marr	Health Planning and Preventative Programs, Operational Waste and Collection Services, Regulatory Health Services and Compliance, Safe Communities (accident prevention), Crime Prevention, Animal Management and Compliance, Healthy Cities Plan, Graffiti and Street Art
Environment and Sustainability Committee	Cr Vern Veitch (Chair) Cr Suzanne Blom Cr Jenny Hill Cr Trevor Roberts Cr Ray Gartrell Cr Tony Parsons	Integrated Sustainability Services, Community Natural Resources Management, Land and Catchment Services, Biodiversity and Education, Conservation and Land Management, Water Management, Cities for Climate Protection, Climate Change, Parks and Landscaping Services, Housing Efficiency, Energy Audits, State of Environment, Open Spaces and Facilities, Greening and Coastal Care

Please note » Cr Roberts commenced as councillor of Townsville City on 1 December 2008, filling the position on all committees previously held by Cr McCahill.

COUNCILLOR ATTENDANCE RECORDS

Statutory Meetings 15 March 2008 - 30 June 2009

	Ordinary Council	Special Ordinary Council	Infrastructure Committee	Water Business Committee	Planning and Economic Development Committee	Lifestyle and Community Development Committee	Corporate Governance Committee	Community Safety and Health Committee	Environment and Sustainability Committee
TOTAL	15	11	13	4	14	13	13	13	13
L TYRELL	15	10	11	4	12	11	12	10	10
D CRISAFULLI	15	8	13		14		13		
D BELL	14	11	12			11	12		
S BLOM	12	10				13		11	11
R GARTRELL	15	11		4	13		12		11
B HEWETT	15	10	13	4	12			13	
J HILL	15	10	13				13		13
J LANE	15	11			13	13		11	
D LAST	15	10	13	4		12		13	
R MCCA HILL	6	5	6				6		5
N MARR	15	11		3		12	12	13	
A PARSONS	15	11		4	14	12			12
T ROBERTS	6	3	6				6		6
V VEITCH	14	11		4	13			12	12

Please note » Cr McCahill resigned from council on 8 October 2008 and was replaced by Cr Roberts on 1 December 2008

COUNCILLOR REMUNERATION and SUPERANNUATION

In accordance with Section 238 of the *Local Government Act 1993*, council made the following resolution during the financial year authorising the payment or provision of remuneration to Councillors or members of committees of the local government. The Local Government Remuneration Tribunal recommends the maximum remuneration to be paid to the mayor and councillors annually.

**CORPORATE SERVICES
GOVERNMENT OF COUNCIL
ACTION ITEM**

Subject » Corporate Governance - Councillor Remuneration 2009

Executive Summary »

In accordance with section 236A of the *Local Government Act 1993*, Council is required to adopt annually, a resolution authorising payment of remuneration to Councillors. The resolution is to provide for payment of remuneration effective 1 January 2009 and in accordance with section 236A(z)(c) must state the following:

- » The purpose for which the remuneration is to be paid;
- » The person (s) who is entitled to the remuneration;
- » The amount of remuneration that is to be paid; and
- » If the amount of remuneration to be paid to councillors, other than the mayor, varies as between councillors - the reason for the variation.

Officer's Recommendation »

That council, pursuant to section 236 of the *Local Government Act 1993* and in accordance with the Local Government Remuneration Tribunal Report 2008, adopt the following Remuneration Schedule for the purpose of providing payment of remuneration to Councillors effective from 1 January 2009.

1. Salary

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

Mayor

112% of the annual aggregate salary for a Member of the Queensland Legislative Assembly as per the Queensland Parliament Members' Entitlements Handbook being \$141,750 for the 2009 calendar year.

Deputy Mayor

75% of the annual aggregate salary of a Member of Queensland Legislative Assembly as per the Queensland Parliament Members' Entitlements Handbook being \$94,920 for the 2009 calendar year.

Committee Chairperson

68% of the annual aggregate salary for a Member of the Queensland Legislative Assembly as per the Queensland Parliament Members' Entitlements Handbook being \$86,060 for the 2009 calendar year.

Councillors

66% of the annual aggregate salary of a Member of the Queensland Legislative Assembly as per the Queensland Parliament Members' Entitlements Handbook being \$83,530 for the 2009 calendar year.

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

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

The remuneration fixed above will be effective from 1 January 2009 until such time as Council resolves otherwise.

2. Amalgamation Loading as per the Tribunal Report 2007 and 2008

Councillor Level	15/3/08 to 30/6/09	01/7/09 to 30/6/10	1/7/10 to 30/6/11	1/7/11 to 15/3/12
Mayor	\$12,970 pa	\$9,730	\$6,490	\$3,240
Deputy Mayor	\$9,180 pa	\$6,890	\$4,590	\$2,300
Councillor	\$8,230 pa	\$6,170	\$4,120	\$2,060

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

3. Method of Payment and Escalation

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

4. Superannuation

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

It was moved by the Mayor, Councillor L Tyrell, seconded by Councillor V Veitch:

“that the Officer’s recommendation be adopted with the exception of the Mayor’s Salary which shall remain at the 2008 level being 107% of the annual aggregate salary for a Member of the Queensland Legislative Assembly as per the Queensland Parliament Member’s Entitlements Handbook.”

CARRIED

Councillor Remuneration and Superannuation For the period 15 March 2008 - 30 June 2009

	Salary 25 March - 30 June 2008	Salary 1 July 2008 - 30 June 2009	Amalgamation Loading March - June 2008	Amalgamation Loading 2008/2009	Superannuation March - June 2008	Superannuation 2008/2009	Total
L TYRELL	\$34,376	\$135,420	\$3,292	\$12,970	\$4,332	\$17,807	\$208,197
D CRISAFULLI	\$23,258	\$94,920	\$2,588	\$9,180	\$2,326	\$9,369	\$141,641
D BELL	\$19,919	\$83,530	\$1,963	\$8,230	\$2,552	\$11,011	\$127,205
S BLOM	\$19,919	\$83,530	\$1,963	\$8,230	\$2,552	\$11,011	\$127,205
R GARTRELL	\$19,919	\$83,530	\$1,963	\$8,230	\$2,626	\$11,011	\$127,279
B HEWETT	\$20,522	\$86,060	\$1,963	\$8,230	\$2,459	\$11,315	\$130,549
J HILL	\$19,919	\$83,530	\$1,963	\$8,230	\$2,626	\$11,011	\$127,279
J LANE	\$20,522	\$86,060	\$1,963	\$8,230	\$2,698	\$11,315	\$130,788
D LAST	\$20,522	\$86,060	\$1,963	\$8,230	\$2,698	\$11,315	\$130,788
R MCCA HILL	\$19,919	\$24,417	\$1,963	\$2,406	\$2,626	\$3,219	\$54,550
N MARR	\$20,522	\$86,060	\$1,963	\$8,230	\$2,622	\$11,315	\$130,712
A PARSONS	\$19,919	\$83,530	\$1,963	\$8,230	\$2,626	\$11,011	\$127,279
T ROBERTS		\$47,227		\$4,653		\$6,226	\$58,106
V VEITCH	\$20,522	\$86,060	\$1,963	\$8,230	\$2,916	\$11,315	\$131,006
	\$279,758	\$1,149,934	\$27,473	\$111,509	\$35,659	\$148,251	\$1,752,584

The above records the total salary, amalgamation loading and superannuation paid or provided by the council to or on behalf of each of its Councillors.

COUNCILLOR EXPENSES

	Conferences and Travel	Printing and Stationery	Telephone Charges	Business use of vehicle	Total Expenses
Tyrell, Les	8,820	16	1,129	20,616	30,581
Crisafulli, David	2,645	2,140	5,106	12,604	22,495
Bell, Deanne	5,920	855	1,594	15,557	23,926
Blom, Sue	5,325	2,975	3,805	20,436	32,541
Gartrell, Ray	1,996	1,935	4,134	13,727	21,792
Hewett, Brian	10,346	1,053	1,333	15,917	28,649
Hill, Jenny	3,444	1,922	4,943	7,988	18,297
Lane, Jenny	136	2,452	604	17,462	20,654
Last, Dale	4,010	2,698	1,330	18,860	26,898
McCahill, Robert	682	1,108	554	9,817	12,161
Marr, Natalie	1,048	1,577	2,472	15,286	20,383
Parsons, Tony	6,743	2,004	5,020	18,573	32,340
Roberts, Trevor	89	701	665	7,278	8,733
Veitch, Vern	5,306	2,419	1,794	16,675	26,194
Totals	\$56,510	\$23,855	\$34,483	\$210,796	\$325,644

The above councillor expenses are for the 15.5 month period of 15 March 2008 - 30 June 2009 in accordance with council's expense reimbursement policy.

CODE of CONDUCT

Section 534 (n) (i - iv) of the *Local Government Act 1993* requires council to report:

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

There were no breaches to report during the 2008/09 financial year.

EXECUTIVE STRUCTURE



EXECUTIVE TEAM PROFILES

Ray Burton**Chief Executive Officer**

Ray commenced his position as Chief Executive Officer of Townsville City Council on 4 August 2008, bringing with him 32 years experience at executive level in local government.

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

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

“ To be launching the organisation’s values and purpose statement to 1,200 employees at the V8 track was my proudest moment for 2008/09 for a number of reasons: the values were the culmination of months of consultation and involvement by many staff across the organisation, the V8 track was symbolic of an achievement of parties with different cultures coming together to achieve a common outcome (the same as the council had done), it was the first time our staff had been invited to meet as one team since the amalgamation and the launch was a symbolic step in leaving the past behind and moving forward.”

Gavin Lyons**Director Community and Environmental Services Division**

Gavin has over 35 years experience in local government in the Townsville region, with 11 of these years at an executive level. Gavin started his career as a Health Surveyor in 1974 and progressed his way through various health related positions before being appointed Director of Environmental Services at Thuringowa City Council in 1998.

With a suite of qualifications and training in the fields of public health and management, Gavin was recognised for his management skills in 2007, being awarded the Clubs Queensland Director of the Year, and prior to this, in 2002, was awarded the Professional Manager of the Year for North Queensland.

“ Since the amalgamation, one of my proudest achievements has been helping establish the divisional structure for council while ensuring council maintained a high level of customer service.”

Ken Diehm**Director Water and Asset Planning Division**

Ken started his career in accounting in 1984 when he enrolled to study a Bachelor of Commerce Degree at James Cook University, while working full time at Queensland Rail.

Since completing his degree, Ken has held a number of senior accounting positions with Townsville City Council before leaving to start his own business as a consultant specialising in National Competition Policy reform. During this time, Ken was also the CEO of the Willows Sports Complex Joint Board and was responsible for overseeing the development of the Willows Paceway into the home of the NQ Cowboys – Dairy Farmers Stadium.

Ken was appointed as the CEO of NQ Water in 2001 and has overseen a number of significant projects including the restructure of the bulk water business, preliminary work on Best Practice Pricing, and the Ross Dam upgrades.

While no longer actively involved in the accounting profession, Ken attributes his success to the solid platform this field has provided him with, and is continuing his professional development by undertaking Masters Degrees in Business Administration and Dispute Resolution.

“ My proudest achievement at council since the amalgamation has been working with the staff of the former Citewater, Thuringowa Water and NQ Water to create Townsville Water.”

Neil Allen**Director Infrastructure Services Division**

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

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

Neil was the licensee, on behalf of Bathurst Council, for the world famous Mt Panorama racing circuit, and was also involved in the organisational restructures that occurred in New South Wales following council amalgamations in 2004. These experiences held Neil in good stead to deal with the similar challenges faced by Townsville in recent times.

“ One of my proudest moments since the amalgamation has been working with the Queensland Government, V8 Supercars Australia, Leightons and the many contributors to build the Reid Park Precinct, despite extraordinary climatic conditions. We delivered a very successful inaugural Townsville 400, which our city can be extremely proud of.”

HUMAN RESOURCES

Angelo Licciardello

Director Planning and Economic Development Division

Angelo was appointed the Director of Planning and Economic Development for the new Townsville City Council in September 2008. Angelo was well versed in the demands of the position, having held it with the council prior to amalgamation from April 1994 to March 2001.

Angelo commenced his professional career as a lawyer after completing a Bachelor of Arts/Laws at the University of Queensland. He was employed in the Department of Justice and the Attorney General in 1979 and later as the legal advisor for the Queensland Police Commissioner for a period of two years, followed by a move to Townsville to accept a position as the Manager of Legal Services for Townsville City Council in 1994.

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

“ One of my proudest achievements since the amalgamation has been laying the foundations for the strategic planning of the Townsville CBD, including future development of the Breakwater and old Queensland Railway Yard precincts and the revitalisation of Flinders Street.”

Kim Corrie

Director Corporate Services Division

Kim has an extensive local government background, having worked at an executive level in local government in New South Wales, the Northern Territory and Queensland.

Kim started her career in finance for an electricity board before taking positions with Dubbo City Council, Katherine Town Council, the Northern Territory Department of Local Government, Bland Shire Council and Thuringowa City Council.

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

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

“ One of my proudest moments since the amalgamation has been the alignment of operating systems and the adoption of our corporate and operational plans and budget for the new council.”

More than 1,600 people are employed by Townsville City Council. The council is an equal employment opportunity employer which values the wealth of experience and knowledge of the organisation’s employees. The council is committed to promoting equity in employment opportunities and to developing a diverse workforce which is representative of the community.

Recruitment, selection, promotion, transfer and training are dealt with on the basis of equity and merit, without regard to extraneous factors such as an applicant’s sex, age, racial background, religion or marital status.

Townsville City Council’s Equity and Diversity Management Plan is close to finalisation and records the council’s commitment to encouraging diversity and fair treatment in the workplace. The policy applies to councillors and all employees of council.

Within the plan, council commits to:

- » creating workplaces where differences among people are respected and valued and where harnessing the power of those differences works to the benefit of the organisation
- » facilitating work/family/community balance for employees
- » promoting Equal Employment Opportunity to eliminate employment-related favouritism or discrimination, and encourage fairness and equity in processes such as recruitment, promotion and selection for training
- » managing harassment, bullying and other types of unacceptable workplace behaviour

Council is committed to adhering to recruitment, promotional and staff development procedures that ensure equal opportunities which are free from any unlawful discriminatory practices. The council confidentially and impartially investigates and responds promptly to any breaches of legislation, its Diversity and Equality in the Workforce policy and associated procedures.

In addition, the council:

- » runs anti-harassment training for its employees
- » investigates any grievances or complaints concerning infractions of conduct or breach of policy in respect of equal employment opportunity related policy and practices
- » continues to run its Workplace English Language and Literacy program to increase the skill and confidence of people requiring these skills, thereby providing them with better access to information and better employment related opportunities
- » runs assertiveness and other training that builds skill and confidence as lower levels of confidence are an acknowledged barrier for members of some target groups in the workplace.

Number of male and female staff 2008/09

Male »	982
Female »	626
Total »	1,608

Percentage of women in the council by position classification

Administration	33.23%
Community	16.45%
Library	10.48%
Managers	2.39%
Outdoors	6.19%
Professional	7.99%
Technical	22.47%
Truck Drivers	0.80%
Total	100.00%

OTHER STATUTORY REQUIREMENTS

Cooperation between local governments

Section 534(1)(a) of the *Local Government Act 1993* requires council to report *details of action taken in relation to, and expenditure on, a service, facility or activity:*

(i) *for which the local government made and levied a special rate or charge for the financial year, and*

(ii) *supplied by another local government under arrangements entered into under section 59*

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

Changes to Council tenders

Section 534(1)(b) of the *Local Government Act 1993* requires council to report *'a list of all action taken under section 488(2) during the year'*.

The following tenders were changed in 2008/09:

- » T5002 Supply and Construction of North Shore Sewerage Pump Station MLO3 and Beachside Pump station ML20
- » T5007 Townsville West Trunk Water Main Construction Works 2008
- » T5057 Construction Bohle Plains Water Supply Pipeline
- » T5102 DN450 Mt Low Parkway and DN250 Lynwood Avenue Water Mains Bushland Beach
- » T5132 Mt Low Pump Station MLO2
- » T5229 Supply and Construction of Shaw Road 200 Diameter Water Main
- » T5243 Sewer Rehabilitation Program 2008/2009

Expressions of interest

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

The following expressions of interest were called during 2008/09:

- » Civic Theatre Extension Project
- » Townsville International Sports Centre Project
- » Partnership in management of council's markets program.

Council registers

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

Townsville City Council's listed registers open to inspection are:

Register	Department Owner
Cat and Dog Registry	Regulatory Services
Development Approvals and Registration	Environmental Health
Environmental Authorities	Environmental Health
Environmental Reports	Environmental Health / Integrated Sustainability Services (ISS)
Monitoring Programs of a Development Approval	Environmental Health / ISS
Results of Monitoring Programs	ISS
Transitional Environmental Programs	Environmental Health
Environmental Protection Orders	Environmental Health
Authorised Persons	Environmental Health
Approved Codes of Practice	Environmental Health / DERM
Other documents or information prescribed under regulation (ie. results of monitoring programs)	Environmental Health
Register of Infrastructure Charges	Planning
Register of Regulated Infrastructure Charges	Planning
Register of Resolutions about Land Liable to Flooding made under the <i>Building Act 1975</i>	Planning
Register of Exemptions Granted under the <i>Building Act 1975</i>	Planning
Register of Master Plan Applications	Planning
Register of Development Applications	Planning
Register of Interests - Councillors and Officers	CEO
Register of Electoral Gifts	Governance

Register of Delegations	Governance
Register of Enterprises	Governance
Register of Accreditations, Complaints etc (NCP)	Governance
Register of Local and Subordinate Local Laws	Governance
Register of Roads and Road Map	Infrastructure
Record of Rateable Parcels of Land	Finance
Register of Regulatory Fees	Finance
Register of Motions	Governance
Register of Impounded Animals	Regulatory Services
Vegetation Protection Register	ISS

Rating rebates and concessions

Section 534(1)(e) of the *Local Government Act 1993* requires council to include *'a summary of all rebates and concessions allowed by the local government in relation to rates'*.

Council has several policies with reference to rebates and concessions. Townsville City Council exempts religious, charitable and other organisations from general rating in accordance with the *Local Government Act* and Regulations.

Pensioner Remissions

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

Other Remissions

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

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

Pursuant to a previous arrangement entered into by the Thuringowa City Council, Townsville City Council provides as the current administering authority, a water remission in relation to Goodsell Road, Cape Cleveland.

Council also provides remissions on some water, sewerage and refuse charges in relation to religious, charitable and not for profit organisations and minor remissions of water and utility charges to local entities as directed by council.

The total remissions provided by council for the period 15 March 2008 to 30 June 2009 was \$5.339 million.

Expense Reimbursement Policy

Section 534(1)(ea) of the *Local Government Act 1993* requires council to provide a copy of the local government's expense reimbursement policy in the annual report.

This policy provides the mayor and councillors with reimbursement of reasonable expenses incurred in the performance of their roles. A full copy of the policy can be found in Appendix A.

Other Relevant Issues to Making an Informed Decision

Section 534(1)(j) of the *Local Government Act 1993* requires the local government annual report to contain *'particulars of other issues relevant to making an informed assessment of its operations and performance in the financial year'*.

For the 2008/09 financial year, Townsville City Council highlights the following.

This annual report, including the financial statements and notes to the financial statements, relate to the Townsville City Council which was formed on 15 March 2008 and was the amalgamation of the former Thuringowa and Townsville City Councils and NQ Water.

The assets and liabilities of the former councils and NQ Water have been recognised by Townsville City Council as at 15 March 2008. Pursuant to section 159YQ of the *Local Government Act 1993* and sections 26, 35 and 37 of the *Local Government Reform Implementation Regulation 2008*, this report and financial statements have been prepared for the period 15 March 2008 to 30 June 2009.

There are a number of relevant items related to the amalgamation that affect the financial result for the period and must be considered when using this report and financial statements to make an informed assessment of council's operations and performance for the period, namely:

- » revenue for the period reflects a 12 month rating cycle, expenses reflect a 15.5 month expenditure cycle
- » alignment of accounting policies and asset valuations resulted in adjustments to assets and liabilities initially recognised
- » expenses for the period include one-off costs directly related to amalgamation such as:
 - » the introduction of a new enterprise agreement and alignment of wages and conditions
 - » consultants engaged to provide advice relating to financial due diligence, organisation structure and cultural change
 - » termination and recruitment costs associated with senior staff turnover

Expenditure - Overseas Travel

Section 24(1)(a) of the *Local Government Finance Standard 2005* requires the disclosure of overseas travel details for councillors and council staff undertaken during the financial year.

Name	Position	Destination	Purpose of travel	Cost
Steven Hughes	Operations Team Leader, Knowledge Management	Port Moresby	PNG Good Practice Scheme	\$1,970*
Robert Henwood	Director, Planning and Development Services	Port Moresby	PNG Good Practice Scheme	\$5,000*
Paul Askern	Director, Corporate Services	Port Moresby	PNG Good Practice Scheme	\$5,000*
Susan Gheller	Manager, Corporate Support	Port Moresby	PNG Good Practice Scheme	\$2,500*
Roderick McHugh	Executive Applications Coordinator, Knowledge Management	Port Moresby	PNG Good Practice Scheme	\$2,352*
Nick Byrnes	Investigations Officer - Plumbing Inspector, Community and Environmental Services	Port Moresby	PNG Good Practice Scheme	\$2,352*
Rob Kirk	Infrastructure Solutions Architect, Knowledge Management	Port Moresby	PNG Good Practice Scheme	\$2,352*
Anthony Wilson	Executive Manager, Knowledge Management	Port Moresby	PNG Good Practice Scheme	\$2,500*
Neil Allen	Director, Infrastructure Services	New Zealand	Hamilton 400 site visit	Funded in full by V8 Supercars Australia
Cr Les Tyrell	Mayor of Townsville	New Zealand	Hamilton 400 site visit	Funded in full by V8 Supercars Australia

*Cost will be reimbursed through a grant from the Commonwealth Good Practice Scheme

Councillor domestic travel expenditure

Section 534(1)(g)(ii) of the *Local Government Act 1993* requires disclosure of expenses incurred by each councillor, under the expenses reimbursement policy, during the year. Councillor domestic travel expenditure is outlined on page 36 of this report.

Expenditure - Consultants

Section 24(1)(b)(i) of the *Local Government Finance Standard 2005* requires that the local government annual report contains a summary of expenditure, for the financial year, for services rendered by a consultant. Townsville City Council has the following to report for the 2008/09 financial year:

Consultants	
Amalgamation *	\$528,963
Water and Wastewater	\$128,752
Infrastructure	\$173,528
Community and Cultural	\$48,265
Environmental *	\$379,824
Corporate	\$63,700
Planning and Development	\$470,586
	\$1,793,618

* Council received \$350,000 State Government Subsidy to assist with amalgamation costs and a number of grants to assist with environmental planning.

Community Grants

Section 24(1)(b)(iv) of the *Local Government Finance Standard 2005* requires that local government annual reports contains a summary of expenditure, for the financial year, for the expenditure on community grants. Townsville City Council has \$2,222,115 to report.

Entertainment or hospitality services

Section 24(1)(b)(ii) of the *Local Government Finance Standard 2005* requires that the local government annual report contains a summary of expenditure, for entertainment or hospitality services. Townsville City Council has the following to report for the 2008/09 financial year:

Entertainment and Hospitality (including City events)	
Entertainment	\$52,574
Catering	\$198,926
	\$251,500

Advertising

Section 24(1)(b)(iii) of the *Local Government Finance Standard 2005* requires that the local government annual report contains a summary of expenditure on advertising. Townsville City Council has the following to report for the 2008/09 financial year:

Community Services (including events and markets)	\$ 441,160
Gallery and Performing Arts Services *	\$ 304,490
Recruitment and Selection	\$ 282,886
Townsville Water	\$ 40,163
Infrastructure Services	\$ 49,808
Corporate Governance	\$ 10,349
Elections	\$ 3,756
Corporate Services	\$ 24,822
Waste Services	\$ 17,480
Human Resources	\$ 7,245
Planning and Economic Development	\$ 43,200
	\$ 1,225,359

* \$93,680 was recovered for advertising placement and booking services made on behalf of hirers of performing arts venues.

Land and Roads

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

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

- » (a) 129.7 km² of land that is a reserve under the *Land Act 1994*
- » (b) 253 km of roads not owned by the council.

Borrowings

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

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

The policy outlines that:

- » Council will not use long-term debt to finance operating activities or recurrent expenditure.
- » Council recognises and accepts that infrastructure demands placed upon the council can often only be met through borrowings, but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, which increases the cost of providing capital

infrastructure.

- » Council will utilise long-term borrowing only for capital improvement projects that cannot be financed from current revenue sources.
- » Council will seek level or declining debt repayment schedules and will avoid loans that provide for balloon principal payments reserved for the end of the term.
- » When council finances capital projects through borrowings, it will repay the loans in a term not exceeding the life of those assets and in accordance with Queensland Treasury Corporation's borrowing guidelines.
- » Council will maintain close scrutiny of its level of debt to ensure its total interest and redemption costs do not exceed 25% of council's principal revenue source [rates and charges levied under section 963 of the *Local Government Act 1993*] for any given year. If interest and redemption does exceed 25% of principal revenue source, the Director of Corporate Services will report to council providing an explanation and an estimate of the number of years required for a return to 25% or below.
- » Council will use as its basis for determining funding options the detailed capital works and asset acquisition programs for the next five years, together with the 10 year financial model.

The council will follow a policy of full debt disclosure in all relevant financial reports.

SECTION 7

Our Journey

TO STREAMLINE OUR BUSINESS

BUSINESS UNIT CODE of COMPETITIVE CONDUCT

Section 547 of the *Local Government Act 1993* requires council to identify its business activities for the financial year. The only fully commercialised business units within Townsville City Council are Townsville Water (previously CitiWater, Thuringowa Water and NQ Water) and Waste Services (previously CitiWaste and Thuringowa Waste). However, a number of council’s service delivery units operate under the Code of Competitive Conduct, these units include:

- | | |
|---|---|
| Activity » The Learning Centre | Activity » Thuringowa Building Certification |
| Purpose » Provision of training and staff development services | Purpose » Certification of building works |
| Activity » Property Services | Activity » Fleet Service |
| Purpose » Maintenance of council’s building assets, signage, development and sale of surplus property, rentals and construction supervision | Purpose » Operation of council’s motor vehicles, plant and equipment and workshop services |
| Activity » Parking Section (off-street) | Activity » Construction and Maintenance Services (Roads and Drainage) |
| Purpose » Provision of off-street parking | Purpose » Road business activity as provided for by the <i>Local Government Act</i> |
| Activity » Townsville Wholesale Nursery | Townsville City Council received no complaints for which the Queensland Competition Authority was a referee in respect of the competitive neutrality of council business units. |
| Purpose » Provision of wholesale horticulture goods and services | |
| Activity » Civic Theatre | |
| Purpose » Provision of Performing Arts and ticketing for events | |

TOWNSVILLE WATER

Townsville City Council is a registered water service provider under the *Water Supply (Safety and Reliability) Act 2008*. Council provides water and wastewater services to more than 62,000 residential and over 3,000 commercial and industrial customers throughout Townsville. Council’s water and sewerage business operations were formed in March 2008 following the amalgamation of the three previous local government water businesses of NQ Water, CitiWater and Thuringowa Water.

Council was required to maintain the three previous water businesses as separate operations, pending completion of a public benefit assessment to determine the most appropriate form for the combined water business. A public benefit assessment was undertaken which recommended that council combine the three businesses and create a new commercialised business unit using full cost pricing principles. Council adopted the recommendation in May 2009. The new commercialised business unit commenced operation on 1 July 2009 under the business name of ‘Townsville Water’.

Council did not develop a performance plan for 2008/09, pending completion of the public benefit assessment to determine the most appropriate form and structure for the new water business. Work is now progressing on a performance plan for 2009/10 for the new commercial

business unit of Townsville Water. During the period that the three previous water businesses were required to operate separately, each operation maintained the overall business objectives that had been identified in the performance plan held with their previous organisation.

Council’s water assets include two dams, three weirs, four chlorinators, four treatment plants, 21 pump stations, 39 reservoirs, almost 2,300km of water pipes, and over 57,000 water meters. Wastewater assets include over 1,200km of sewer mains, 167 pump stations and 10 treatment or recycling plants.

Planning was finalised on two key infrastructure projects in the 2008/09 period. The \$189 million Wastewater Upgrade Project, which is due to commence construction in September 2009, focuses on replacing the Mt St John Wastewater Treatment Plant with a new state of the art facility, and building 27km of sewage diversion pipelines. The \$64 million Water Supply Upgrade Project involves construction of a new Northern Water Treatment Plant near Rollingstone, to service the growing northern suburbs and beach communities.

Another key initiative that commenced during 2008/09 was the development of a water and sewerage pricing model using best practice pricing principles based on National Water Initiative pricing reforms.

WASTE SERVICES

Waste Services is a commercial business unit of council providing solid waste management services to the Townsville community. The core business activity for Waste Services includes three main areas: waste collection, recycling and waste disposal.

Waste Services' vision is to be the service provider of choice in North Queensland for solid waste management. In the delivery of waste management products and services, Waste Services commits to:

- » customer service
- » efficiency
- » environmental performance
- » returns for shareholders

Council's waste operations were formed in March 2008, following the amalgamation of the two previous local government waste businesses of CitiWaste and Thuringowa Waste.

Council was required to maintain the two previous waste businesses as separate operations until a new commercialised business unit was formed. Council adopted the recommendation to form Waste Services in July 2009.

Waste Services is required to develop a performance

plan for 2009/10 for the new commercialised business unit. During the period that the two previous waste businesses were required to operate separately, each operation maintained the overall business objectives that had been identified in the performance plan held with their previous organisation.

During this period, both operations complied with the unit's annual Performance Plan. There were no amendments to the Performance Plan from 15 March 2008 – 30 June 2009. The Waste Services unit received no directions other than those contained in the unit's performance plan. It has been reported that all surpluses for the department were returned to Townsville City Council.

Waste Services provides Townsville City Council with a quarterly performance report in the form of a review of Operating Plans. The report clearly documents the actual operating results for the quarter and the year to date, and compares these results against the approved budget and any forecasts used for planning. In addition, non-financial performance indicators are presented. Waste Services is also required to provide the Townsville City Council with a monthly financial performance report.

SECTION 8

FINANCIAL STATEMENTS

For the period ended 30 June 2009

INDEX

Management Certificate59
 Income Statement 60
 Balance Sheet 61
 Statement Of Changes In Equity 62
 Cash Flow Statement.....63
 Notes To The Financial Statements 64
 Independent Auditor’s Report 96

MANAGEMENT CERTIFICATE

For the period ended 30 June 2009

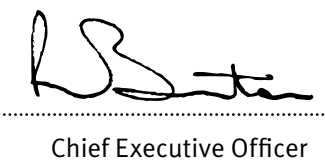
This general purpose financial report has been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the Standard) and other prescribed requirements.

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

- i. the local government considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- ii. the financial statements for the period ended 30 June 2009 and supporting notes present the Council’s income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.



 Mayor



 Chief Executive Officer

23 November 2009

 Dated

INCOME STATEMENT
For the period ended 30 June 2009

	Note	2009
		15.5 months
		\$000
Revenue from ordinary activities	3	402,228
Gain on restructure of local government entities	12	3,014,608
Total income		3,416,836
Expenses from ordinary activities	4	(424,420)
Finance costs	5	(17,225)
Total expenses		(441,645)
Net surplus attributable to council		2,975,191

This Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
as at 30 June 2009

	Note	2009
		\$000
Current assets		
Cash and cash equivalents	13	98,263
Receivables	14	19,609
Inventories	15	2,046
		119,918
Non-current assets		
Receivables	14	1,381
Property, plant and equipment	16	3,134,184
Capital works in progress	17	147,517
Intangible assets	18	4,882
		3,287,964
TOTAL ASSETS		3,407,882
Current liabilities		
Trade and other payables	19	46,288
Borrowings	20	11,823
Provisions	21	2,587
Other liabilities	22	1,861
		62,559
Non-current liabilities		
Trade and other payables	19	6,473
Borrowings	20	189,979
Provisions	21	20,915
		217,367
TOTAL LIABILITIES		279,926
NET COMMUNITY ASSETS		3,127,956
Community equity		
Retained surplus	23	2,922,014
Asset revaluation reserve	24	152,765
Reserves	25	53,177
TOTAL COMMUNITY EQUITY		3,127,956

This Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2009

		Retained surplus	Asset revaluation reserve	Reserves	Total
	Note	15.5 months \$'000	15.5 months \$'000	15.5 months \$'000	15.5 months \$'000
Opening Balance		-	-	-	-
Revaluations of property, plant and equipment	16		152,765		152,765
Net income recognised directly in equity		-	152,765	-	152,765
Surplus for the period		2,975,191			2,975,191
Total recognised income and expense		2,975,191	152,765	-	3,127,956
Transfers to and from reserves					
Transfers to reserves	25	(95,926)		95,926	-
Transfers from reserves	25	42,749		(42,749)	-
Total transfers to and from reserves		(53,177)	-	53,177	-
Balance as at 30 June 2009		2,922,014	152,765	53,177	3,127,956

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the period ended 30 June 2009

	Note	2009 15.5 months \$'000
Cash flows from operating activities		
Receipts from customers		383,821
Payments to suppliers and employees		(277,582)
Interest received		8,118
Dividends received		-
Finance costs		(16,327)
Net cash inflow from operating activities	31	98,030
Cash flow from investing activities		
Payments for property, plant and equipment		(128,118)
Payments for intangible assets		(1,257)
Proceeds from sale of property, plant and equipment		5,348
Proceeds from sale of investments		15
Repayment of loans by community organisations		37
Net cash used in investing activities		(123,975)
Cash flow from financing activities		
Proceeds from borrowings		41,100
Repayments of borrowings		(13,575)
Net cash inflow from financing activities		27,525
Net increase/decrease in cash held		1,580
Cash at beginning of reporting period		-
Cash flow arising from restructure of local government		96,683
CASH AT END OF REPORTING PERIOD	13	98,263

This Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2009

1	Summary of Significant Accounting Policies	67
2	Analysis of results by function.....	77
3	Revenue	78
4	Expenses	78
5	Finance costs	78
6	Grants, subsidies, contributions and donations	79
7	Employee costs	79
8	Materials and services	79
9	Depreciation and amortisation.....	80
10	Other expenses.....	80
11	Loss on disposal of non-current assets	80
12	Gain on restructure of local government.....	80
13	Cash and cash equivalents	82
14	Receivables.....	83
15	Inventories	83
16	Property, plant and equipment	84
17	Capital works in progress.....	85
18	Intangible assets.....	85
19	Trade and other payables	85
20	Borrowings.....	85
21	Provisions	86
22	Other liabilities	86
23	Retained surplus	86
24	Asset revaluation reserve.....	86
25	Reserves	87
26	Commitments for expenditure	87
27	Non-current assets held for sale.....	88
28	Interests in joint ventures	88
29	Financial risk management.....	89
30	Controlled entities.....	91
31	Reconciliation of result from ordinary activities to net cash inflow from operating activities	92
32	Contingencies	92
33	Events occurring after the reporting period	93
34	Superannuation	93
35	Trust fund.....	94
36	National Competition Policy	94

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2009

1 Summary of Significant Accounting Policies

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 1993*, the Local Government Reform Implementation Regulation 2008 and the Local Government Finance Standard 2005.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Thuringowa and Townsville City Councils and Townsville Thuringowa Water Supply Joint Board be amalgamated to form the Townsville City Council. Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the Townsville City Council was formed on 15 March 2008.

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

Pursuant to section 159YQ of the *Local Government Act 1993* and sections 26 and 35 of the Local Government Reform Implementation Regulation 2008, financial statements have been prepared for the period starting on 15 March 2008 and ending on 30 June 2009.

Assets and liabilities of the former councils and water board have been recognised by Townsville City Council on 15 March 2008 at the previous book values of the transferor local government entities. This is shown as income in the Income Statement and details are disclosed in Note 12.

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

details are disclosed in Note 12.

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

b) Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, this Report does not comply with IFRS. The main impact is in:

- » the offsetting of revaluation and impairment gains and losses within a class of assets; and
- » the recognition of transferred assets and liabilities at the amounts at which they were recognised by the transferor local government entities.

c) Basis of consolidation

The Council and its controlled entities together form the economic entity which is referred to in this financial report as the consolidated entity.

The controlled entity during the period is the Townsville and Thuringowa Cemetery Trust.

The assets, liabilities and net result of the controlled entity during the period are not material and therefore are not consolidated in Council's financial statements. Details of the controlled entity are disclosed in Note 30.

d) Adoption of new accounting standards

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the period ending 30 June 2009 but, as permitted, have been applied in preparing this report, where applicable:

AASB 1004	Contributions (December 2007)
AASB 1051 -	Land Under Roads (December 2007)
AASB 1052 -	Disaggregated Disclosures (December 2007)

AASB 2007- 9 -	Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31
AASB Interpretation 1038 -	Contributions by Owners Made to Wholly - Owned Public Sector Entities.
The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the period ending 30 June 2009 and have not been applied.	
AASB3	Business Combinations (March 2008)
AASB101	Presentation of Financial Statements (September 2007)
AASB127	Consolidated and Separate Financial Statements (March 2008)
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
AASB2007-6	Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101
AASB 2008 - 1	Amendments to Australian Accounting Standard Share based Payments: Vesting Conditions and Cancellations (February 2008)
AASB2008-2	Amendments to Accounting Standards Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
AASB2008-3	Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)
AASB2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)

AASB2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (July 2008)
AASB2008-8	Amendments to Australian Accounting Standards Eligible Hedged Items [AASB 139] (August 2008)
AASB 2008-9	Amendments to AASB 1049 for Consistency with AASB 101(September 2008)
AASB 2008-11	Amendments to Australian Accounting Standard – Business Combinations Among Not for Profit Entities [AASB 3] (November 2008)
AASB 2008-13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non cash Assets to Owners (December 2008) [AASB 5 and AASB 110]
Interpretation 15	Agreements for the Construction of Real Estate (August 2008)
Interpretation 16	Hedges of a Net Investment in a Foreign Operation (August 2008)
Interpretation 17	Distributions of Non-cash Assets to Owners (December 2008)
AASB8	Operating Segments (February 2007)
AASB123	Borrowing Costs (June 2007)
AASB 1039	Concise Financial Reports (August 2008)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

e) Critical accounting estimates

The preparation of financial statements to conform with AIFRS requires the use of certain critical accounting

estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

f) Currency

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

g) Constitution

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

h) Date of authorisation

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

The Local Government has the power to amend the financial report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

i) Changes to accounting policies, estimates and errors

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

Where there are material adjustments to the measurement of opening assets and liabilities as a consequence of aligning accounting policies of the abolished local government entities, these have been accounted for as a gain or loss on restructure of Local Government. Refer to Note 12.

(j) Property, plant and equipment

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including all costs incurred in preparing the assets ready for use.

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

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

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

k) Revaluation of non-current assets

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

Revaluations were undertaken in accordance with AASB116, Local Government Finance Standard 2005 and Council Policy. For more detail refer Note 1(x) Valuation of Assets.

l) Depreciation of non-current assets

Non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

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

m) Intangible assets

Only intangible assets which have a cost exceeding \$5,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in AASB138 (57).

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

n) Assets under construction

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

The costs of non-current assets constructed by the Local Government 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.

o) Impairment

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

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

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

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

p) Employee benefits*i) Wages and salaries*

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

(ii) Annual leave

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary

levels and related employee on-costs discounted to present values. The interest rates attaching to Commonwealth Government guaranteed securities, as at the reporting date, are used to discount the estimated future cash outflows to their present value. This liability is treated as a payable.

(iii) 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 interest rates attaching to Commonwealth Government guaranteed securities, as at the reporting date, are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current wage and salary levels, projected future increases in those rates, experience of employees' departures and periods of service, and includes related employee on-costs. This liability is treated as a provision.

(iv) Superannuation

The superannuation expenses for the reporting period is the amount of the statutory contribution the Local Government makes to the superannuation plan which provides benefits to its employees and Councillors. Details of those arrangements are set out in Note 34.

(v) Sick Leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

q) Investments

Investments are brought to account at market value. Interest revenues are recognised as they accrue. Financial institution deposits at call and term deposits are treated as cash equivalents.

r) Land held for resale

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

inventory. Profit arising upon sale of land is recognised in the Income Statement on the signing of a valid unconditional contract of sale.

s) Leased plant and equipment

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

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

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

The council has no finance leases in this reporting period.

t) Rates, grants, donations and other contributions

Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which it is received.

Grants, donations and other contributions are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

Where contributions recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of amounts pertaining to those undischarged conditions have been appropriated to the relevant reserve and are disclosed in Note 25.

u) Receivables

Receivables are due and payable within 30 days for rates revenue, and are carried at amounts due. The collectability of debts is assessed at the reporting date and a provision is made for impairment where it is no longer probable that the amount owing will be collected.

Loans and advances are recognised at cost. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

v) Cash

For the purposes of the Cash Flow Statement, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis net of borrowings which are integral to the cash management function and which are not subject to a term facility.

w) Valuation of liabilities

Employee benefits have been valued in accordance with AASB 119, that is, at the present value of the estimated future cash outflows.

Creditors and finance lease liabilities are valued in accordance with the historical cost convention.

Liabilities arising from leases or borrowings are allocated between current and non-current components. The principal component of payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the liability is disclosed as a non-current liability.

Loan liabilities are valued at their amortised cost. See also Note 1(af) Borrowings.

x) Valuation of assets

Valuation methods by asset classification

Land	Fair Value
Land improvements	Fair Value
Buildings	Fair Value
Plant and equipment	Historical cost
Road and bridge network	Fair Value
Drainage	Fair Value
Sewerage	Fair Value
Water	Fair Value
Other assets	Fair Value

Valuations of non-current assets which were current as at 30 June 2009 were determined on the following bases:-

i) Land

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

The class as a whole was assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

ii) Land improvements

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

The class as a whole was assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

iii) Buildings

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

The class as a whole was assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

iv) Plant and equipment

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

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

v) Road and bridge network

Infrastructure roads;

were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, taking into account any expired portion of its useful life.

Infrastructure bridges;

were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, taking into account any expired portion of its useful life.

Boat Ramps;

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

The class as a whole was assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

vi) Water, Sewerage and Drainage assets

Water, sewerage and drainage assets were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, taking into account any expired portion of its useful life, except for the following external valuations;

Water and Sewer Passive Assets;

that were valued as at 31 March 2009, at their replacement cost established by an independent valuation performed by Desmond Moseley (Bachelor of Engineering) (RPEQ 7565) of DPM Water Pty Ltd; and

Water Pump Stations and Reservoirs and Sewerage Pump Stations and Treatment Plants;

that were valued as at 31 March 2009 at their replacement cost established by independent valuation performed by Ross McPherson (Bachelor of Engineering – Civil, Graduate Diploma of Engineering) (RPEQ 7565) of DPM Water Pty Ltd.

These classes as a whole were assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

vii) Other assets

Cultural assets

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

Cultural assets	Next Re-valuation Date	Last Re-valuation Date	Valuer
Paintings	2010/11	30-Jun-06	Bettina Macaulay, BA Hons (registered valuer with the Federal Government Cultural Gifts Program)
Prints	2009/10	1-Jan-07	Bettina Macaulay, BA Hons (registered valuer with the Federal Government Cultural Gifts Program)
Ceramics	2012/13	1-Jan-08	Bettina Macaulay, BA Hons (registered valuer with the Federal Government Cultural Gifts Program)
Drawing and Photographs	2011/12	1-Dec-08	Bettina Macaulay, BA Hons (registered valuer with the Federal Government Cultural Gifts Program)
Other	2009/10	30-Jun-05	Bettina Macaulay, BA Hons (registered valuer with the Federal Government Cultural Gifts Program)

The class as a whole was assessed for material changes in value as at 30 June 2009. Reported balances represent fair value at balance date.

y) Recognition of revenue and expenses

Revenues are recognised in the determination of the result for the reporting period when, and only when, the following criteria are satisfied:

- » it is probable that the inflow or other enhancement or saving in outflows of economic benefits or service potential has occurred; and
- » the inflow or other enhancement or saving in outflows of economic benefits or service potential can be measured reliably.

Expense are recognised in the determination of the result for the reporting period when, and only when, the following criteria are satisfied:

- » it is possible that the consumption or loss of economic benefits or service potential resulting in a reduction in assets and/or increase in liabilities has occurred; and
- » the consumption or loss of economic benefits or service potential can be measured reliably.

z) Valuation of inventories

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

Inventories held for distribution are:

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

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

aa) Accounts Payable

Accounts payable have been recognised as a liability for the year ended 30 June 2009 at the time when the amount owed can be measured reliably and when it is probable the account will have to be paid. This is at the time of the goods being received or the service being performed. The amount recognised for each creditor is based on purchase or contract costs. The amounts are unsecured and are normally settled within 30 working days.

ab) Components of Equity

i) Retained surplus and asset revaluation reserve

Taken together these accounts represent the amount of wealth currently required and in use by Council for its operations and to maintain its conventional assets and infrastructure at existing levels of operating capability.

Retained surplus

The retained surplus account represents the net wealth of Council after allocations to and from specific reserves. The opening balance of this account as at 15 March 2008 is the value of the net assets transferred from the transfer of local government entities. See also Note 12.

Asset Revaluation Reserve

The asset revaluation reserve comprises of adjustments relating to changes in fair value of non-current assets. Net incremental changes in the carrying value of classes of non-current assets, since their initial recognition, are accumulated in this reserve. See Note 1(k). 15 March 2008 is the date of initial recognition for all assets transferred from the former entities.

ii) Reserves

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

Asset acquisition reserve

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

Constrained works reserve

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific capital expenditure.

As the expenditure is incurred on specified capital assets the equivalent funds are transferred to Retained Surplus. The balance reported represents funds not yet expended and retained until expended in the manner specified by the contributor.

Constrained recurrent reserve

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

Other reserves

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

ac) Joint venture

The proportionate interests in the assets, liabilities, income and expenses of a joint venture entity have been incorporated with similar items, line by line, in the consolidated Financial Statements.

Details of the joint venture are set out in Note 28.

ad) Provision for restoration

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

ae) Financial assets and financial liabilities

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

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

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

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

presented when the carrying amount is a reasonable approximation of fair value.

The fair value of financial instruments is determined as follows:

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

(af) Borrowings

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

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

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which

they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, unless they are associated with the construction of qualifying assets, in which case they are capitalised with the asset. There were no qualifying assets in this reporting period.

Gains and losses on the early redemption of borrowings are recorded in the Income Statement.

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

ag) Financial risk management

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

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

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of financial instruments and the associated risks are shown at Note 29.

(ah) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

Comparative figures have not been provided as Townsville City Council commenced operation on 15 March 2008 and the Financial Statements cover the period 15 March 2008 to 30 June 2009.

(ai) Trust funds

The Council holds amounts in Trust on behalf of third parties or for specific purposes as required by the Local Government Finance Standard 2005. Council acts only in a custodial role in respect of these transactions and balances. Information on balances relating to trust funds is disclosed at Note 35.

(aj) 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 net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

In revaluing land and buildings, the potential capital gains tax in relation to such assets acquired after 19 September 1985 was not taken into account as Council is not liable for payment of this tax.

The Council pays Payroll Tax to the Queensland Government on certain activities.

2 Analysis of results by function

a) Revenue, expenses and assets attributable to each function are as follows:

Functions	Revenue		Total Revenue Note 3	Total Expenses Note 4 and 5	Net Result For Period	Assets
	Grants and Contributions	Other				
	2009 15.5 months \$'000	2009 15.5 months \$'000	2009 15.5 months \$'000	2009 15.5 months \$'000	2009 15.5 months \$'000	2009 As at 30 June \$'000
Townsville Water	41,042	121,072	162,114	142,015	20,099	1,453,124
Townsville Waste	130	22,041	22,171	20,838	1,333	7,949
Community and Environmental Services	12,944	14,152	27,096	130,270	(103,174)	261,696
Infrastructure Services	59,976	4,998	64,974	98,401	(33,427)	1,369,548
Asset Planning Services	33	294	327	(1,662)	1,989	21,793
Planning and Development Services	147	8,070	8,217	19,656	(11,439)	27,053
Corporate Services	7,591	109,738	117,329	32,127	85,202	266,719
Total	121,863	280,365	402,228	441,645	(39,417)	3,407,882

(b) Functions

Council's functions are:

Townsville Water

Includes operation, construction and maintenance of Councils water storage, treatment, distribution and reticulation systems and council's wastewater disposal and treatment systems.

Townsville Waste

Includes refuse collection and disposal, and landfill operations and management.

Community and Environmental Services

Includes community services, libraries, art galleries, civic theatre, cultural, recreational facilities, health, parks, environment planning, customer services and parking regulation.

Asset Planning Services

Includes infrastructure planning, fleet services and corporate asset management.

Infrastructure Services

Includes roads, drainage, plant and depot, planning and investigations, and urban redevelopment.

Planning and Development Services

Includes town planning, development assessment, economic development and special projects.

Corporate Services

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

	Note	2009
		15.5 months \$'000
3 Revenue		
Operating income:		
General rates		110,562
Special rates		1,252
Water and sewerage		127,231
Refuse and recycling		14,505
		253,550
less: discounts		(29,069)
less: pensioner and other remissions		(5,339)
Net rates and utility charges		219,142
Fees and charges		33,984
Government grants, contributions and donations	6	26,013
Interest and dividends from financial assets		8,100
Gain on disposal of land developed for sale		92
Other income		19,047
Total operating income		306,378
Capital income:		
Grants and contributed assets	6	95,850
Total capital income		95,850
Revenue from ordinary activities		402,228

	Note	2009
		15.5 months \$'000
4 Expenses		
Operating expenses:		
Employee costs	7	129,067
Materials and services	8	134,138
Depreciation and amortisation	9	134,620
Other expenses	10	16,031
Total operating expenses before finance costs		413,856
Capital expenses:		
Loss on disposal of non-current assets	11	3,286
Revaluation decrement	16	7,278
Total capital expenses		10,564
Expenses from ordinary activities		424,420

5 Finance costs

Interest and finance charges		16,795
Unwinding of discounting provisions		288
Other finance costs		142
Total finance costs expensed		17,225

	Note	2009
		15.5 months \$'000
6 Grants, subsidies, contributions and donations		
Operating grants, subsidies, contributions and donations:		
Donations of cash		141
Contributions		10,825
Special purpose grants		402
General purpose grants		747
Special purpose government grants		5,271
General purpose government grants		8,627
Total operational grants and contributions		26,013
Capital grants and contributions:		
Monetary revenue constrained for capital purposes:		
Government grants and subsidies		36,272
Contributions		24,887
Total constrained revenue		61,159
Non-monetary revenue received is analysed as follows:		
Infrastructure from developers at fair value		34,691
Total non-monetary assets		34,691
Total capital grants and contributions		95,850

	Note	2009
		15.5 months \$'000
7 Employee costs		
Total wages and salaries and oncosts		125,764
Councillors' remuneration		1,553
Other employee related expenses		1,750
Total		129,067

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

8 Materials and services

External service providers		32,632
Contractors		32,546
Equipment costs		16,592
Heat, light and power costs		13,240
Consultants		1,794
Licences and fees		6,063
Repairs and maintenance		5,393
Chemicals		3,332
Training and development costs		2,384
Telecommunications costs		2,142
Cleaning		1,692
Office expenses		1,361
Rent expense		1,072
Legal expenses		1,014
Travel expenses		758
Other expenses		12,123
Total		134,138

	Note	2009
		15.5 months
		\$'000
9 Depreciation and amortisation		
a) Depreciation		
Land improvements		13,985
Buildings		8,225
Plant and equipment		12,022
Road and bridge network		29,303
Water		44,558
Sewerage		15,600
Drainage		8,655
Other		832
Total depreciation	16	133,180
b) Amortisation		
Software	18	1,440
Total amortisation		1,440
Total depreciation and amortisation		134,620

12 Gain on restructure of local government

a) Transfer of assets and liabilities

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Thuringowa and Townsville City Councils and the Townsville Thuringowa Water Supply Joint Board, be amalgamated to form the Townsville City Council. Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008* the amalgamation was effective from the changeover date of 15 March 2008.

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

The assets and liabilities of the former entities have been recognised at the amounts at which they were recognised by the transferor local government entities as at the changeover day. The Townsville City Council applied consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former entities as at 15 March 2008.

Details are as follows: (next page)

	Note	2009
		15.5 months
		\$'000
10 Other expenses		
Audit services		150
Donations, grants and subsidies		3,059
Insurance		4,721
Impairment losses - trade and other receivables		1,258
Other expenses		6,843
Total		16,031

11 Loss on disposal of non-current assets

Proceeds from the sale of property, plant and equipment		5,348
less: book value of property, plant and equipment sold		(8,634)
Total gain (loss) on the disposal of property, plant and equipment		(3,286)

	Thuringowa City Council	Townsville City Council	Townsville Thuringowa Water Supply Joint Board	Total assets and liabilities recognised by Townsville City Council	Adjustments due to accounting policy alignment and corrections of error. Refer to Note 12 b)	Gain on restructure of local government
	14 March 2008	14 March 2008	14 March 2008	15 March 2008	30 June 2009	30 June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current Assets						
Cash and cash equivalents	39,693	51,497	5,493	96,683	251	96,934
Trade and other receivables	21,595	19,754	2,877	44,226	976	45,202
Inventories	2,086	1,399	-	3,485	3	3,488
Other assets	72	957	3	1,032	(2)	1,030
Total current assets	63,446	73,607	8,373	145,426	1,228	146,654
Non-current Assets						
Investments	-	18	-	18		18
Property, plant and equipment	668,311	1,515,019	687,979	2,871,309	111,883	2,983,192
Capital works in progress	14,128	90,028	6,916	111,072	(89)	110,983
Intangible assets	472	4,545	-	5,017	(4)	5,013
Other assets	-	1,351	-	1,351		1,351
Total non-current assets	682,911	1,610,961	694,895	2,988,767	111,790	3,100,557
TOTAL ASSETS	746,357	1,684,568	703,268	3,134,193	113,018	3,247,211
LIABILITIES						
Current Liabilities						
Trade and other payables	10,505	30,022	2,107	42,634	(2,807)	39,827
Borrowings	-	3,572	8,144	11,716	-	11,716
Provisions	-	790	-	790	15	805
Other	1	1,925	-	1,926	(19)	1,907
Total current liabilities	10,506	36,309	10,251	57,066	(2,811)	54,255
Non-current Liabilities						
Trade and other payables	1,791	7,882	64	9,737	-	9,737
Borrowings	-	58,208	104,781	162,989	-	162,989
Provisions	-	5,610	-	5,610	12	5,622
Total non-current liabilities	1,791	71,700	104,845	178,336	12	178,348
TOTAL LIABILITIES	12,297	108,009	115,096	235,402	(2,799)	232,603
NET ASSETS TRANSFERRED FROM ABOLISHED ENTITIES	734,060	1,576,559	588,172	2,898,791	115,817	3,014,608

	Note	2009 \$'000
b) Adjustments due to alignment of accounting policies, accounting estimates, and corrections of error		
Accounting policy alignment		
i) Townsville City Council adopted an asset recognition threshold for assets of \$5,000. This resulted in the derecognition of assets transferred from the former entities where the gross value fell below the asset recognition threshold.		
Property, Plant and Equipment	16	(220)
Intangible assets	18	(4)
Correction of errors		
i) Property, plant and equipment assets not previously recognised by abolished local government entities.		
		104,667
ii) Elimination of inter-entity receivable and payable balances between abolished local government entities.		
		3,676
iii) Interest in joint venture not previously recognised by abolished local government entities.		
		7,698
		115,817
c) Net result attributable to Council before net assets transferred from abolished entities		
Net result attributable to Council		2,975,191
Gain on restructure of local government		3,014,608
Net result attributable to Council before Gain on restructure of local government		(39,417)

	Note	2009 \$'000
13 Cash and cash equivalents		
Cash at bank and on hand		3,919
Deposits at call		94,344
		98,263
a) Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the financial year as shown in the cashflow statement as follows:		
Balances as above		98,263
Balance per cash flow statement		98,263
b) Cash not available for general use		
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies		24,068
Total unspent restricted cash for capital projects	25	24,068

c) Risk exposure

The Council's exposure to interest rate risk is discussed in Note 29. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

	Note	2009 \$'000
14 Receivables		
Current		
Trade receivables - rates		4,186
Trade receivables - fees and charges		11,365
Less: Provision for impairment of receivables		(1,129)
		14,422
Non-current		
Other debtors		4,364
Loans and advances		134
Accrued income		277
Prepayments		412
		5,187
		19,609

Loans and advances relate to loans made to various sporting bodies and community groups. These assets arise on an irregular basis and are normally unsecured. These loans are subject to negotiated interest rates.

a) Impaired trade receivables

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

As at 30 June 2009 current trade receivables of the Council with a nominal value of \$1,129,072 were impaired. The amount of the provision was \$1,129,072.

	Note	2009 \$'000
The ageing of these receivables is as follows		
1 to 3 months		41
3 to 6 months		143
Over 6 months		945
		1,129
Movements in the provision for impairment of receivables are as follows:		
At 15 March 2008		0
Transferred from abolished councils as part of government restructure		218
Provision for impairment recognised during the year		1,129
Unused amounts reversed		(218)
		1,129
b) Past due but not impaired		
1 to 3 months		20,990
3 to 6 months		-
Over 6 months		-
		20,990
15 Inventories		
Raw materials and stores - at cost		2,046

16 Property, plant and equipment

Basis of measurement	Land	Land improvements	Buildings	Plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Other assets	Total
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Cost \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	\$'000
As at 15 March 2008	-	-	-	-	-	-	-	-	-	-
Cost or fair value	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Net carrying value	-	-	-	-	-	-	-	-	-	-
Movement for the period ended 30 June 2009										
Opening net carrying value	-	-	-	-	-	-	-	-	-	-
Net value of assets transferred from abolished Councils	294,153	97,955	153,475	41,205	727,580	876,404	324,654	350,147	5,736	2,871,309
Additions	104,233	4,553	-	16,259	21,492	18,799	72,761	9,725	208	248,030
Recognition due to change in joint venture accounting method	2,837	-	4,632	(32)	-	-	-	-	-	7,437
Derecognition due to change in asset recognition threshold	-	-	-	(192)	-	-	-	-	(28)	(220)
Disposals	-	(108)	(96)	(2,539)	-	-	(2,081)	(10)	-	(4,834)
Revaluation adjustment to the ARR	40,682	-	-	-	-	74,005	26,159	11,919	-	152,765
Revaluation adjustment to Expense	-	(493)	(2,752)	-	(4,033)	-	-	-	-	(7,278)
Depreciation provided in period	-	(13,985)	(8,225)	(12,022)	(29,303)	(44,558)	(15,600)	(8,655)	(832)	(133,180)
Assets reclassified from held for sale	-	-	-	-	-	-	-	155	-	155
Internal transfers	(1,039)	3,024	(1,787)	(54)	-	-	(72)	(72)	-	-
Closing net carrying value	440,866	90,946	145,247	42,625	715,736	924,650	405,821	363,209	5,084	3,134,184
As at 30 June 2009										
Cost or fair value	440,866	182,289	181,615	83,545	1,055,500	1,448,288	656,210	546,303	11,191	4,605,807
Accumulated depreciation	-	(91,343)	(36,368)	(40,920)	(339,764)	(523,638)	(250,389)	(183,094)	(6,107)	(1,471,623)
Net carrying value	440,866	90,946	145,247	42,625	715,736	924,650	405,821	363,209	5,084	3,134,184

	Note	2009
		\$'000
17 Capital works in progress		
Land		1,038
Land improvements		5,955
Buildings		11,221
Plant and equipment		6,277
Road and bridge network		36,548
Water		55,424
Sewerage		29,742
Drainage		1,020
Other assets		292
		147,517

18 Intangible assets

a) Software

Cost	13,192
Accumulated amortisation	(8,310)
Net carrying value	4,882

b) Movement in intangible software assets

At 15 March 2009	-
Net value of assets transferred from abolished Councils	5,017
Additions	1,323
Disposals	(14)
Derecognition due to change in asset recognition threshold	(4)
Amortisation in the period	9
	(1,440)
Net carrying value	4,882

	Note	2009
		\$'000
19 Trade and other payables		
Current		
Trade creditors		16,017
Other payables		24,183
Employee benefits - annual leave		6,088
		46,288
Non-Current		
Employee benefits - annual leave		6,473

20 Borrowings

Current

Loans - financial institutions	11,823
	11,823

Non-current

Loans - financial institutions	189,979
	189,979

a) Bank overdraft

Council has an unsecured overdraft facility to a limit of \$500,000 leaving an unused facility (excess of limit):	500
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b) Unsecured borrowings

The total facility has been provided to a limit of \$202,412,637. The amount unused at the reporting date was nil. The loans are unsecured and are all in Australian dollar denominated amounts. Borrowings have been recognised as a liability for the year ended 30 June 2009 at their carrying value.

The fair value of \$205,041,843 represents the value of the debt if Council repaid the debt as at 30 June 2009. 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 long term component of the loans are held in separate program accounts.

The interest rates of borrowings range from 5.61% to 7.59% for book value rates. Based on the current level of repayment of the book value debt, the expected term of non-current debt varies from 2 to 18 years.

	Note	2009
		\$'000
21 Provisions		
Current		
Employee benefits - Long service leave		1,341
Workers Compensation		1,246
		2,587
Non-Current		
Employee benefits - Long service leave		11,598
Workers Compensation		3,104
Landfill restoration		6,213
		20,915

a) Movement in landfill restoration provision

Landfill restoration		
Opening balance		-
Transferred from abolished entities		3,311
Increase in provision - finance cost	5	288
Increase (decrease) in provision due to change in discount rate		1,634
Increase (decrease) in provision - new stage		980
Balance at the end of period		6,213

This is the present value of the estimated cost of restoring Council's landfill sites to a useable state at the end of their useful life. The total projected cost is \$6,537,707 for the landfill sites. These costs are expected to be incurred between 2010 and 2012.

	Note	2009
		\$'000
22 Other liabilities		
Current		
Unearned revenue		1,861

23 Retained surplus

Movements in retained surplus is as follows:

Balance at beginning of period		-
Surplus for the year		2,975,191
Transfers from/(to) Constrained works reserve		(24,068)
Transfers from/(to) Asset replacement reserve		(5,304)
Transfers from/(to) Constrained recurrent reserve		(10,375)
Transfers from/(to) Other reserves		(13,430)
Balance at the reporting date		2,922,014

24 Asset revaluation reserve

Movements in the asset revaluation reserve were as follows:

Balance at beginning of period		-
Net adjustment to property, plant and equipment at end of period to reflect a change in current value:		
Land		40,682
Land improvements		-
Buildings		-
Road and bridge network		-
Water		74,005
Sewerage		26,159
Drainage		11,919
Other		-
Balance at the reporting date		152,765

	Note	2009
		\$'000
25 Reserves		
(a) Reserves held for future capital expenditure:		
(i) Constrained works reserve		24,068
(ii) Asset replacement reserve		5,304
		53,177
(b) Reserves held for future recurrent expenditure:		
(i) Constrained recurrent reserve		10,375
ii) Other reserves		13,430
		53,177

(c) Movement in capital reserves

(i) Constrained works reserve		
Balance at beginning of period		-
Transfer from retained surplus for future expenditure		(6,761)
Transfer to the retained surplus for capital expended in the period		30,829
Balance at the reporting date		24,068
(ii) Asset replacement reserve		
Balance at beginning of period		-
Transfer from retained surplus for future expenditure		(28,276)
Transfer to the retained surplus for capital expended in the period		33,580
Balance at the reporting date		5,304

(d) Movements in recurrent reserves

i) Constrained recurrent reserve		
Balance at beginning of period		-
Transfer from retained surplus for future expenditure		(7,712)
Transfer to the retained surplus for specific expenses incurred in the period		18,087
Balance at reporting date		10,375

	Note	2009
		\$'000
ii) Other reserves		
Balance at beginning of period		-
Transfer from retained surplus for future expenditure		-
Transfer to the retained surplus for specific expenses incurred in the period		13,430
Balance at reporting date		13,430

26 Commitments for expenditure**(a) Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised in the Balance Sheet:

Water Supply Upgrade Program		68,320
Townsville International Sports Centre		13,430
Jezzine Barracks		10,000
Rurch project		7,222
Kokoda Pool		4,100
Waste water upgrade program		3,950
Kalynda Chase Tennis Centre		3,144
North Shore Boulevard		1,357
Ross River Park Way		959
All Abilities Play Ground		750
Riverway Skate Park		500
Playground Renewals		500
Other		2,280
		116,512

These expenditures are payable:

Not later than 1 year		98,091
Later than 1 year but not later than 5 years		18,421
Later than 5 years		-
		116,512

	Note	2009
		\$'000
(b) Operating commitments		
Operating leases contracted for at the reporting date :		
Rental of Buildings / Offices		4,001
Rental of IT Equipment		390
		4,391
These expenditures are payable:		
Not later than 1 year		717
Later than 1 year but not later than 5 years		2,602
Later than 5 years		1,072
		4,391

27 Non-current assets held for sale

Opening balance		-
Net value of assets transferred from abolished Councils		1,786
Less: Assets reclassified to property, plant and equipment	16	(155)
Less: Cost of developed land sold		(1,631)
		-

28 Interests in joint ventures

A joint venture partnership exists between the Perpetual Trustees Queensland Limited as trustee of the Breakwater Island Trust, and the Townsville City Council.

The joint venture parties are associated in an unincorporated joint venture known as the Townsville Breakwater Entertainment Centre Joint Venture. The purpose of the joint venture is to design, develop, construct, commission, operate and own the Entertainment Centre.

The principal activities of the joint venture is the provision of a venture and ancillary services for the conduct of conventions, exhibitions, sports and entertainment events. Unless otherwise agreed in writing between the joint venturers, the joint venture is limited to the purposes and activities specified in the *Townsville Breakwater Entertainment Centre Act 1991*.

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

The venturers interests in the partnership are as follows:

Breakwater Island Limited as responsible entity of Breakwater Island Trust		20.2%
Townsville City Council		79.8%

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

The financial statements of the joint venture are subject to audit by the Auditor-General of Queensland.

Share of partnership's assets and liabilities

Cash and cash equivalents		817
Trade and other receivables		155
Inventories		21
Current assets		993
Property, plant and equipment		27,573
Non current assets		27,573

Trade and other payables		333
Other liabilities		53
Current liabilities		386

Trade and other payables		22
Non current liabilities		22

Net assets		28,158
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Share of partnership's revenue, expenses and results

Revenue		1,630
Expenses		2,123
Loss before income tax		(493)

29 Financial risk management

The Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

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

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

(i) Credit Risk

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

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

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

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

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. These deposits are bearing floating interest rates between 3.36% and 3.39% as at 30 June 2009.

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

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

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

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

	2009
	\$'000
Cash and short-term bank deposits	
AA	97,717
Non-rated	546
Total cash and short-term bank deposits	98,263
Receivables	
Trade receivables - rates	4,186
Trade receivables - fees and charges	11,365
Other	5,027
Total receivables	20,578

(ii) Liquidity Risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 20.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Variable rate	25,049	93,796	188,236	307,081

Unrestricted access was available at balance date to the lines of credit listed below:

	2009
	\$'000
Bank Overdraft facility	500

(iii) Interest Rate Risk

The Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation.

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

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

Interest Rate Sensitivity Analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates applied to overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount	Profit	Equity
	value		
	2009	2009	2009
	\$'000	\$'000	\$'000
Financial Assets	98,263	983	983
Financial Liabilities	(202,413)	(2,024)	(2,024)
Net	(104,150)	(1,041)	(1,041)

30 Controlled entities

The Townsville City Council is required to prepare consolidated financial statements to account for the activities of entities under its control.

The Townsville City Council has a 100% controlling interest in the Townsville and Thuringowa Cemetery Trust (the Trust).

The trustees of the Trust who held office during the financial year are:

- Councillor Suzanne Blom
- Councillor Natalie Marr
- Councillor David Crisafulli
- Councillor Brian Hewitt
- Rob Mc Cahill (15/3/08 - 8/10/08)

In accordance with the Trust rules the Trust prepares its financial statements at the end of each calendar year. Due to the difference in reporting periods it was not practicable to make adjustments to achieve consistency in preparing the consolidated financial report of the Townsville City Council.

The Council and the Trustees are presently negotiating with a view to winding up the trust and transferring the Trusts assets and operational responsibilities to the Council.

For the purposes of disclosure the following information has been extracted from the audited financial statements of the Trust for the year ended 31 December, 2008. The financial statements of the Trust are subject to audit by the Auditor-General of Queensland.

	\$'000
Total Assets	711
Total Liabilities	135
Accumulated Funds	576

The above details are not considered to be material and are therefore not included in Council's Financial Statements.

	2009
	15.5 months
	\$'000
31 Reconciliation of result from ordinary activities to net cash inflow from operating activities	
Net result attributable to council	2,975,191
Non-cash operating items and capital related expenses	
Gain on restructure of local government entities	(3,014,608)
Depreciation and amortisation	134,620
Net loss on sale of non-current assets	3,286
Infrastructure from developers at fair value	(34,691)
Fair value decrement adjustment to property, plant and equipment	(7,278)
	(2,918,671)

Changes in operating assets and liabilities:

(Increase) decrease in receivables	25,731
(Increase) decrease in inventories	1,593
Increase (decrease) in payables	7,417
Increase (decrease) in provisions	6,704
Increase (decrease) in other liabilities	65
	41,510
Net cash inflow from operating activities	98,030

32 Contingencies

The details and estimated maximum amounts of contingent liabilities which may become payable are shown below.

	2009
	\$'000
Guarantees	
Bank guarantees associated with sponsorship	2,000
Workers compensation self-insurance guarantees	5,000
	7,000

State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the estimated liability.

Guarantees held at each balance date do not always equal the liability at these dates due to delays in issuing the guarantees. An actuarial assessment of the Council workers compensation claims liability performed on 23rd July 2009 has estimated the required self-insurance guarantee to be increased to \$7.032 million. As at the date of this report, Council is in the progress of arranging the required increase in bank guarantees.

A provision of \$4.350 million has been recognised, for self-insured risks relating to the workers compensation claims, in the balance sheet at balance date. Refer to Note 21.

No provision has been made in the financial report in respect of other contingencies.

Claims**Local Government Mutual Self Insurance Pool**

The Council is a member of the local government mutual self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated loss will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2009 the financial statements reported an accumulated surplus of \$9,768,415 and it is not anticipated any liability will arise.

Leasehold Property Resumption Compensation Claim

The Council is currently in negotiations with an entity concerning compensation to be paid for the resumption of its leasehold over property currently being operated as a restaurant within an area subject to redevelopment.

There is currently a significant divergence of views about the value of compensation to be paid. The compensation could be up to \$4 million dollars.

33 Events occurring after the reporting period

The Townsville City Council will be taking control over the Townsville and Thuringowa Cemeteries which will operate as a business unit under the Council, effective 1 July 2010. The Townsville and Thuringowa Cemetery Trust will no longer exist as a separate entity when this event occurs.

34 Superannuation

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

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

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

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

In its letter to Council dated 5 June 2009 the trustee advised that at this stage, there is no requirement for councils to contribute any additional contributions. The letter further stated that any additional contributions above 12% (standard rate of contribution) that may be required would be on a temporary basis only, and would be requested based on independent actuarial advice. When possible, the contribution rate would reduce at

a later date to offset additional costs - for example, councils may be asked to pay 18% contributions instead of 12% for a period, then contributions may reduce to 6% for a compensatory period before returning to the regular 12% contribution rate.

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

The audited general purpose financial report of the scheme as at 30 June 2008 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The general purpose financial report discloses that the most recent actuarial assessment of the scheme was undertaken as at 1 July 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue. The next actuarial investigation will be made as at 1 July 2009.

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 amount of superannuation contributions paid by Townsville City Council to the scheme in this period for the benefit of employees was \$15,483,544.

35 Trust fund

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

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

Local government may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

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

Business activities

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

36 National Competition Policy

a) Activities to which the code of competitive conduct is applied

A "business activity" of a local government is divided into two categories –

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

Functions	Revenue for services provided to:		Community Service Obligations	Total Revenue	Less: Expenses	Surplus / (Deficiency)
	Council	External				
	2009	2009	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Water and Sewerage (Citiwater)	14,803	118,693	4,112	137,608	111,969	25,639
Water and Sewerage (NQ Water)	49,240	20,415	-	69,655	60,201	9,454
Water and Sewerage (Thuringowa Water)	4,944	40,292	25	45,261	36,541	8,720
Solid Waste (Citiwaste)	1,274	13,888	85	15,247	14,452	795
Solid Waste (Thuringowa Waste)	1,588	915	-	2,503	6,125	(3,622)
Roads and Drainage (Citiworks)	27,991	58,727	-	86,718	100,884	(14,166)
Fleet Services	21,216	-	29	21,245	19,233	2,012
Property Services	17,490	661	-	18,151	23,542	(5,391)
TCC Wholesale Nursery	345	1,022	-	1,367	1,219	148
The Learning Centre	2,252	5	7	2,264	1,339	925
Building Certification Unit	184	1,225	11	1,420	2,606	(1,186)
Off Street Parking Services	81	830	122	1,033	1,401	(368)
Civic Theatre and TicketShop	163	2,790	1,995	4,948	6,778	(1,830)
Total	141,571	259,463	6,386	407,420	386,290	21,130

Community service obligations (CSO)

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective were to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by Council. A full statement of matter is open for inspection.

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

Details of community service obligations are:

Activities	CSO Description	2009
Type 1 and 2 activities		\$'000
Water and Sewerage (Citiwater)	Pensioner Remissions and Other Community Services	4,112
Water and Sewerage (Thuringowa Water)	Pensioner Remissions and Other Community Services	25
Solid Waste (Citiwaste)	Cleansing charge - Pensioner Remission and Other Community Services	85
Type 3 activities		
Building Certification Unit	Building Certification Application Fees	11
Fleet Services	Apprenticeship Training	29
Off Street Parking Services	Concessional Parking	122
Civic Theatre and Ticketshop	Reduced Licence fee for amateur, charity, and/or non-profit organisations/ticket accessibility	1,995
Learning Centre	Training for Community Groups and Organisations	7

Details of competitive neutrality costs / (recoveries) are:

Activities	2009
Type 1 and 2 activities	
Water and Sewerage (Citiwater)	(1,171)
Water and Sewerage (NQ Water)	(61)
Water and Sewerage (Thuringowa Water)	(732)
Solid Waste (Citiwaste)	(71)
Solid Waste (Thuringowa Waste)	(223)
Type 3 activities	
Roads and Drainage (Citiworks)	(1,163)
Fleet Services	(487)
Property Services	(794)
TCC Wholesale Nursery	(15)
The Learning Centre	(73)
Building Certification Unit	(327)
Off Street Parking Services	(66)
Civic Theatre and TicketShop	(68)

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Townsville City Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Townsville City Council for the financial period ended 30 June 2009 included on Townsville City Council's website. The Council is responsible for the integrity of the Townsville City Council's website. I have not been engaged to report on the integrity of the Townsville City Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Townsville City Council, to confirm the information included in the audited financial report presented on this website.

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

Report on the Financial Report

I have audited the accompanying financial report of Townsville City Council, as disclosed in pages 5 to 41, which comprises the balance sheet as at 30 June 2009, income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

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

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

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

Independence

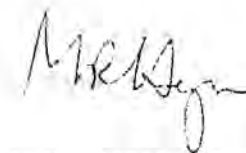
The *Auditor-General Act 2009* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Townsville City Council for the financial period 15 March 2008 to 30 June 2009 and of the financial position as at the end of that period.



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



Queensland Audit Office
Brisbane



APPENDICES

APPENDIX A » COUNCILLOR EXPENSES REIMBURSEMENT POLICY

1. Policy Statement »

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

2. Principles »

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

No private benefit to be derived

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

Reasonable Expenses Reimbursement

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

Public accountability and transparency

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

Public perceptions and community expectations

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

Equity and Participation

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

3. Scope »

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

4. Responsibility »

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

and Councillors.

5. Definitions »

Council business » This is official business of a Councillor as generally described in Chapter 4 Part 2, Divisions 1 and 2 of the *Local Government Act 1993*, conducted on behalf of, and approved by, council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the council. Council business should result in a benefit being achieved either for the local government and/or the local government area.

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

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

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

Professional Development » Attendance at workshops, courses, seminars and conferences that improve Councillors' skills relevant to the role of councillor. Mandatory Professional Development is the title that applies when the council resolves that all

Councillors must attend the event. Discretionary Professional Development is the title used to describe all professional development that is not Mandatory Professional Development.

6. Policy »

The council will reimburse Councillors for expenses as set out in this policy.

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

Expense Categories

1. Professional development

The council will reimburse expenses incurred for:

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

2. Travel as required to represent Council

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

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

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

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

2.1. Travel bookings

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

2.2. Travel transfer costs

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

2.3. Private vehicle usage

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

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

2.4. Accommodation

All Councillor accommodation for council business will be booked and paid for by council. Accommodation should be selected that provides:

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

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

2.5. Meals

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

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

If a councillor cannot produce a receipt for a meal they have purchased then a Statutory Declaration must be completed to claim the reimbursement.

No alcohol will be paid for by council.

2.6. Incidental allowance

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

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

2.7. Cabcharge Facility / Reimbursement for Public Transport tickets (rail, ferry, bus)

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

3. Hospitality Expenses

The Mayor will be reimbursed up to \$6,000 per annum for hospitality expenses deemed necessary in the conduct of council business. Councillors will be reimbursed up to \$500.00 per annum for hospitality expenses deemed necessary in the conduct of council business.

7. Legal Parameters »

Sections 236(b), 250(ak), 250(ar), 250(as), 250(at), 250(au), 534, Divisions 1, 2 and 4 of the *Local Government Act 1993*.

8. Associated Documents »

Travel Policy – Council Officers

Travel Procedures – Council Officers

Guidelines for councils as prepared by the Department of Local Government, Sport and Recreation to assist councils in developing an Expenses Reimbursement Policy.



APPENDIX B » FEEDBACK

Townsville City Council Annual Report 2008/09

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

Please return the completed survey by post to »

Townsville City Council
Reply Paid 1268
Townsville QLD 4810

Or fax » (07) 4727 9050

Why did you obtain a copy of council's 2008/09 annual report:

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

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

1 2 3 4 5

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

.....
.....

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

Yes No

Your Details (only required if you wish to be included in council's community reference panel)

Name

Address

Email

Phone Number

Please be assured that the information provided will remain confidential and will not be passed onto any third parties.

Thank you for your feedback.





2008/2009
TOWNSVILLE CITY COUNCIL
ANNUAL REPORT

