

# DOUGLAS SHIRE COUNCIL

An **ORDINARY MEETING** of the Douglas Shire Council will be held on **TUESDAY 14 JANUARY 2014** at 10.00a.m. at the Council Chambers, 64-66 Front Street, Mossman, and the attendance of each Councillor is requested.

## AGENDA

### **'ACKNOWLEDGEMENT OF COUNTRY'**

*'I would like to acknowledge the Kuku Yalanji people who are the Traditional Custodians of the Land. I would also like to pay respect to their Elders both past and present and extend that respect to other Indigenous Australians who are present'.*

1. Attendance & Apologies.
2. Conflict of Interest/Material Personal Interest.
3. Mayoral Minutes.
4. Confirmation of Minutes of the Ordinary Meeting held on 3 January 2014.
5. Agenda Items as Listed.
6. General Business.
7. Closed Session
  - Agenda Items.
8. Consideration of matters discussed in Closed Session.

**NEXT MEETING – 28 JANUARY 2014**



Jeff Tate

**ACTING CHIEF EXECUTIVE OFFICER**

# **DOUGLAS SHIRE COUNCIL**

## **ORDINARY MEETING**

**TUESDAY 14 JANUARY 2014**

**10.00 A.M.**

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## APPROVAL OF INTERIM ORGANISATION STRUCTURE

Jeff Tate - Acting Chief Executive Officer

### **RECOMMENDATION:**

**That the interim organisation structure included as Attachment 1, and included with the minutes, be adopted as the Council's organisation structure noting that it may be altered at any time by resolution.**

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### **EXECUTIVE SUMMARY:**

The Council is required to adopt an organisation structure. An interim organisation structure was put in place by the Transfer Manager as required by the Transfer Methodology. It is proposed that the interim structure be adopted as the Council's organisation structure.

### **BACKGROUND:**

Clause 7.1 of the De-amalgamation Transfer Methodology developed under the *Local Government (De-amalgamation Implementation) Regulation 2013* required the Transfer Manager to implement an interim organisation structure. That structure stays in place until the Council approves a new structure.

Section 196 (1) of the *Local Government Act 2009* requires the Council to adopt an organisation structure:

*(1) A local government must, by resolution, adopt an organisational structure that is appropriate to the performance of the local government's responsibilities.*

Employees have been operating in a period of uncertainty for some time having been through the de-amalgamation process. Formalising the organisation structure will provide greater certainty for them.

There is no impediment to adopting the structure at this time. It is able to be changed at any time and will presumably be reviewed after the new Chief Executive Officer has been in that role for several months.

The interim organisation structure is attached as Attachment 1.

### **PROPOSAL:**

The proposal is that the interim organisation structure put in place by the Transfer Manager be adopted.

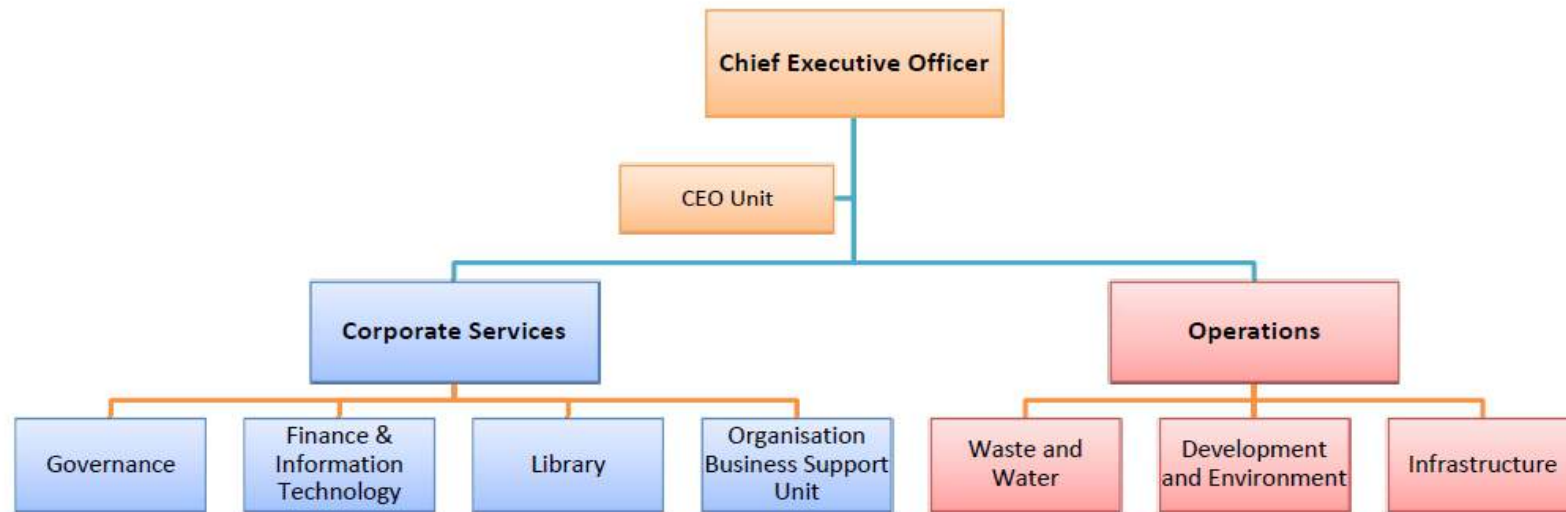
**RISK MANAGEMENT IMPLICATIONS:**

The most significant risk given all the change that has taken place is that employees will face further doubts about their future if the organisation structure isn't resolved.

**ATTACHMENTS:**

Attachment 1 – Interim Organisational Structure

# Interim Organisational Structure



<b>ORDINARY COUNCIL MEETING</b>  <b>14 JANUARY 2014</b>	<b>2</b>
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**SUPERANNUATION GUARANTEE CONTRIBUTION FOR COUNCILLORS**  
**Darryl Crees – General Manager Corporate Services**

**RECOMMENDATION:**

**That Council provide up to 12% superannuation contribution for Councillors to a superannuation scheme that complies with Commonwealth Legislation.**

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**EXECUTIVE SUMMARY:**

The *Local Government Act 2009*, (LG Act) contains the ability for Council to resolve to provide superannuation contributions to its Councillors up to the level of support provided to Council's permanent employees. In addition Councillors can elect to implement salary sacrifice arrangements for further contributions from their remuneration and direct all contributions to any compliant superannuation fund.

**BACKGROUND:**

Section 226 of the LG Act enables Council, by resolution, to contribute an amount from its operating fund to a superannuation scheme for its Councillors. This level of support can be up to but not exceed the level of support given for permanent employees.

**PROPOSAL:**

The provision of superannuation support for Councillors is voluntary and it is not compulsory for Councillors to accept the superannuation contribution provided by Council. However in order to make the superannuation contribution available to Councillors a Council resolution is required.

Unlike employees of Council, Councillors are not compelled to contribute to LG Super and Council can direct their superannuation contributions to another complying superannuation scheme.

Section 226 of the LG Act also entitles Councillors to salary sacrifice for superannuation arrangements.

**FINANCIAL/RESOURCE IMPLICATIONS:**

Superannuation contributions for Councillors will be catered for in the 2013/14 budget.

<b>ORDINARY COUNCIL MEETING</b>	<b>3</b>
<b>14 JANUARY 2014</b>	

## RECRUITMENT OF CHIEF EXECUTIVE OFFICER

Jeff Tate - Acting Chief Executive Officer

### **RECOMMENDATION:**

**That Council:**

- 1. approve the steps and timeline set out in Attachment 1 to the Report, and included with the minutes, for the appointment of a Chief Executive Officer;**
- 2. delegate to the Mayor and Acting Chief Executive Officer authority to make minor amendments to the timeline should the need arise.**

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### **EXECUTIVE SUMMARY:**

The process to recruit a Chief Executive Officer (CEO) is progressing well with 32 applications received by the closing date. Actions are now required to complete the recruitment process and these have been set out in a draft timeline attached to the report.

### **BACKGROUND:**

Under Section 18 (1) (a) and (c) the *Local Government (De-amalgamation Implementation) Regulation 2013* (Regulation) the de-amalgamation Transfer Manager became Acting Chief Executive Officer (Acting CEO) and an employee of the new Council on changeover day (1 January 2014). The person occupies that position until the new Council appoints a CEO, unless employment is otherwise ended (Section 18 (2)).

Section 194 of the *Local Government Act 2009* states:

- (1) A local government must appoint a qualified person to be its chief executive officer.*
- (2) A person is qualified to be the chief executive officer if the person has the ability, experience, knowledge and skills that the local government considers appropriate, having regard to the responsibilities of a chief executive officer.*
- (3) A person who is appointed as the chief executive officer must enter into a written contract of employment with the local government.*

*(4) The contract of employment must provide for—*

- (a) the chief executive officer to meet performance standards set by the local government; and*
- (b) the chief executive officer's conditions of employment (including remuneration).*

The process for recruiting a CEO was commenced by the Transfer Manager in November 2013 with input from the Councillors-elect. The Transfer Managers of the other three de-amalgamating Councils also commenced the CEO recruitment process prior to de-amalgamation. One of the new Councils (Livingstone) formally made the appointment of the CEO on 3 January 2014 and the other two are well advanced with shortlisting of candidates for interview.

There were 32 applications for the position when they closed on Monday 6 January 2014.

The proposed process for the remainder of the recruitment process is set out in the flowchart at Attachment 1. It includes two stages of shortlisting of applicants by the Mayor and Councillors and interviews being conducted by the Mayor and all Councillors.

#### **PROPOSAL:**

The proposal is that the proposed timeline set out in Attachment 1 be adopted and included with the meeting minutes.

#### **FINANCIAL/RESOURCE IMPLICATIONS:**

The costs of recruitment of a CEO will be provided for in the Council's budget for the six months to 30 June 2014.

#### **RISK MANAGEMENT IMPLICATIONS:**

The major risks to be managed are ensuring that an appropriate appointment is made to the position of CEO and that the employment contract meets the Council's needs.

The recruitment process utilising internal resources and an external human resource management consultant, and involving all Elected Members at key stages, will reduce the risk of an inappropriate appointment.

Legal advice has been obtained on a draft contract which is based on one provided by Local Government Managers Australia (LGMA), Queensland Division. The draft contract will be presented to the Council Meeting of 28 January 2014.



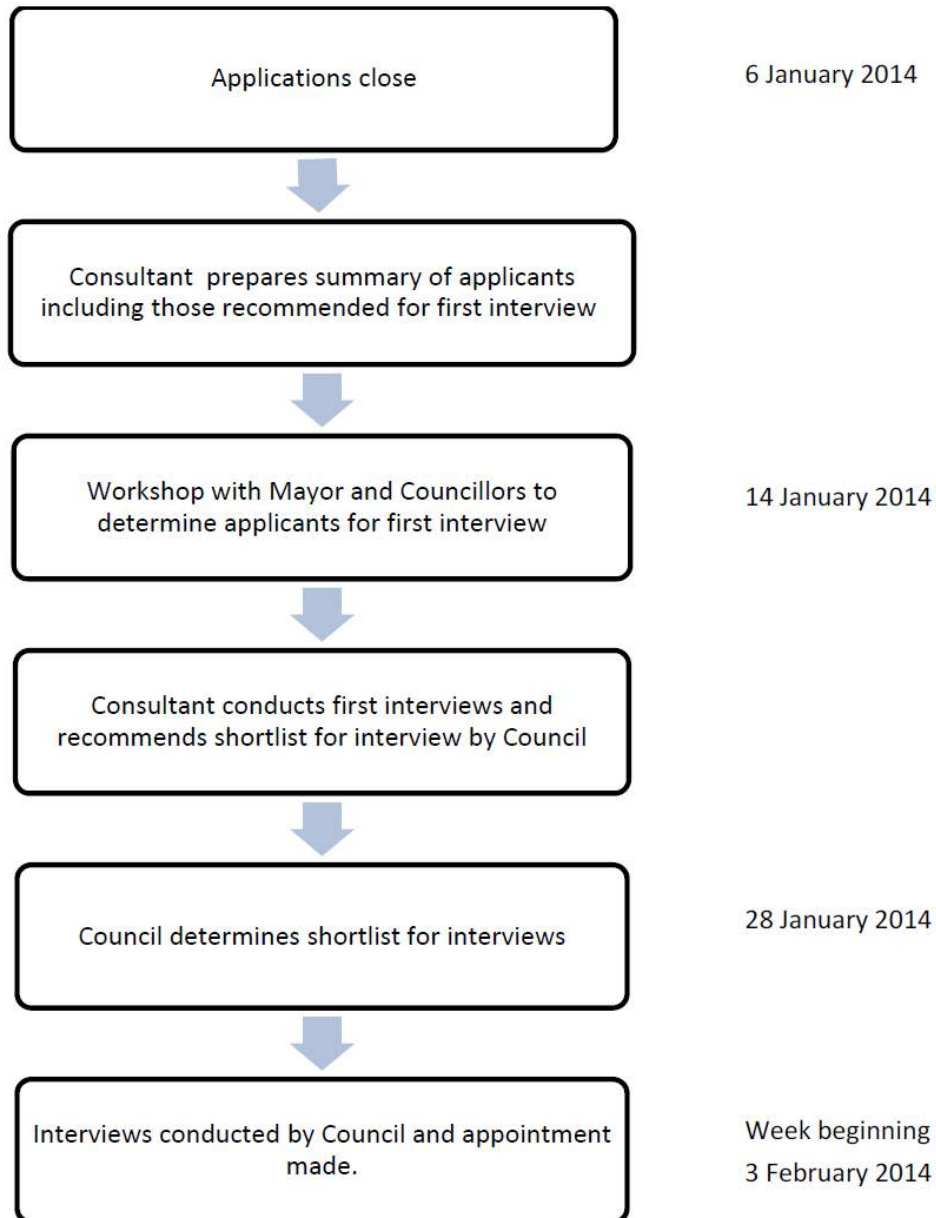
**INTERNAL/EXTERNAL CONSULTATION:**

Consultation occurred with Councillors-elect in developing the recruitment information kit and advertising plan.

**ATTACHMENTS:**

Attachment – CEO Recruitment Timeline

## CEO Recruitment Timeline



<b>ORDINARY COUNCIL MEETING</b>	<b>4</b>
<b>14 JANUARY 2014</b>	

## CONFERENCE REPORT

John Rehn - Manager Governance

Darryl Crees – General Manager Corporate Services

### **RECOMMENDATION:**

**That Council endorses the attendance of Mayor Leu at the Cooktown and Cape York Business Conference to be held on 20 February 2014.**

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### **EXECUTIVE SUMMARY:**

The Mayor has received an invitation from the Mayor of Cook Shire Council to attend the Cooktown and Cape York Business Conference to be held in Cooktown on 20 February 2014. The Mayor's attendance at this conference will provide an excellent opportunity to re-establish relationships between Douglas Shire Council, Cook Shire Council and business leaders from the region.

### **PROPOSAL:**

Presenters at the conference will include the Mayor of Cook Shire, representatives from Regional Development Australia, Advance Cairns and key industry partners. A broad range of topics will be covered, including economic development, energy efficiency, tourism, business development and building stronger communities.

Considering the potential benefit of also re-establishing relationships with Cook Shire Council and various business leaders from the region it is thought that attendance at this conference is very worthwhile and therefore endorsement from Council is recommended.

Under Council's policy requirements a Council resolution is required for Councillors to attend conferences where the costs are to be met by Council.

### **CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE:**

Expenses Reimbursement Policy for Elected Representatives

### **FINANCIAL/RESOURCE IMPLICATIONS:**

Conference registration and accommodation costs will be approximately \$300 and provision for Councillor attendance at conferences is contained within the 2013/14 budget.

### **ATTACHMENTS:**

Letter of invitation from the Mayor of Cook Shire Council.



*The heart of Cape York Peninsula*

Our ref: KH:sh  
Your ref: nil

January 9, 2014

Julia Leu  
Mayor, Douglas Shire Council  
64 - 66 Front Street  
Mossman, QLD 4873

Dear Julia

Re. Cooktown and Cape York Business Conference

I would like to cordially invite you to attend the first ever Cooktown and Cape York Business Conference hosted by Cook Shire Council. The event will be held on February 20 at the PCYC Cooktown Events Centre.

This conference presents a great opportunity for small and medium size business owners and operators to engage with industry experts, regional development bodies, partners and other business leaders to stimulate business growth and economic development in Cooktown and the wider Far North Queensland business community.

I also feel this is an excellent opportunity for Cook Shire to strengthen its relationship with neighbouring Councils and as the new Mayor of Douglas Shire, I am confident you would share my aspiration.

Registrations close Friday, January 31 and you will find a selection of documents enclosed to assist in your booking and travel arrangements. If you require any further information, please contact Council's Economic Development Officer, Sarah Henderson on 4069 5444 or email [mail@cook.qld.gov.au](mailto:mail@cook.qld.gov.au).

I look forward to seeing you at the 2014 Cooktown and Cape York Business Conference.

Yours faithfully

Peter Scott  
Mayor  
Enc.

**ORDINARY COUNCIL MEETING****14 JANUARY 2014****5****SPECIAL PURPOSE SEPARATE FINANCIAL STATEMENTS AS AT 30 JUNE 2013****Geoff Haberfeld – Financial Due Diligence Consultant  
Darryl Crees - General Manager Corporate Services****RECOMMENDATION:****That Council note the completion of the special purpose separate financial statements for the period ended 30 June 2013.****EXECUTIVE SUMMARY:**

A key element of the recently completed de amalgamation process underpinning the re-establishment of the Douglas Shire Council was the preparation of special purpose separate financial statements for the period ended 30 June 2013 prepared by the joint Financial Due Diligence Working Group.

The financial statements show separate results for Douglas, “continuing” Cairns and Cairns Regional Council and comprise an Income Statement, a Statement of Financial Position and a Statement of Cash Flows together with accompanying Notes. It should be noted that the Statement of Cash Flows covers the period since amalgamation, namely 15 March 2008 to 30 June 2013.

The special purpose separate financial statements reflect:

- a) the results for the Cairns Regional Council as a whole for the period ended 30 June 2013 and its financial position as at that date which agree in aggregate to Council's 2012/13 annual statutory financial statements, and
- b) the allocation of Council's results and cash flows and its assets and liabilities between the continuing Cairns Regional Council component (Cairns) and the Douglas Shire component (Douglas).

**BACKGROUND:**

The processes and methodology followed by the Financial Due Diligence Working Group have been the subject of a detailed review by KPMG who advised “we are not aware of any significant matters we believe should be brought to the attention of the Douglas Shire Council Transfer Committee”.

The special purpose separate financial statements were in turn subject to a separate review by KPMG who provide the following reasonable assurance opinion.

***“Opinion***

In our opinion, in all material respects, the financial information in the separate financial statements for the period ended 30 June 2013 has been extracted from the underlying financial records of Cairns Regional Council in accordance with the Douglas Shire Council Transfer Committee's financial separation methodology”.

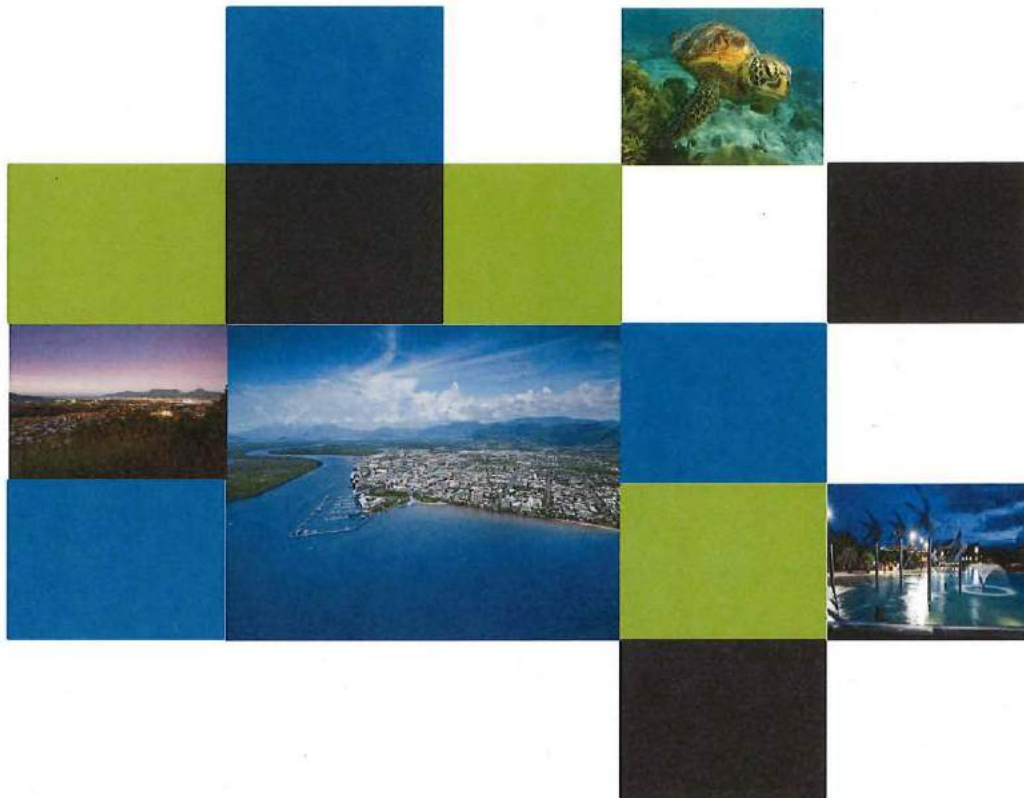
Council should also note that work has recently commenced to prepare similar special purpose separate financial statements for the six months July 2013 to December 2013 to provide the final opening financial position for the re-established Council. This work is expected to be complete by the end of February this year. Again the statements together with the supporting processes and methodology will be the subject of review by KPMG.

**PROPOSAL:**

The proposal is that the information be noted.

**ATTACHMENTS:**

Special purpose separate financial statements together with accompanying notes



**Cairns Regional Council**  
**SPECIAL PURPOSE SEPARATE**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2013**



**CAIRNS REGIONAL COUNCIL**  
**Special purpose separate financial statements**  
**For the period ended 30 June 2013**

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**Cairns Regional Council**  
**Income Statements**  
**For the year ended 30 June 2013**

	<b>Cairns Regional Council</b>	<b>Cairns</b>	<b>Douglas</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	244,741,587	218,533,220	26,208,368
Fees and charges	21,262,365	17,418,243	3,844,123
Interest received	7,057,817	5,877,330	1,180,487
Other recurrent revenue	12,157,871	10,956,019	1,201,849
Grants, subsidies, contributions and donations	7,610,529	6,575,871	1,034,658
	<u>292,830,169</u>	<u>259,360,683</u>	<u>33,469,485</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	41,652,771	34,479,864	7,172,907
<b>Total revenue</b>	<u>334,482,940</u>	<u>293,840,547</u>	<u>40,642,392</u>
<b>Total income</b>	<u>334,482,940</u>	<u>293,840,547</u>	<u>40,642,392</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	(104,067,204)	(91,470,364)	(12,596,840)
Materials and services	(84,541,487)	(71,821,327)	(12,720,160)
Finance costs	(12,176,762)	(11,659,343)	(517,419)
Depreciation and amortisation	(95,549,478)	(87,849,626)	(7,699,852)
	<u>(296,334,931)</u>	<u>(262,800,660)</u>	<u>(33,534,272)</u>
<b>Capital expenses</b>	(7,317,054)	(6,864,782)	(452,272)
<b>Total expenses</b>	<u>(303,651,985)</u>	<u>(269,665,442)</u>	<u>(33,986,543)</u>
<b>Net result</b>	<u>30,830,955</u>	<u>24,175,105</u>	<u>6,655,848</u>

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

**Cairns Regional Council**  
**Statements of Financial Position**  
**as at 30 June 2013**

	<b>Cairns Regional Council</b>	<b>Cairns</b>	<b>Douglas</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	61,909,973	51,843,920	10,066,053
Short term deposits	35,000,000	29,309,287	5,690,713
Trade and other receivables	44,236,423	35,802,268	8,434,155
Inventories	1,109,027	1,041,921	67,105
<b>Total current assets</b>	<b>142,255,423</b>	<b>117,997,396</b>	<b>24,258,027</b>
<b>Non-current assets</b>			
Property, plant and equipment	3,293,080,201	2,976,672,220	316,407,982
Intangibles	1,708,408	1,708,408	-
<b>Total non-current assets</b>	<b>3,294,788,609</b>	<b>2,978,380,628</b>	<b>316,407,982</b>
<b>Total assets</b>	<b>3,437,044,032</b>	<b>3,096,378,024</b>	<b>340,666,008</b>
<b>Current liabilities</b>			
Trade and other payables	38,234,515	33,592,895	4,641,621
Provisions	2,478,845	2,246,068	232,777
Borrowings	3,630,503	3,380,105	250,398
Other	672,883	620,719	52,164
<b>Total current liabilities</b>	<b>45,016,747</b>	<b>39,839,787</b>	<b>5,176,960</b>
<b>Non-current liabilities</b>			
Trade and other payables	3,394,597	2,983,697	410,900
Provisions	24,087,484	12,218,854	11,868,630
Borrowings	85,202,610	83,122,116	2,080,494
<b>Total non-current liabilities</b>	<b>112,684,692</b>	<b>98,324,668</b>	<b>14,360,024</b>
<b>Total liabilities</b>	<b>157,701,439</b>	<b>138,164,455</b>	<b>19,536,984</b>
<b>Net community assets</b>	<b>3,279,342,594</b>	<b>2,958,213,569</b>	<b>321,129,025</b>
<b>Total community equity</b>	<b>3,279,342,594</b>	<b>2,958,213,569</b>	<b>321,129,025</b>

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

**Cairns Regional Council**  
**Statements of Cash Flows**  
**For the 5 years ended 30 June 2013**

	<b>Cairns Regional Council 2013 \$</b>	<b>Cairns 2013 \$</b>	<b>Douglas 2013 \$</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
General rates and utility charges	1,106,250,250	986,848,983	119,401,267
Rental and levies, fees and charges	104,238,843	85,014,668	19,224,175
Operating grants, subsidies and contributions	81,532,400	69,180,206	12,352,194
Interest received	45,043,988	37,559,836	7,484,152
Other revenue	72,034,572	63,565,219	8,469,353
<b>Payments</b>			
Payments to suppliers	(514,317,156)	(441,715,066)	(72,602,090)
Payments to employees	(512,136,027)	(449,950,284)	(62,185,743)
Interest expense	(29,323,262)	(28,485,983)	(837,279)
<b>Net cash inflow (outflow) from operating activities</b>	<b>353,323,609</b>	<b>322,017,578</b>	<b>31,306,031</b>
<b>Cash flows from investing activities</b>			
Grants, subsidies, contributions and donations for capital acquisitions:			
Capital contributions	41,143,785	39,763,213	1,380,572
Government subsidies and grants	168,786,057	149,376,289	19,409,768
Payments for property, plant and equipment	(650,870,320)	(590,048,032)	(60,822,288)
Payments for intangible assets	(3,480,696)	(2,924,388)	(556,308)
Proceeds from the disposal of capital assets	5,234,926	4,789,817	445,109
Net movement in loans and advances	5,000	5,000	-
Net movement in short term deposits	(35,000,000)	(29,309,287)	(5,690,713)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(474,181,249)</b>	<b>(428,347,389)</b>	<b>(45,833,860)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	75,838,122	73,196,854	2,641,268
Repayment of borrowings	(47,256,327)	(44,274,507)	(2,981,820)
Repayment of finance leases	(125,964)	(125,964)	-
<b>Net cash inflow (outflow) from financing activities</b>	<b>28,455,831</b>	<b>28,796,383</b>	<b>(340,552)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>(92,401,809)</b>	<b>(77,533,427)</b>	<b>(14,868,381)</b>
<b>Cash and cash equivalents as at 14 March 2008</b>	<b>154,311,782</b>	<b>129,377,347</b>	<b>24,934,435</b>
<b>Cash and cash equivalents as at 30 June 2013</b>	<b>61,909,973</b>	<b>51,843,920</b>	<b>10,066,054</b>

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

**Cairns Regional Council**  
**Notes to the special purpose separate financial statements**  
**For the period ended 30 June 2013**

**1 Special purpose separate financial statements**

In March 2008, the former Cairns City Council amalgamated with the former Douglas Shire Council to form the new Cairns Regional Council (Council).

As a result of the *Local Government (De-amalgamation Implementation) Regulation 2013* (the Regulation) the Douglas Shire Council will be re-established on 1 January 2014, based on the boundaries as they existed immediately prior to the 2008 amalgamation. On 1 January 2014, the Douglas Shire Council will commence operations and the continuing Cairns Regional Council will operate independently of the excised Douglas Shire component.

The de-amalgamation is being conducted in accordance with the Regulation and the Department of Local Government, Community Recovery and Resilience *De-amalgamation Transfer Methodology*. In accordance with the Regulation, a Transfer Manager has been appointed and a Transfer Committee established. The Transfer Manager is responsible for managing the formation of the Douglas Shire Council. The Transfer Committee comprises the Transfer Manager and Council's Chief Executive Officer and is responsible for making decisions on matters such as the transfer of assets and liabilities to Douglas Shire Council, establishment of joint agreements to ensure continuity of business and deciding on de-amalgamation costs.

These special purpose separate financial statements have been prepared in order to provide financial information in respect of the two de-amalgamating components of Cairns Regional Council to assist with:

- identifying the impact that transactions reasonably attributable to the soon to be formed Douglas Shire Council have had on the Cairns Regional Council financial statements for the period since amalgamation on 15 March 2008 to 30 June 2013; and
- establishing, in conjunction with a similar exercise to be undertaken for the period 1 July 2013 to 31 December 2013, the assets and liabilities which Council will transfer to the new Douglas Shire Council on 1 January 2014.

**2 Basis of preparation**

**(a) Statement of compliance**

The special purpose separate financial statements comprise:

- Income Statements for the year ended 30 June 2013;
- Statements of Financial Position as at 30 June 2013; and
- Statements of Cash Flows for the period since amalgamation on 15 March 2008 to 30 June 2013.

The special purpose separate financial statements reflect:

- a) the results for the Cairns Regional Council as a whole for the period ended 30 June 2013 and its financial position as at that date which agree in aggregate to Council's 2012/13 annual statutory financial statements, and
- b) the allocation of Council's results and cash flows and its assets and liabilities between the continuing Cairns Regional Council component (Cairns) and the Douglas Shire component (Douglas).

Council's annual statutory financial statements for each of the years post amalgamation to 30 June 2013 have been prepared in accordance with Australian Accounting Standards and have been audited by the Queensland Audit Office. The financial information in these special purpose separated financial statements in respect of whole of Council has been extracted from and agrees with Council's annual statutory financial statements and Council's underlying financial records. The financial information in the Cairns and Douglas columns is unaudited. As these separate financial statements are special purpose financial statements, they do not comply with Australian Accounting Standards.



**Cairns Regional Council**  
**Notes to the special purpose separate financial statements**  
**For the period ended 30 June 2013**

**2 Basis of preparation (continued)**

**(b) Basis of measurement**

The financial information for whole of Council has been extracted from Council's annual statutory financial statements which are prepared under the historical cost convention except for some classes of non-current assets where the revaluation method under AASB 116 has been applied.

**(c) Presentation framework**

Since March 2008, Cairns Regional Council has operated as one integrated business and transactions relating to the previous Douglas Shire Council area were not separately identified or segregated in Council's accounting system. Most of Council's services operate seamlessly across the Douglas region and remaining Council area. Therefore, it has been necessary for the Transfer Committee to determine a financial separation methodology to allocate revenue and expenses, and assets and liabilities between the two components of Council, i.e. Cairns and Douglas.

The Transfer Committee has ensured that the financial separation methodology adopted is both appropriate in the circumstances, and is in accordance with the methodology contained in the De-amalgamation Transfer Methodology document published by the Department of Local Government, Community Recovery and Resilience (and which can be accessed at the Department's website).

An overview of the Transfer Committee's financial separation methodology and assumptions in respect of the allocations made is set out below.

**Revenue and expenses**

Revenue allocated to Douglas comprises rates, levies, charges and fees collected from residents in the Douglas area, together with income arising from assets that will be transferred to Douglas as well as other revenue, including interest on term deposits. The balance of Council revenue is therefore allocated to Cairns.

Expenses allocated to Douglas include depreciation and other expenses that can be attributed to the assets that have been allocated to Douglas, as well as other operating expenses. The balance of Council expenses is therefore allocated to Cairns.

Revenue and expenses allocated to Douglas have been allocated from Council's underlying financial information on a direct basis wherever possible. The direct basis is where the revenue or expenses can be directly associated with a specific activity or physical location associated with the Douglas area. Where direct attribution is not practicable, revenue and expenses have been allocated using either (a) a clear driver that is readily identifiable and is an appropriate basis on which to allocate, or (b) by applying an appropriate ratio to the revenue or expenses across the whole of Council area and then apportioning them on that basis between Douglas and Cairns.

**Assets and liabilities**

Similarly, assets and liabilities have been directly attributed wherever possible. In instances where direct attribution is not practicable, judgement has been used to determine a suitable apportionment method for the related revenue or expenditure item. Cash has been apportioned based on the opening balances inherited by Council on amalgamation and the reconstruction of the cash flows for the period of amalgamation. Similarly, loans and borrowings have been allocated based on the opening balances on amalgamation and the direct allocation of new borrowings and repayments over the period of amalgamation.

The actual cash and borrowings which will transfer to the re-formed Douglas Shire Council on 1 January 2014 will differ from the disclosed amounts at 30 June 2013 due to a number of factors, but in particular, the effect of transactions that occur between 1 July 2013 and 31 December 2013.

**Cairns Regional Council****Notes to the special purpose separate financial statements****For the period ended 30 June 2013****3 Significant accounting policies**

The financial information for whole of Council has been extracted from and agrees with Council's annual statutory financial statements. Refer to Council's 2012/13 annual statutory financial statements for the significant accounting policies applied by Council in its financial statements.

**4 Cash and short term deposits**

	<b>Cairns Regional Council</b>	<b>Cairns</b>	<b>Douglas</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	61,909,973	51,843,920	10,066,053
Short term deposits	35,000,000	29,309,287	5,690,713
	<b>96,909,973</b>	<b>81,153,207</b>	<b>15,756,766</b>

All short term deposits are in Australian dollars. Short term deposits are held in Westpac Banking Corporation, Bank of Queensland, Bendigo Bank and National Australia Bank and are considered to be low risk investments.

**Douglas Shire Council Transfer Committee's Declaration**

In the opinion of the Douglas Shire Council Transfer Committee:

- (a) the special purposes separate financial statements that are set out on pages 1 to 6 present fairly the financial information which has been extracted from the underlying financial records of Cairns Regional Council; and
- (b) the separate financial statements have been prepared in accordance with the Douglas Shire Council Transfer Committee's financial separation methodology as set out in Note 2.

Signed in accordance with a resolution of the Douglas Shire Council Transfer Committee:

Dated at Cairns this 20th day of December 2013.



Peter Tabula  
Member of Douglas Shire Council Transfer Committee



Jeff Tate  
Member of Douglas Shire Council Transfer Committee



**Independent reasonable assurance report to  
the Douglas Shire Council Transfer Committee**

We have performed a reasonable assurance engagement in respect of the accompanying special purpose separate financial statements of the de-amalgamating Cairns Regional Council (Council) showing the financial information for whole of Council and the separate financial information of Douglas Shire Council (Douglas) and the continuing Cairns Regional Council (Cairns). The separate financial statements comprise the income statements for the year ended 30 June 2013, statements of financial position as at 30 June 2013, statements of cash flows for the period 15 March 2008 to 30 June 2013 and notes 1 to 4.

*Transfer Committees' responsibility for the separate financial statements*

The Douglas Shire Council Transfer Committee (Transfer Committee) is responsible for the extraction, from Council's underlying financial records, of the financial information necessary for the preparation and presentation of the separate financial statements. This responsibility includes determining the financial separation methodology used to extract the financial information from Council's underlying financial records and its allocation to Douglas and Cairns. The Transfer Committee's responsibility also includes such controls and procedures as the Transfer Committee determines are necessary to enable the preparation of the separate financial statements that are free from material misstatement whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion to the Transfer Committee on the preparation and presentation of the separate financial statements in accordance with the financial separation methodology, as set out in note 2 to the separate financial statements.

We have performed our work in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and accordingly included such tests and procedures as we considered necessary in the circumstances. Our procedures included obtaining an understanding of the financial separation methodology as set out in note 2 and examination, on a test basis, of evidence supporting the separate financial statements. These procedures have been undertaken to form an opinion whether, in all material respects, the financial information in the separate financial statements for the period ended 30 June 2013 has been extracted from the underlying financial records of Cairns Regional Council in accordance with the Douglas Shire Council Transfer Committee's financial separation methodology as set out in note 2.

Our procedures did not cover the completeness or accuracy of the underlying financial records of Cairns Regional Council from which the separate financial statements have been prepared.

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**Independent reasonable assurance report to  
the Douglas Shire Council Transfer Committee (continued)**

*Inherent limitations*

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our reasonable assurance engagement is not designed to detect all weaknesses in the separate financial statements, as the engagement has not been performed continuously throughout the period and the procedures performed on the separate financial statements and their compliance measures were undertaken on a test basis.

Any projection of the evaluation of the operation or outcomes in respect of the separate financial statements to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate.

The reasonable assurance opinion expressed in this report has been formed on the above basis.

*Opinion*

In our opinion, in all material respects, the financial information in the separate financial statements for the period ended 30 June 2013 has been extracted from the underlying financial records of Cairns Regional Council in accordance with the Douglas Shire Council Transfer Committee's financial separation methodology as set out in note 2.

*Restriction on distribution and use*

This report has been prepared for the Transfer Committee for the purpose of assisting the Transfer Committee in meeting the *Local Government (De-amalgamation Implementation) Regulation 2013* requirements as set out in Part 4 sections 38 and 39 of the Regulation. We disclaim any assumption of responsibility for any reliance on this report, or the separate financial statements to which it relates, to any person other than the Douglas Shire Council Transfer Committee, or for any purpose other than for which it was prepared.

*Matters relating to electronic presentation*

This report relates to the Transfer Committee's separate financial statements prepared in accordance with the financial separation methodology as set out in note 2. Where this report is displayed on the Douglas Shire Council or Cairns Regional Council websites, the Transfer Committee is responsible for the integrity of the websites. We have not been engaged to report on the integrity of these websites. This report is prepared only for the purpose as described above, and does not provide an opinion on any other information in the websites that is related to these separate financial statements.

*KPMG*

KPMG

*Graham Coonan*

Graham Coonan  
Partner

Cairns  
20 December 2013

<b>ORDINARY COUNCIL MEETING</b>	<b>6</b>
<b>14 JANUARY 2014</b>	

## APPOINTMENT OF ALTERNATE ACTING CHIEF EXECUTIVE OFFICER

Jeff Tate - Acting Chief Executive Officer

### **RECOMMENDATION:**

**That Council resolve to:**

- 1. delegate authority to the Acting Chief Executive Officer under Section 257 of the *Local Government Act 2009* to appoint an (alternate) Acting Chief Executive officer under the provisions of Section 195 of the *Local Government Act 2009*.**
- 2. delegate authority to the Mayor under Section 257 of the *Local Government Act 2009* to appoint an (alternate) Acting Chief Executive Officer under the provisions of Section 195 of the *Local Government Act 2009*, in the absence of the Acting Chief Executive Officer.**

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### **EXECUTIVE SUMMARY:**

Council providing delegation to the Acting CEO and Mayor to appoint an alternate Acting CEO, as or when the need arises, ensures a seamless continuation of Council's services in the absence of the Acting CEO.

### **BACKGROUND:**

I have been appointed Acting Chief Executive Officer (CEO) through Section 18 of the *Local Government (De-amalgamation Implementation) Regulation 2013*. However, it would be wise to have arrangements in place that would enable the appointment of another officer to act in the role during any periods of my absence or inability to act.

Section 195 of the *Local Government Act 2009* reads:

*A local government may appoint a qualified person to act as the chief executive officer during—*

- (a) any vacancy, or all vacancies, in the position; or*
- (b) any period, or all periods, when the chief executive officer is absent from duty or can not, for another reason, perform the chief executive officer's responsibilities.*

### **PROPOSAL:**

The proposal is that Council delegate authority to the Acting CEO and the Mayor in absence of the Acting CEO which enables the temporary appointment of an alternate Acting CEO should the need arise. The commentary to the *Local Government Act 2009* states that this authority to appoint an Acting CEO may be delegated.

**RISK MANAGEMENT IMPLICATIONS:**

Not having arrangements in place to make an appointment as Acting CEO would expose the Council to some risk such as inability to execute some documents and also a lack of clarity about who was in charge of the organisation.

**CLOSED  
SESSION**

**DOUGLAS SHIRE COUNCIL**

**ORDINARY MEETING**

**TUESDAY 14 JANUARY 2014**

**CLOSED SESSION**

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