

Annual Report

2021-2022



Acknowledgement

Douglas Shire Council acknowledges the traditional Country of the Eastern Kuku Yalanji Peoples and the Yirrganydji Peoples of the coastal areas and rainforest of the Douglas Shire.

We recognise that these have always been and continue to be places of cultural and spiritual significance. We acknowledge and cherish the important contribution made by Aboriginal and Torres Strait Islander people to the Douglas Shire community, and pay respects to their Elders – past, present and emerging.

Introduction

In accordance with the *Local Government Act 2009*, Council must publish an Annual Report, which provides an update to the community about Douglas Shire Council's finances, performance and how Council has delivered against the Corporate and Operational Plans.

Legislation requires particular information to be included in an Annual Report.

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Message from the Mayor

Through a year of recovery, Douglas Shire stood tall, stayed the course, and started to find its groove again.

The first half of the 2021-2022 financial year we were cut off from the rest of Australia and the world. It seems like a lifetime ago yet realistically only a matter of months.

Douglas Shire has experienced a 2022 tourism season like no other, everyone has well and truly re-discovered our unique pocket of paradise.

The Great Barrier Reef and Daintree Rainforest were on many to-do lists when the state borders re-opened in January this year.

The influx of visitors was in distinct contrast to the quiet streets when COVID-19 first made its way to our shores.

But with a new era, came a new set of challenges.

A lack of affordable housing, staff shortages, impacts to supply chains and higher costs were national issues felt sharply on the ground here in Douglas.

There are no quick fixes to these challenges. At Douglas Shire Council, we strengthened our own advocacy efforts towards other levels of government to address widespread issues, while continuing to deliver vital services, projects, and initiatives.

The 2021-2022 Annual Report provides an overview of Council's performance and achievements for the community in the past 12 months.

A vibrant and liveable community

We continued to build projects which enhance the liveability of our beautiful shire, whilst putting in place concepts for future enrichment of our region.

The Mossman to Cooya Beach cycleway is now a popular piece of community infrastructure improving connectivity, creating a safe and healthy way for students to ride to school and a new outdoor activity for locals to enjoy.

We also invested in new playgrounds, refreshed parks and gardens, and unveiled new foreshore management plans to make our beaches even better.

The return of a full calendar of events headlined by Port Douglas Carnivale brought vibrancy back to our local community and added value to the tourist experience.

In particular, the Council-run Carnivale was a roaring success generating about \$5.3 million worth of economic activity and contributing to more than 20,000 visitor nights across 10 days in May. This has proven to be a fantastic investment with the event now covering its costs.

Building vital infrastructure

Spearheaded by significant road upgrades in the northern parts of the region, Council finished 71 projects and spent or committed \$31.4 million in the past 12 months.

We worked closely with Australian and Queensland Governments to create a more resilient road network for travellers and people living in Wujal Wujal and Degarra.

Council also focussed on its water security challenges through stage one of the Smart Water Meter Program in Port Douglas. About 900 properties now have the ability to track their water use in real time and identify leaks much quicker than ever before.

A \$1.8 million Resource Recovery Centre at Killaloe Transfer Station was also unveiled, marking a big step towards increasing recycling rates and reducing waste going to landfill.

As a world-class tourist destination, these are important projects that uphold our environmental responsibility and align with the shire's eco certification.

Financially sustainable council

We must make long-term financial decisions to ensure Council is in a sound financial position for future generations. Some hard choices were made, and I appreciate that sometimes commercial in-confidence laws can often make decisions difficult to understand, like the need to purchase the ferry or choosing a supplier outside the local region. But Council must always have the best financial interests in place for its community and will continue to do so.

Through COVID, it has been a difficult time for local governments in regional Queensland. Rising costs, natural disasters, small rate bases and more pressure to provide the services the community needs have made financial sustainability a key issue for the sector. I continue to advocate to the State and Federal Governments for appropriate funding for councils to ensure all rate payers no matter what council you are in can be ensured the same service levels regardless of size.

Fortunately, Douglas has emerged in a desirable financial position compared to other similar-sized regions.

We finished the 2021-2022 financial year with a \$601,808 operating deficit – a huge improvement on the budgeted deficit of \$2.99 million.

This puts us on track to achieve financial surplus by 2025-2026.

Douglas is in a strong position and despite our small population, we can offer a wide, varied, and high level of service to our rate base. It's no longer a case of roads, rates and rubbish but we certainly can't forget these priorities.

We did this while continuing to address the inequities in the rating structure through stage two of an independent review into our rating categories.

Economic recovery

Through our revitalised *Do It In Douglas* campaign, Council also increased its efforts to attract investment and support the local business sector. Working closely with industry, we continued to tick off items in our 2021-24 Economic Development Strategy, becoming a 'Small Business Friendly Council' and developing the Investment Prospectus.

Finding staff and an affordable place for them to live remained the greatest challenges for local businesses. In response, Council joined forces with neighbouring regions to advocate the State Government to update the Far North Queensland Regional Plan.

This plan sets the long-term direction for how our region can grow and respond to change over time. We are hopeful an updated plan will pave the way for Council to respond to the housing need in future years.

We are already seeing some positive movement in Douglas Shire. Last year, 108 building approvals for new dwellings were issued by private certifiers – an increase of 47.9% on the previous year. We are also seeing work progress at the Ocean Breeze Estate in Cooya Beach, the Daintree Horizon Estate in Mossman and Newport Estate at Craiglie near Port Douglas.

Though challenges lay ahead, our strong team is dedicated to serving the community and improving how we do business. Finally, I would like to thank my fellow Councillors, Chief Executive Officer Rachel Brophy, and all Council staff for their determination and focus toward getting the job done.



Cr Michael Kerr
Mayor
Douglas Shire Council



Elected Representatives



Cr Michael Kerr

Mayor

P 0447 019 647

E Michael.Kerr@douglas.qld.gov.au



Cr Lisa Scmazzon

Deputy Mayor

P 0408 374 141

E Lisa.Scmazzon@douglas.qld.gov.au



Cr Peter McKeown

P 0447 020 145

E Peter.McKeown@douglas.qld.gov.au



Cr Abigail Noli

P 0447 018 967

E Abigail.Noli@douglas.qld.gov.au



Cr Roy Zammataro

P 0447 020 246

E Roy.Zammataro@douglas.qld.gov.au

Message from the CEO

“We have a fantastic team of staff who work harder each day to deliver the high level of service that our community and travellers expect.”

Since arriving in the tropics in February 2022, I have been buoyed by the resilient and caring nature of Douglas Shire. My own decision to *Do It In Douglas* was an easy one and I feel very fortunate to now be part of such a diverse and passionate community. Not to mention soaking up the laid-back charm and unrivalled natural scenery as I drive into work each day.

Firstly, I would like to thank my predecessor, Juanita Warner, for leading the organisation through the six-month transition between CEOs. She did an outstanding job in supporting Councillors and keeping Council's critical services running smoothly.

It did not take long to see first-hand how resilient everyone up here is. In true Far North Queensland-style, I was already experiencing my first Daintree River flooding event just two months into the role. I was impressed by how well Council staff worked together, made decisive calls, and put the community first. We are very lucky to have such a high level of dedication throughout Douglas Shire Council.

In May, Council also delivered an electric Port Douglas Carnivale to mark the beginning of the first full tourism season since the pandemic in 2020. Our much-loved party in paradise was a fitting way to welcome interstate travellers back. The bullish return of tourism has brought new challenges in staffing and housing, and Council is working hard behind the scenes to do what we can to help. Once borders re-opened in January, visitors arrived in droves with the past six months recording the strongest average occupancy rate since at least 2017. By the end of June this year, 380,661 domestic visitors spent over five nights on average in Port Douglas and Daintree, an increase of 14% on the pre-COVID figures captured in 2019.

The region recorded a total of 2,178,155 domestic visitor nights, an increase of 40% on the year prior, and up 25% on the pre-COVID figures captured in 2019.

Being a thriving tourist destination certainly has its own unique set of challenges for a regional council. Fortunately, we have a fantastic team of staff who work harder each day to deliver the high level of service that our community and travellers expect. Our dedicated outdoor team look after beautiful tropical gardens, tidy streets, clean playgrounds and maintain pristine beaches which are enjoyed by the hundreds of thousands of visitors each year. These are important tasks done with immense pride and to an exceptional standard.

Council staff are also on the frontline connecting the community. Last year, our hard-working civil team looked after almost 500 kilometres of roads and flood ways, including 156km of gravel roads which continue to be maintained to a high standard. Our customer service staff helped process over 20,000 email enquiries and answered more than 25,000 phone calls.

Another achievement was the development of five foreshore management plans, which guide us on how to manage our world-class beaches. They will help protect environmental values and improve liveability at Wonga Beach, Newell Beach, Cooya Beach, Four Mile Beach and Oak Beach. Whether you enjoy fishing, stand up paddleboarding or just walking on the sand, the many months of consultation ensured these plans reflected the desires of each unique beachside suburb.

Filmmakers also showed us how important our diverse and stunning landscapes are to their movies. At Council, we supported several big-name film production studios, recognising the value these movies can bring to the local economy. The *Wizards!* production brought Hollywood to Douglas and will remind the world how lucky we are when it screens on the world stage. We continue to encourage filmmakers to work with us so we can help with issuing permits, providing valuable local insights, and identifying suitable venues for casting and production.

Douglas Shire Council provides a vast array of services from libraries and a swimming pool, to building major infrastructure projects and emptying your rubbish bins. We aim to do all our jobs in a way that connects and includes the community, providing real contributions to a thriving economy and sustainable shire. Our staff are cognisant of ensuring your Council remains financially sustainable in the long-term. We focus on doing business in a cost-effective manner and our improved financial result is testament to that mindset.

I have enjoyed my time getting to know our Mayor and Councillors, council staff and our passionate community. I would like to thank everyone for extending such a warm welcome to me and look forward to working for you to ensure Douglas is a place where businesses, families and individuals can thrive.



Rachel Brophy
CEO Douglas Shire Council

2021-2022 Statistics



265
development
applications
lodged



Approx.
9,500
rateable
properties



1,925
Douglas Cards
issued



\$5.3M
generated
from Carnival



20,725
emails received via
Enquiries inbox



1,282
Daintree Ferry
Cards issued



42
projects
managed by
Property Office



1.29M
Facebook reach

25,711
phone calls
answered via
4099 9444



\$58,406
grants for community
organisations



127
dogs
impounded

652,460
website page views



429
venue bookings
made



1,997
CRMs raised for
infrastructure

264
illegal
campers



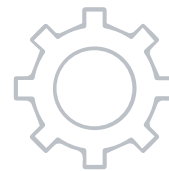
Over
15 tonnes
of TVs and computers for
recovery and recycling



335
mattresses
for recycling/
repurposing



330kg
of refrigerant gas
recovered for
recycling



7,619
customer
requests

99
*Councillor Requests
for Information*
received



4,321
purchase
orders raised



218
water after-
hours callouts



84
new water
service installs

68
water main
breaks



528
water
service
repairs



898
property
settlement
reads



1,264
new defects
recorded in
Reflect



1,413 Property
*Transfer of
Ownerships*
processed



1,576
tyres for
recycling



97
tyres collected
through the *Illegal
Dumping Program*



3,599
road maintenance
and defects repairs
completed

Regional Profile

Shire profile

Located just a short drive north of Cairns, Douglas Shire covers an area of 2,445 square kilometres featuring the world's best natural beauty from Wangetti in the south to the Bloomfield River in the north.

Douglas Shire's unique positioning between the World Heritage Listed Wet Tropics Rainforest and the Great Barrier Reef have made the region a world-class tourism destination.

Tourism is the cornerstone of the region's economy and the largest employing industry in Douglas Shire, supporting 2,596 jobs and injecting more than \$611 million per year into the local economy. In addition to the Shire's iconic sugar cane industry, the region also boasts unique export potential of tropical fruits, seafood, and indigenous foods.

Douglas is home to over 12,000 residents, with almost 60% living in the two main population centres of Port Douglas and Mossman.

Port Douglas is the tourist gateway to the region, while Mossman is the administrative, health, industrial and agricultural hub. Other principle urban centres include the beachside communities of Wonga Beach, Newell Beach and Cooya Beach. The remaining residents live in decentralised communities scattered along the 100km stretch of coast road; tucked into the rainforest or in small rural townships in the valleys of the Shire's hinterland.

History of the Shire

The First Peoples of the Douglas region are the Kuku Yalanji whose country extends from the Mowbray River in the south to Cooktown in the north and Palmer River in the west. From the Mowbray River, south to Cairns are the traditional homelands of the Yirrganydji people. The Kuku Yalanji and Yirrganydji are rainforest people whose connection to the region extends back 50,000 years to be among the earliest human occupants in Australia.

European habitation in the Douglas Shire began in the 1870s as George Elphinstone Dalrymple led the first extensive exploration of the region. Dalrymple thought the country "*surrounded by a panorama of great beauty ... a perfect picture of rich tropical country*". Within the decade gold miners supplied from Port Douglas, timber cutters logging the much-prized red cedar, cattle graziers, and farmers of vegetables, maize and sugar had all begun to make their mark. Farming expanded along the coastal belt as extensive areas of lowland rainforest were cleared and settlements were established throughout the area.

Cultural diversity is integral to Douglas Shire's history. According to the 1886 census, almost two-thirds of the district's population were of Chinese heritage. By the 1890s, the sugar cane industry depended on Chinese and South Sea Islander (Kanaka) labour. These populations were joined by Hindu, Punjabi and Japanese migrants in the 1900s.

The Shire of Douglas existed as a local government entity from 1880 until 2008 when it was amalgamated with Cairns City to create the Cairns Regional Council. Five years later, Queensland Minister for Local Government granted residents a poll in which a majority of electors (57.61%) voted in favour of de-amalgamation.

The Douglas Shire Council started for the second time on 1 January 2014 with a new Mayor and four new non-divisional Councillors.





Image Credit: Tourism Tropical North Queensland

Organisational Structure

Mayor and Councillors

Chief Executive Officer



Manager Governance

Complaints Management
Internal Audit Functions
Right to Information
Information Privacy
Policies & Procedures



Manager People and Community Services

Community Development
Arts & Culture
Grants
Economic Development
Events
Media & Communications
Sports & Recreation
Library
Human Resources
Property Services
Workplace Health & Safety
Payroll



Manager Infrastructure

Civil Operations
Public Spaces
Maintenance & Construction
Biosecurity
Fleet
Building Facilities



Chief Financial Officer

Financial Accounting
Management Accounting
Information Technology
Procurement
Rates
Frontline Services
Integrated Services
Records Management



Manager Water and Wastewater

Sewerage Treatment
Water Quality
Water Reticulation



Manager Environment and Planning

Resource Management
Local Laws
Environmental Health
Planning
Organisational Sustainability
Disaster Management



Manager Project Office

Project Management
Contracts Administration
Disaster Infrastructure Repairs



2021-2022 Highlights



Family Beach Day

Celebrating Our Communities

Environmental art festival returns

Call of the Running Tide was back bigger and better than ever in 2021. The Environmental Sculpture and Multimedia Festival showcased artworks that put the spotlight on environmental issues.

Artworks were exhibited across Port Douglas at Rex Smeal Park, Mossman Shire Hall and the Port Douglas Community Centre.

The event was funded under the *Regional Arts Development Fund* (RADF) which is a partnership between the Queensland Government and Douglas Shire Council to support local arts and culture in regional Queensland.

Port Douglas Carnivale brings party to paradise

The biggest party in paradise drew a fantastic crowd to Port Douglas this year.

After two years of uncertainty around interstate travel, Port Douglas Carnivale 2022 did not disappoint with more than 17,000 people attending the events in the program.

Popular new events such as the FNQ Gin Festival, and family favourites like the Family Beach Day drew record crowds. The whole event generated about \$5.3m worth of economic activity in Douglas Shire, contributing to more than 20,000 visitor nights across 10 days.

Green Ant adventure play space designs finalised

Council submitted a grant application to the Building Better Regions Fund (BBRF) after working with the community to finalise a design of a new green ant-themed adventure play space at Rex Smeal Park. The playground would be built under the shade of the existing fig tree, ensuring the site makes the most of the space already there and blends in with the iconic park.



Green Ant adventure playground (artist's impression)

Lifestyle rides on with Mossman to Cooya Beach cycleway

A shared cycleway connecting Mossman and Cooya Beach was completed, providing a fun 2.6km connection between the sugarcane town and beachside suburb. The project helps enhance the liveability of our beautiful shire by providing more opportunity to get out and enjoy the outdoors. It was jointly funded by Douglas Shire Council and the Queensland Government under the Cycle Network Local Government Grants Program.

Street party brings Christmas to Mossman

Christmas cheer flowed through Front Street in Mossman to celebrate the festive season. The Douglas Street Christmas Party had a little something for everyone who took the opportunity to grab a last-minute present, enjoy a bite and soak up the community spirit. In its second year, the much-anticipated family friendly event was again well-attended in 2021.

Fostering Sustainable Economic Growth

Council takes over Daintree Ferry

After purchasing the Daintree Ferry, Council ensured a smooth transition between ferry operators to enable an uninterrupted service from 1 July 2021. Council staff worked closely with the new ferry operators to do the required maintenance while providing a reliable service. This allows locals to get to work, visitors to see the Daintree and spend money at 80 businesses located north of the Daintree River, and maintains essential access for residents of Wujal Wujal and surrounds.



Douglas signs on to small business charter

Douglas Shire Council re-affirmed its support for local small businesses by formally signing a *Small Business Friendly Charter*. With about 1300 small businesses operating across the Shire, our network of small businesses are the heart and soul of our community. The charter commits councils to supporting small businesses to benefit from less red tape and more opportunity.



Council drives ahead with northern road upgrades

Problem sections of the Bloomfield Track are now safer and more resilient. Douglas Shire Council completed more than \$10 million worth of improvement works on the Cape Tribulation-Bloomfield Road (Bloomfield Track) and Zig Zag Road under the 2019 Betterment Program. The 2019 Betterment program is a joint Australian Government and Queensland Government program under Category D of the Disaster Recovery Funding Arrangements (DRFA) to repair and provide more resilient essential public infrastructure damaged by monsoons. A key driver for the works is to improve access for Wujal Wujal and Degarra residents, as well as increasing the reliability of the roads for travellers after wet weather.

The call to *Do It In Douglas*

Investors will see Douglas Shire as the land of opportunity and prosperity thanks to the first *Douglas Shire Investment Prospectus*. The 28-page document and webpage help Council pitch the region to forward-thinking investors, businesses, and highly skilled entrepreneurs. It will help take the region's unique liveability, innovation, and sustainability credentials to the world.



The Year in Review

Leading Environmental Stewardship

Coastal protection under Reef Assist Program

Council completed five foreshore management plans to help protect the environmental values and improve the liveability of coastlines in Douglas Shire. Foreshore management plans were developed for Wonga Beach, Newell Beach, Cooya Beach, Four Mile Beach and Oak Beach.

The plans include key objectives including monitoring turtle nesting sites, protecting dunes and foreshore vegetation, and making sure locals can have fun at the beach. The plans also seek to reduce the impacts of coastal hazards into the future.

Council was successful in receiving \$445,000 under the Reef Assist program for dune protection and maintenance works. As part of the Reef Assist program, a section of Oak Beach was rehabilitated when weeds were removed, and 500 native trees planted.

The Reef Assist Program is delivering priority environmental projects and creating around 130 regional jobs for unemployed and underemployed Queenslanders in the Wet Tropics, Burdekin and Mackay Whitsunday Great Barrier Reef catchment areas.

Council turns on savings with Smart Water Meter Program

The first stage of the Smart Water Meter Program was rolled out to 900 houses in Port Douglas. Smart water meters are fitted with radio transmitters that send water meter readings to Council every hour. The new meters will help Council identify leaks and help residents save money on wasted water. By the end of the financial year, Council had already reduced water leaks by about 200kL per day – a saving of about five backyard swimming pools.

Property owners can track their water usage via a smart phone app which will encourage more water saving practices within our community.

Recycling win at new Resource Recovery Centre

A large multi-purpose Resource Recovery Centre will increase recycling rates and reduce waste going to landfill at the Killaloe Transfer Station.

The \$1.8 million new facility funded by the Works for Queensland Program is used for domestic and commercial waste disposal whilst housing an undercover area for the transfer station operations team to sort and salvage.

More than 160 tonnes of recycling material are self-hauled to the Killaloe Transfer Station every year. The new facility is part of Council's long-term strategy for waste management.

Dog registrations rise under inspection program

Council staff worked closely with local dog owners across Douglas Shire to register hundreds of new animals. The six-month Approved Inspection Program was a resounding success with 1,445 dogs registered, including 919 new registrations and 526 renewals.

Inclusive Engagement Planning and Partnerships

Council significantly changed and improved the way we communicate to residents, ratepayers, and visitors. During the 2021-2022 year, the Media and Communications Unit sent out 100 media releases, responded to 67 media enquiries and published 128 website posts.

Council website

The official Council website is a key platform for the community to get information about Council. All media releases, public notices, Council agendas and minutes, significant reports, strategic plans, job opportunities and tenders are published to the Council website. In the reporting period, 240,172 people accessed the website for 652,460 page views. This was a 12.8% increase and 4.3% increase for respective measures from the previous year.

Social media

To help communicate in a timely manner, Council manages six Facebook accounts which represent different areas of Council operations. These include Douglas Shire Council (11,791 followers), Port Douglas Carnivale (14,417 followers), Douglas Disaster Information (2,400 followers), *Do It In Douglas* (1,020 followers), Douglas Pets (882 followers) and Douglas Libraries (715 followers).

These pages recorded a combined reach of 1.29 million users during the 2021-2022 financial year. That represents an increase of 139% on the previous 12-month period when many of the pages were first introduced.

A new weekly social media video called *Minute With The Mayor* was also launched on 21 March 2022. The 18 published videos were viewed 5,518 times with an average of 306 hits per video.

Council also has a LinkedIn page (1,182 followers) to help communicate with prospective employees and other organisations out of the Douglas Shire.

Fortnightly e-newsletter

Our e-newsletter continues to grow, and our readership has increased 61.5% since 1 July 2021. Council now has almost 1400 subscribers who receive Council's latest news, project information and public notices direct to their inbox every second Friday. In the past year, the audience received 24 e-newsletters and recorded an average open rate of 32.36% for the year.

Print publication

Council trialed a free quarterly newsletter which was printed and distributed by the media and communications team in November 2021 and March 2022. During the trial, we printed 2000 copies and distributed these to local cafes, supermarkets, libraries and other regularly visited areas across the shire.

After two editions, we gathered feedback, looked at our internal processes and re-evaluated its distribution. The newsletter now appears once a month in the Cairns Local News which is a free community newspaper distributed in the local area.

The print publication is a vital part of our communication to ensure we can reach those who do not access digital platforms such as email, social media, or the internet. Before the local paper was closed in mid-2020, our survey data indicated 60% of our local audience got their Council information from the weekly publication.

Robust Governance and Efficient Service Delivery

Building disaster resilience through intelligence

We now have a Flood Intelligence Portal which is an internal dashboard that displays the status of all rain gauges and data. As part of the North Queensland Recovery and Resilience Grants, Council created a system to accurately predict likely scenarios during flood events and rising storm tide levels. We have also rolled out new storm tide reference landmarks at Wonga, Newell and Cooya beaches to give us a more localised understanding of the inundation risk posed by extreme storm tide events.

New automatic rain gauges were installed at five locations including McDowall Range, CREB Track, Stewart Creek Valley, and Mossman Water Treatment Plant.

Stage 2 of rates review addresses inequity

Council also continued to address historical inequities in the rating structure through stage 2 of an independent review into its rating categories. During this review, a 3.9% general rate increase applied across the board with variations to different categories.

For a category one property, where a ratepayer lives at the address, the median rate increase is \$43 per year, or 82 cents per week. For a property in residential rating category five, where a ratepayer does not live at the address, the median rate increase is \$93 per year, or \$1.78 per week. This is the same median rate increase for building units where the ratepayer does not live at the address.

Council considered feedback from organisations and ratepayers when undertaking the review, as well as recent land valuations completed by the Department of Resources.



Assessment of Corporate Plan and Operational Plan

The Annual Report for a financial year must contain the Chief Executive Officer's assessment of the local government's progress towards implementing its 5 year Corporate Plan and annual Operational Plan.

Assessment of Operating Performance

For 2021-2022, Council identified a broad range of projects that would benefit all communities across the Shire and continue to see firm strategic initiatives put in place to establish a sound foundation for the Shire's future.

Council's Operational Plan 2021-2022 detailed the ongoing and recurring activities and major initiatives to be undertaken across Council. Success measures and timeframes were identified for the delivery of each initiative, and in recognising that most projects were completed by multidisciplinary teams, the Lead Department was also

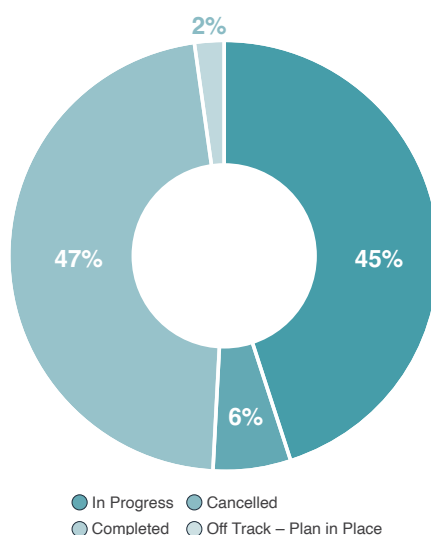
identified. The Operational Plan links all projects to the Themes and Goals of the Corporate Plan, demonstrating the ongoing implementation of Council's strategic direction.

All programs and projects are fully funded through the Annual Budget 2021-2022. As in previous years, a public report detailing the progress of the Operational Plan was submitted to Council each quarter.

In Council's 2021-2022 Operational Plan, 47 activities were identified to progress the completion and implementation of the Corporate Plan 2019-2024.

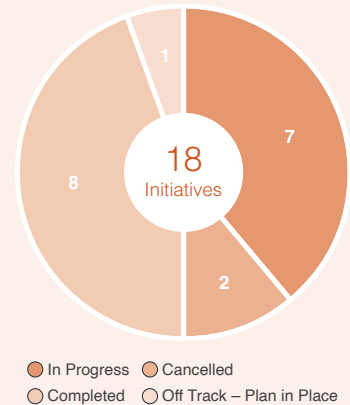
Theme Outcome Summary

Theme Outcome	In Progress	Cancelled	Completed	Off Track – Plan in Place
1. Celebrating our Communities	7	2	8	1
2. Fostering Sustainable Economic Growth	4	1	2	0
3. Leading Environmental Stewardship	4	0	6	0
4. Inclusive Engagement, Planning and Partnerships	2	0	0	0
5. Robust Governance and Efficient Service Delivery	4	0	6	0
Total	21	3	22	1



Theme 1: Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.



Outcomes

Goal 1: We will celebrate the diversity of our community and ensure that all infrastructure, programs, and services are underpinned with inclusiveness and accessibility.

1.1.1. Indigenous Committee – Not yet commenced, Plan in place

Awaiting replacement of Community Development (First Peoples) Officer. Recruitment delayed.

1.1.2. Mossman Shire Hall Upgrade – Cancelled

A grant application for Building Better Regions 2021 was unsuccessful. Budget not available to proceed with upgrades at this stage.

1.1.3. Indigenous signage – Cancelled

Next stage deferred pending capital works budget.

1.1.4. Development of an all-ability accessibility plan – Completed

Consulted with all disability groups. A Register of completed and identified future projects has been developed. An all accessibility map has been uploaded to Council's website.

1.1.5. Social Housing – Completed

Follow-up actions to be continued in the 2022-23 Operational Plan.

Goal 2: We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

1.2.1. Oil Palm Strategy – In Progress

Maintenance program and long term options analysis drafted. To be workshopped with Councillors.

1.2.2. Mossman Pool Redevelopment – In Progress

Funding acquired for splash park. Delay in contracting for splash park build due to lack of market response. Renaming pool and caravan park to be continued in 2022-23 Operational Plan.

1.2.3. Port Douglas Aquatic Precinct – In Progress

New tender for community consultation, concept development, and detailed design has closed and is being evaluated.

1.2.4. Rex Smeal Park Improvements – Completed

Design and consultation complete. Application has been submitted for Building Better Regions Fund. Waiting on outcome.

1.2.5. Park and Open Spaces beautification and infrastructure upgrade – Completed

Several projects have been completed including playground, shelters/furniture and landscaping renewal across the Shire.

1.2.6. Dog Registration Audit – Completed

Program and report to Council completed on a very successful program carried out by staff.

1.2.7. Gravel Road Reseal Program – Completed

Register completed. In the process of gathering additional data such as traffic counts. Register to be updated yearly.

1.2.8. Port Douglas Drainage Strategy – In Progress

Consultant engineer engaged to complete a drainage report with a 10 year prioritised plan to upgrade Council's major trunk drainage and lower flooding risks.

Goal 3: We will develop programs that promote health, well-being and safety in the community.

1.3.1. Sports and Recreation Actions – *Completed*

Multiple masterplan upgrades have been completed or continuing. Successful grant funding achieved by clubs for lighting upgrades.

1.3.2. Develop CCTV Strategy for Douglas – *In Progress*

Submission to Queensland Government Fishing Infrastructure Grant for Installation of CCTV at boat ramps and jetties in the region has been successful with a RFQ for work to go out. Working with the Port Douglas Police and community to develop a plan for CCTV in Port Douglas, similar to Mossman.

1.3.3. Road and Footpath Lighting Program – *In Progress*

Program completed for Port Douglas. Investigation and review of lighting in Mossman is currently underway.

1.3.4. Road Safety Improvements – *Completed*

Gathering information and finalising a project register for future budget submissions. Register to be updated yearly.

Goal 4: We will promote arts and cultural programs and events that bring vibrancy to the community and compliment the tourist experience.

1.4.1. Arts Strategy – *In Progress*

Strategy drafted and to be presented to Council for comment in the first quarter of 2022-2023.



Theme 2: Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.



Outcomes

Goal 1: We will build appropriate infrastructure and deliver services that connect and support businesses.

2.1.1. Ferry Gateway Infrastructure Plan – *In Progress*
Ferry options report to be finalised soon and then workshopped with Council to finalise delivery strategy.

Goal 2: We will work with partners to promote the Shire as the World's leading sustainable tropical destination and encourage business investment.

2.2.1. Innovation Hub – *Cancelled / No longer relevant*
Progress is being made to fill this gap by a commercial enterprise, and an alternative way forward from Council for this operational plan initiative is being developed.

2.2.2. Continue to Investigate Opportunities in the Recreational Vehicle Strategy – *Completed*
Presented to Ordinary Council Meeting on 28 September 2021.

2.2.3. Eco-Destination – *Completed*
Upgrade to the new version of criteria is complete. Desktop audit completed in May 2022 and results received. Corrective actions to be undertaken in 2022/23 and Eco Destination program to continue.

Goal 3: We will develop strategies that seek to diversify the Shire's economic base.

2.3.1. Investigate Alternative Energy Solutions – *In Progress*
Report to be presented to Council in the first quarter of 2022/23.

2.3.2. Economic Development Strategy – *In Progress*
Queensland Small Business Friendly Charter adopted in November 2021. Draft Investment Prospectus will be presented to Council in July 2022. Priority infrastructure list in development with Capital Works Program for 2022/23.

2.3.3. Port Douglas Markets Review – *In Progress*
Will be presented to Councillor workshop in late 2022.



Theme 3: Leading Environmental Stewardship

Our visitors and residents deeply value the unparalleled environment in which we live. We recognise our responsibility in protecting and preserving our natural world for generations to come. We understand the strong link between the environment and the economy: they are interdependent. Douglas Shire will be at the forefront of environmental protection by developing strategies, setting policies, and working with all stakeholders to become the envy of and to inspire locations across Australia and the World.



Outcomes

Goal 1: We will protect our sensitive environment and plan for the impact of climate change.

3.1.1. Reef Assist Actions – *Completed*

Reef Assist Project activities were completed late March 2022. Draft Foreshore Management Plans adopted 26 April 2022 by Council. Final reporting requirements completed April 2022.

3.1.2. Reef Guardian – *Completed*

Action Plan signed off and endorsed. All five actions have commenced and three will be ongoing after the financial year. One action is complete and one action delayed due to COVID. The Reef Guardian Council Program will continue through 2022-2023.

3.1.3. Soil Carbon Strategy – *Completed*

In December 2021 the Federal Government legislated a new methodology for measuring soil carbon. Council's Sustainability Officer has completed information gathering and this will be workshopped with Councillors at the first scheduled workshop in 2022-2023 to finalise initiative.

Goal 2: We will implement programs that reduce and offset our environmental footprint.

3.2.1. Identification of carbon neutral council fleet options – *In Progress*

Data being collated and investigation of what options can be achieved in progress. Workshop with Councillors scheduled for May/June 2022.

3.2.2. Illegal dumping program – *Completed*

Grant funding for an illegal dumping compliance officer (12 months) and littering signage successful. Compliance officer commenced role in April 2022 and signage has been installed.

3.2.3. Waste audit of kerbside collection – *Completed*

Audit focussing on commercial bins, targeting organics, recyclables, single use plastics and packaging completed in April 2022. Information will assist in education and service provision and in the Regional Waste Strategy development.

Goal 3: We will continue to build water infrastructure so that the Douglas Shire may enjoy water security and water quality.

3.3.1. Future Water Security – *In Progress*

Continuing with water licence application for Mossman River Intake. Douglas Shire water security strategy to be formalised to enable funding application for overall program to include Mossman River intake.

3.3.2. Smart Water Meter Rollout – *In Progress*

Smart water meter installation completed in Port Douglas and Craiglie (Stage 1). Software portal expected to be available for public use by August 2022. Installation of stage 2 (rest of the Shire) to commence in February 2023.

Goal 4: We will partner with the community to educate and monitor.

3.4.1. Waste Education Program – *Completed*

Council's Waste Education continues to visit pre-school, school, after school and kindergarten sessions explaining waste reduction, recycling and composting.

3.4.2. Continue Water Education Program – *Completed*

Education materials have continued to progress and a Douglas specific Water Supply Poster has been completed, ready for distribution to schools in the region. The Water Education Program is being developed.

Theme 4: Inclusive Engagement, Planning and Partnerships

In delivering for our communities, economy and environment, Douglas Shire will ensure open and transparent engagement and communication. We will develop robust strategic plans and we will partner with our community and key stakeholders.



Outcomes

Goal 1: We will implement transparent decision making through inclusive community engagement and communication.

No actions this year.

Goal 2: We will develop forward looking strategies for the future of our communities and we will ensure balanced and appropriate planning decisions.

4.2.1. Development of a street tree register framework – *In Progress*

Framework drafted and presented to Management Team. To be workshopped in July 2022.

4.2.2. Planning Scheme Updates – *In Progress*

An information session was undertaken at the Council Workshop on 14 June 2022 where the amendment process was outlined and points of interest discussed.

Goal 3: We will recognise the critical role that our partners play in planning and delivering vital programs and services.

No actions this year.



Theme 5: Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.



Outcomes

Goal 1: We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

5.1.1. Implement PDF Framework – *In Progress*

Framework now required to include project management framework as a whole. Draft system developed and being fine tuned for Council.

5.1.2. Delegations Register – *Completed*

Delegations have been assigned to Officers. Further development of the system will progress under the Governance department in early August 2022 as part of the Governance annual work plan.

5.1.3. Right to Information (RTI) & Information Privacy – *Completed*

RTI Process is being developed. Privacy Policy has been reviewed and planned adoption in August 2022. Audit of the RTI information available on Council's website is being undertaken and final update to be completed by end of July 2022.

5.1.4. Complaints Management – *In Progress*

Policy review has been undertaken. Policy consultation with Management to be finalised. Unreasonable Complainant Conduct Policy has been developed and planned adoption is July 2022.

Goal 2: We will put the customer at the centre of our service delivery and process improvement as we deliver efficient and appropriate services based on community expectations.

5.2.1. Lease Policy – *In Progress*

Review of draft policy underway.

Goal 3: We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

5.3.1. General Rates Model Review Stage 2 – *Completed*

General Rates Model Review has been conducted. Proposed changes were workshopped with Council and the report adopted by Council in April 2022. Proposed rate charges formed part of the Annual Budget adopted by Council on 28 June 2022.

5.3.2. Asset Management System – *Completed*

The implementation process is forecasted to take 4 years and will be in line with the revaluation of assets timeline. The Asset Management Software System implementation has progressed with all Water Infrastructure and Council and Community Facilities asset physical data uploaded to the system.

Goal 4: We will work with our communities to ensure they are informed, empowered and supported so that they are resilient to the impacts of disaster events. Through our leadership and capabilities we will plan, prepare, respond and recover from events so as to minimise the impact on people, property, the environment, and our economic stability.

5.4.1. Support Inclusive and Resilient Communities – In Progress

LDMG COVID Pandemic Response Plan endorsed and updated. Douglas Disaster Resilience Strategy been awarded with the expected completion date of August 2023.

5.4.2. Strengthen the Shire's Flood Planning and Response Capability – Completed

Flood mapping completed for Mowbray/Mossman River catchments, storm tide zones re-evaluated and Bridge Flood Intelligence system completed. Installation of an additional five automatic rain gauges throughout the Shire completed.

5.4.3. Enhance Disaster Management Capacity – Completed

Current completed projects include strengthening communications for Cyclone Shelter, retrofitting office for Cyclone Shelter Team in Shelter, Place of Refuge register updated for 2021-2022 wet season. Being progressed – No current available grants for Council to construct Local Disaster Coordination Centre and grant streams will continue to be investigated.



Statutory Information

This section of the report contains information which is prescribed by the *Local Government Act 2009* and *Local Government Regulation 2012* to be disclosed in Council's Annual Report for the period.

Local Government Act 2009

s 41 Identifying Beneficial Enterprises

s 41 of the *Local Government Act 2009* provides that the Annual Report must contain a list of all the beneficial enterprises that the local government conducted during the financial year.

Douglas Shire Council did not conduct any beneficial enterprises during the 2021-2022 financial year.

s 45 Identifying Business Activities

s 45(a) of the *Local Government Act 2009* provides that the Annual Report must contain a list of all the business activities that the local government conducted during the financial year:

The business activities conducted during 2021-2022:

- Water and Sewer
- Waste
- Ferry Operations
- Caravan Parks
- Markets
- Planning Certifications

s 45(b) of the *Local Government Act 2009* provides that the Annual Report must identify the business activities that are significant business activities.

None of the above activities satisfied the statutory threshold for classification as a significant business activity

s 45(c) of the *Local Government Act 2009* provides that the Annual Report must state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied.

Council applied the competitive neutrality principle to these business activities.

s 45(d) of the *Local Government Act 2009* provides that the Annual Report must state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there were any new significant business activities

The business activities listed above were also conducted by Council in the previous financial year (2020-2021), no new business activities commenced in 2021-2022. Douglas Shire Council did not conduct any significant business activities.

s 201 Remuneration Payable to Senior Contract Employees

s 201(1)(a) of the *Local Government Act 2009* provides that the Annual Report must state the total of all remuneration packages that are payable to the senior management of the local government. The senior management, of a local government, consists of the Chief Executive Officer and all senior executive employees. The remuneration packages include base salary, superannuation and allowances.

Total of all Remuneration Packages Payable \$1,616,361.00

Band	Number of Senior Management
\$100,000 - \$200,000	7
\$200,000 - \$300,000	1

Local Government Regulation 2012

s 183 Financial Statements

The general purpose financial statements is shown on pages 40 to 83.

The current year's financial sustainability statement is shown on page 79.

The long-term financial sustainability statement is shown on page 83.

The Auditor-General's audit reports about the general purpose financial statements and the current year sustainability statement is shown on page 76 and 80.

s 184 Community Financial Report

The Community Financial Report for the period is shown on pages 32 to 38.

s 185 Particular Resolutions

s 185(a) of the *Local Government Regulation 2012* provides that the Annual Report must contain a copy of the resolutions made during the financial year under s 250(1) of the LGR (adoption of an expenses reimbursement policy).

s 185(b) of the *Local Government Regulation 2012* provides that the Annual Report must contain a list of any resolutions made during the financial year under s 206(2) of the LGR (Threshold for non-current physical asset to be treated as an expense).

There were no Particular Resolutions for the financial year 2021-2022.

s 186 Councillors

The Annual Report must contain particulars of Councillors such as total remuneration, superannuation, expenses, facilities provided, meetings attendance and total orders during the financial year.

s 186(a) Councillor Remuneration

The amount of remuneration paid to Local Government Councillors is determined by the Local Government Remuneration Commission (The Commission). The Commission has determined that Douglas Shire Council is a Category 1 Council and the following annual remuneration amounts applied to Category 1 Councils during the period 1 July 2021 to 30 June 2022:

Mayor	Deputy Mayor	Councillors x 3
\$108,222	\$62,435	\$54,110

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2021 to 30 June 2022 is as follows:

Councillor	Remuneration *	Superannuation
Mayor Michael Kerr	\$108,197.40	\$10,819.79
Deputy Mayor Lisa Scmazzon	\$62,420.96	\$7,490.71
Cr Peter McKeown	\$55,600.13	\$5,560.13
Cr Abigail Noli	\$55,600.13	\$5,560.13
Cr Roy Zammataro	\$55,600.13	\$5,560.13

**Remuneration paid to Councillors was slightly higher than the remuneration figures determined by the Local Government Remuneration Commission due to Council pay run schedule.*



s 186(b) Councillor Expenses

A Councillor Reimbursement Policy was adopted by Council on 30 June 2020. The policy provides for the reimbursement of reasonable expenses which are suitable to be incurred by Councillors when discharging their duties and responsibilities as Councillors and the provision of facilities necessary to undertake their roles. The table below shows the expenses incurred by Councillors in the 2021-2022 financial year.

Councillor	Telecoms	Conference	Travel	Hospitality	Office	Vehicle	Training	Total
Mayor Michael Kerr	\$600.08	\$4,362.73	\$6,590.22	\$342.42	\$3,287.77		\$496.78	\$15,680.00
Deputy Mayor Lisa Scomazzon	\$600.08	\$2,459.09	\$2,368.01	\$62.72			\$496.77	\$5,986.67
Cr Peter McKeown	\$600.08	\$1,740.91	\$892.90				\$496.77	\$3,730.58
Cr Abigail Noli	\$600.08					\$5,280.48	\$496.77	\$6,377.33
Cr Roy Zammataro	\$600.08					\$475.92	\$496.77	\$1,572.77
Totals	\$3,000.40	\$8,562.73	\$9,851.13	\$405.14	\$3,287.77	\$5,756.40	\$2,483.86	\$33,347.43

In addition to the above, Mayor Michael Kerr's FBT expense for FBT year ending 31 March 2022 was \$4,662.87.

s 186(c) Councillor Meeting Attendance

As required under s186(c) of the *Local Government Regulation 2012*, the table below details the number of Local Government Meetings each Councillor attended during the 2021-2022 financial year.

Meetings Attended	Mayor Michael Kerr	D/ Mayor Lisa Scomazzon	Cr Peter McKeown	Cr Abigail Noli	Cr Roy Zammataro
Ordinary Meetings (12 Held)	12	12	12	12	12
Special Meetings (5 Held)	5	5	5	5	5
Special Budget Meeting (1 Held)	1	1	1	1	1

s 186(1)(d)(e)(f) Councillor Conduct

The *Local Government Act 2009* sets out the roles, responsibilities, and obligations of Councillors. Complaints about the conduct of Councillors are to be made, or referred, to the Independent Assessor for investigation.

In accordance with s 186(1)(d) to f of the *Local Government Regulation 2012* Councillor conduct complaints, referrals, decisions, orders and recommendations during the financial year are shown in the tables below:

Number of Councillor Conduct Tribunal

Subsection of the <i>Local Government Act 2009</i>	Description	Number
150(2)	Orders made about unsuitable meeting conduct	0
150AH(1)	Orders made for inappropriate conduct	0
150AR(1)	Decision, orders and recommendations made for misconduct	0

Number of Councillor Conduct Complaints, Notices and Referrals

Subsection of the <i>Local Government Act 2009</i>	Description	Number
150P(2)(a)	Complaints referred to the Assessor by a local government, a Councillor or the Chief Executive Officer of the local government	7
150P(3)	Matters referred to the Crime and Corruption Commission by the local government	0
150R(2)	Notices given by a local government official to the Assessor about a Councillor's conduct	0
150S(2)(a)	Notices of misconduct given to the Assessor by the local government	0
150W(1)(a),(b) and (e)	Decisions of the Assessor to dismiss, refer to the local government or take no further action	9
150AC(3)(a)	Referral notices accompanied by a recommendation from the Assessor	0
150AF(4)(a)	Occasions where information about misconduct is obtained by the local government during investigation that is given to the Assessor	0
Chapter 5A, part 3, division 5	Occasions where the local government asked another entity to investigate suspected inappropriate conduct of a councillor	0
Chapter 5A, part 3, division 6	Applications heard by the conduct tribunal about whether a Councillor engaged in misconduct or inappropriate conduct	0

s 188 Overseas Travel

The Annual Report must contain information about any overseas travel made by a Councillor or Local Government employee in an official capacity.

There was no overseas travel made by a Councillor or Local Government employee in an official capacity during the 2021-2022 financial year.

s 189 Councillor's Discretionary Fund

Councillors are not provided with discretionary funds to allocate. Funding was not therefore provided to community organisations from this source.

s 187 Administrative Action Complaints

Council respects the right of individuals to lodge a complaint and is committed to managing complaints responsibly, efficiently, effectively, fairly and economically. Under the *Local Government Act 2009*, issues that are within the scope of Administrative Action Complaints about the Council include:

- A decision, or a failure to make a decision, including a failure to provide a written statement of reasons for a decision
- An act, or a failure to act
- The formulation of a proposal or intention, or
- The making of a recommendation.

Council is committed to dealing fairly with all complaints and the complaints process is established to:

- Treat complaints about decisions and other administrative actions of the Council and complaints about minor breaches fairly, efficiently and consistently;
- Provide a complaints process that is easy to understand and readily accessible to all;
- Detect and rectify administrative errors, where appropriate;
- Identify areas for improvement in the Council's administrative practices;
- Increase awareness of the complaints process for Council's employees and the community;
- Enhance the community's confidence in the complaints process and the reputation of the Council as being accountable and transparent; and
- Build employees' capacity to effectively manage complaints in an environment of continuous improvement.

How the complaints management process is implemented

Douglas Shire Council has adopted a policy and procedure for the management of administrative action complaints.

Complaints are managed through a three-stage process comprising:

- Stage 1: By the Council business unit to which the subject matter relates
- Stage 2: Internal Review of Stage 1 decisions by the Manager Governance
- Stage 3: External Review of Stage 2 decisions by the Queensland Ombudsman's Office.

Administrative Action Complaints (AAC)	Number
The number of AACs made to the local government	24
The number of AACs resolved by the local government under the complaints management process	10
The number of AACs not resolved by the local government under the complaints management process	14
The number of AACs not resolved by the local government under the complaints management process that were made in a previous financial year	0

s 189 Grants to Community Organisations

Douglas Shire Council recognises that supporting organisations, groups and individuals with financial (grants, sponsorship) and non-financial (in-kind) assistance helps develop and deliver community programs, activities and events that provide artistic, cultural, sporting, recreational, environmental outcomes, and social and economic benefits in the Douglas Shire.

Grants

Major Grants

Organisation Name	Project Title	Grant Awarded (ex GST)
Alexandra Bay Sports Club	Tai Chi for Health Program	\$10,000
Daintree Life	Stage 2 Beach Restoration Planting, Myall Beach North, Cape Tribulation	\$10,000
Douglas Historical Society	Five Additional Historical Photoposts in Port Douglas	\$6,650
Douglas Hockey Association	Beach Hockey Player and Spectator Sun Shade Marquee	\$2,000
QLD Youth Orchestra	<i>Summer Swing and Cool Jazz</i> : QYO Big Band interactive performances and workshops	\$7,200
Mossman Botanic Garden	<i>Many Voices</i> video project for the Mossman Botanic Garden launch	\$5,000
Mossman Community Centre	Mossman Support Services – <i>She Shed</i>	\$8,500
Rainforest Rescue	Regenerating our World Heritage Daintree Rainforest Project	\$2,650
Total		\$52,000

Micro Grants

Organisation Name	Project Title	Grant Awarded (ex GST)
Biodynamics FNQ Inc.	Douglas Shire Open Garden Event	\$680
U3A Douglas Shire – Sub branch of U3A Cairns Inc.	Celebrating Our Seniors – October Seniors Month	\$1,000
Douglas Shire Community Services Association - Community Open Day	Mossman Support Services Community Open Day	\$1,000
DTAG – Douglas Theatre Arts Group	Douglas Shire Christmas Carols 2021	\$1,000
Mossman Squash and Tennis Club – Crystal Leonardi	Tennis is for everyone	\$1,000
Gaye Scott	Daintreepedia	\$726
Bamanga Bubu Ngadimunku Aboriginal Corporation – Moya Stevens	Saving Language, Saving Culture	\$1,000
Total		\$6,406

Resource and Performance Agreements

Douglas Shire Council provides assistance to commercial organisations through funding towards an Event or Project, which is aligned with the Council Corporate Plan. This funding is available to an established event that leads to an ongoing Resource and Performance Agreement over a number of years.

Organisation Name	Purpose	In-Kind Support	Actual Funding 2020-2021
Tourism Port Douglas Daintree	Tourism and Destination Marketing		\$400,000
Douglas Chamber of Commerce	Economic Development and Business support		\$20,000
Port Shorts Film Festival	Provision of Port Shorts Film Festival	\$5,000	\$20,000
Connect Sport Australia	Gran Fondo Cycling Events	Use of venues	\$25,000
USM Events	Reef to Reef / Triple R	\$10,000	\$20,000
Douglas Shire Community Services	Annual Christmas Day Lunch	\$155	\$500
Douglas Historical Society	Assistance with upkeep of museum		\$5,000
Douglas Theatre Arts Group - Clink	Assistance with upkeep of theatre		\$5,000
Port Douglas Artists	Call of the Running Tide Arts Festival	Use of venues	\$15,000
JPNC Management	Hot and Steamy Festival	Use of Sugar Wharf	\$2,000
Wonderland Entertainment and Leisure	Provision of Spiegel tent for Carnivale	\$10,000	\$55,000
Total			\$567,500

Regional Arts Development Fund (RADF)

The Regional Arts Development Fund (RADF) is a partnership between state and local governments which invests in quality arts and cultural experiences across Queensland based on locally determined priorities.

RADF promotes the role and value of arts, culture and heritage as key drivers to: support diversity and inclusivity; grow strong regions; and provide training, education and employment opportunities for Queensland artists and local communities.

Applicant	Project	Funds Allocated (ex GST)
Bill Wilkie	Cane – a new work of literary fiction	\$4,410
GW Findlay & VJ Lees	Vortibles by Victoria Lees for Cairns Festival	\$5,000
Jacqueline Joosen	Resilience – Solo Art Exhibition	\$5,000
Jill Chism	Confounded – Art Exhibition	\$5,000
Pam Willis Burden	Beneath Tropic Skies (Part 2)	\$4,900
Sandra Davies	The Power to Rise Above	\$4,346
Tim Ellis	MANnerisms – Visual Art Exhibition	\$5,000
Total		\$33,656

s 190 Other Matters

The Annual Report for a financial year must contain the following information:

- The Chief Executive Officer's Assessment of the local government's progress towards implementing its five-year Corporate Plan and Annual Operational Plan. The assessment of Council's implementation is included on pages 16 to 23.
- Particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year. A detailed assessment of Council's performance is shown at page 16 to 23.
- An Annual Operations Report for each commercial business unit. Council did not operate any commercial business units in the financial year.

s 190(1)(d) Action taken for, and expenditure on, a service, facility or activity

s 190(1)(d) of the *Local Government Regulation 2012* requires that the local government's Annual Report include details of any action taken for, and expenditure on, a service, facility, or activity:

- Supplied by another local government under an agreement for conducting a joint government activity; and
- For which the local government levied special rates or charges for the financial year.

During the 2021-2022 financial year, no such arrangements or related activities were undertaken.



Image Credit: Tourism Tropical North Queensland

s 190(1)(e) Changes to Tenders

s 190(1)(e) of the *Local Government Regulation 2012* requires that the local government's Annual Report include the number of invitations to change tenders under s 228(7) of the LGR during the financial year.

There were no invitations to change tender made during the 2021-2022 financial year.

s 190(1)(f) List of Key Registers

s 190(1)(f) of the *Local Government Regulation 2012* requires that the local government's Annual Report include a list of the registers kept by the local Government.

Council maintains a number of key registers:

- Administrative Action Complaints Register
- Asset Register
- Conflict of Interest Register
- Corporate Risk Register
- Councillor Conduct Register
- Delegations Register
- Local Laws Register
- Register of Cost Recovery Fees
- Register of Interests of Councillors.

s 190(1)(g) Summary Concessions for Rates and Charges

s 190(1)(g) of the *Local Government Regulation 2012* requires that the local government's Annual Report include a summary of all concessions for rates and charges granted by the local government.

Current Concessions

- **Pensioner Remission** – The rebate is up to 40% of the General Rate to a maximum of \$1,350.00pa.
- **Rates Based Financial Assistance (Not-for-Profit Recreation, Sporting and Community Groups)** – is 100% General Rates and 50% sewerage.
- **Conservation Rebate** – 50% General Rates if over 50% of property is covered under the *Nature Conservation Act 1992*.
- **Conservation Rebate** – 35% of General Rates if under 50% of property is covered by the *Nature Conservation Act 1992*.
- **Permits to Occupy Land on the Daintree River (Fishing Huts)** – The rebate is 50% of General Rates.

Current Special Charges

Rural Fire Brigades (per rateable assessment per financial year):

- | | |
|---------------------------------------|---------|
| • Mowbray Valley Rural Fire Brigade | \$50.00 |
| • Daintree Rural Fire Brigade | \$15.00 |
| • Thornton Peak Rural Fire Brigade | \$8.00 |
| • Wonga Rural Fire Brigade | \$35.00 |
| • Bloomfield River Rural Fire Brigade | \$25.00 |

Refuse Disposal: \$208.14 per unit on each rateable assessment that does not receive the Council kerbside waste and recyclables collection service.

s 190(1)(i) Competitive Neutrality Complaints

s 190(1)(i) of the *Local Government Regulation 2012* requires that the local government's Annual Report include a summary of investigation notices given in the financial year under s 49 of the LGR for competitive neutrality complaints and the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under s 52(3) of the LGR.

During the 2021-2022 financial year Council was not in receipt of any investigation notices under s 49 of the *Local Government Regulation 2012*. Council was not in receipt of any QCA's recommendations on any competitive neutrality complaints under s 52(3) of the *Local Government Regulation 2012*.

s 190(1)(h) Internal Audit

s 190(1)(h) of the *Local Government Regulation 2012* requires that the local government's Annual Report include the report on the Internal Audit for the financial year. In accordance with s 207 of the *Local Government Regulation 2012*, Council must prepare and carry out an internal audit plan each financial year.

In addition to key management controls and the organisation-wide risk assessment process, the Internal Audit Function provides the organisation's stakeholders with a level of assurance that business processes are operating appropriately and effectively in accordance with organisational and legislative requirements.

To ensure the internal audit activity reflects the immediate needs of the Douglas Shire Council as it strengthens its sustainability, and in light of the developing Enterprise Risk Management Framework at Council, the Internal Audit Planning process has been centred on discussion with Management about the immediate assurance and risk coverage needs.

The 2021-2022 Annual Internal Audit Plan directs internal audit efforts to the areas where Management and Internal Audit see the benefit in the short term to mitigate the risks identified in Council's Risk Register.

Pacifica Chartered Accountants was engaged to complete the Annual Internal Audit Function and the projects and consulting activities that were performed in the period to 30 June 2022 were:

- Records Management
- Developer Contributions
- Internal Audit Issues Register.

Public Sector Ethics Act 1994

The *Public Sector Ethics Act 1994* requires that the Annual Report of each public sector entity, including a local government, must include a statement about the local government activities during the financial year to implement its plan for equal opportunity in employment.

Council is committed to ensuring a workplace free of discrimination and harassment. This commitment is based on equality of employment opportunity that enhances the capacity of Council to achieve its objectives by:

- (a) improving organisational efficiency and productivity through the selection and employment of staff on merit based principles; and
- (b) fulfilling the social justice obligations of equity and fairness; and
- (c) increasing the effectiveness of service delivery and decision-making by adopting an employee profile that reflects the community profile.

Council has a Code of Conduct for staff which incorporates the ethics, principles and obligations under the *Public Sector Ethics Act 1994*. A copy of the Code of Conduct is available on Council's website.

Audit Committee

Council's Audit Committee, which was established in 2019, has continued to operate during 2021-2022. The Committee held four formal meetings during the year.

The Committee operates in accordance with the Audit Committee Terms of Reference. The main objectives of the Audit Committee are to monitor and review:

- The integrity of financial documents;
- The internal audit function;
- The effectiveness and objectivity of the internal auditors; and
- The effectiveness, independence and objectivity of external auditors.

The Committee established during 2021-2022 the Annual Work Plan. This sets a schedule of agenda topics to be addressed in each of the meetings during the year. This is designed to ensure that the Committee achieve effective coverage of its responsibilities.

Risk Management

Council has a well-established Enterprise Risk Management Framework. Key documents include the Enterprise Risk Management Policy, Enterprise Risk Management Framework and Guidelines,

The Audit Committee is regularly provided with the Strategic Risk Register. An update is provided on the activities that demonstrate ongoing effective risk management for Council including updates on specific risk reviews by the Management Team.

Community Financial Report

The Annual Report must contain the community financial report for the financial year.

Council's general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in accordance with the requirements of the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards and Interpretations. They have also been audited by the Queensland Audit Office.

This community financial report provides a summary of the financial statements with the aim of providing understandable information to the members of our community.

The financial statements include the following:

- **Statement of Comprehensive Income** – includes Council's operating and capital revenue, operating expenses, capital income and capital expenses for the period.
- **Statement of Financial Position** – provides details of Council's current and non-current assets and liabilities.
- **Statement of Changes in Equity** – identifies movements in Council's Equity balance.
- **Statement of Cash Flows** – shows the movement in Council's cash position during the period and excludes all non-cash items such as depreciation.
- **Notes to the Financial Statements** – provide details of significant accounting policies and supporting information relating to the major statements, including a detailed breakdown of property, plant and equipment.
- **Measures of Financial Sustainability** – provide three sustainability indicators designed to help monitor the current and long-term sustainability of Council.

Financial statements for the period 1 July 2021 to 30 June 2022, at a glance

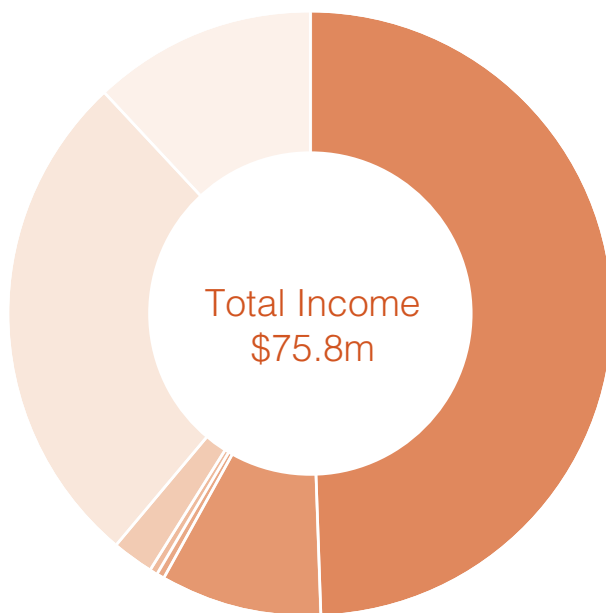
Operating Revenue	\$49,495,250
Operating Expenses	\$50,097,058
Operating Position	(\$601,808)
Capital Revenue	\$26,327,057
Capital Expenses	(\$5,832,350)
Net Result	\$19,892,898
Current Assets	\$31,710,508
Non-Current Assets	\$457,137,457
Total Assets	\$488,847,965
Current Liabilities	\$12,385,819
Non-Current Liabilities	\$5,235,860
Total Liabilities	\$17,621,679
Net Community Assets (Equity)	\$471,226,286



Statement of Comprehensive Income

Income

The following graph and table show the composition of Council's income for the reporting period.



● Rates, levies and charges	\$37.5m
● Fees and charges	\$6.7m
● Rental income	\$0.3m
● Interest received	\$0.3m
● Other recurrent revenue	\$1.6m
● Grants, subsidies, contributions and donations	\$20.5m
● Other capital income	\$8.9m

Income by percentage	
Rates, levies and charges	49.45%
Fees and charges	8.80%
Rental income	0.36%
Interest received	0.39%
Other recurrent revenue	2.09%
Grants, subsidies, contributions and donations	27.16%
Other Capital income	11.75%
	100.00%

Grants, subsidies, contributions and donations

Includes capital grants, subsidies, contributions and donations; of which \$7.4 million was for natural disaster works and \$3.4 million for assets contributed by developers.

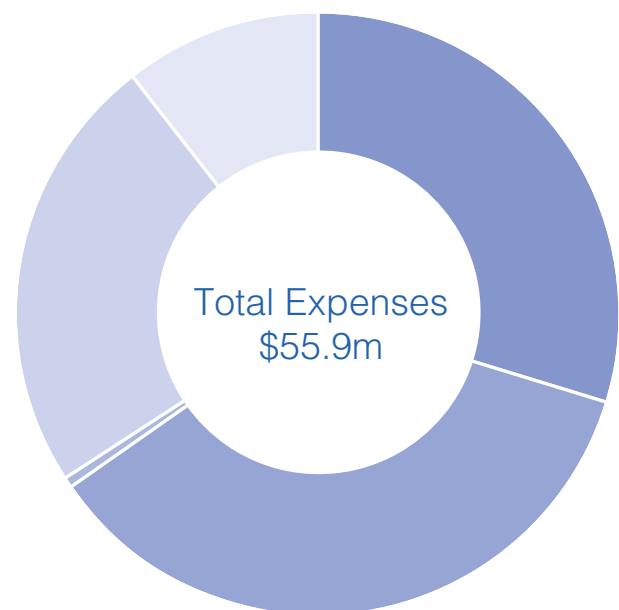
Other capital income

Includes landfill provision adjustments and revaluation up of property, plant and equipment.

Further details can be located in notes 3 to 5 of the financial statements.

Expenses

The following graph and table show the composition of Council's expenses for the reporting period.



● Employee benefits	\$16.7m
● Materials and services	\$20.0m
● Finance costs	\$0.1m
● Depreciation and amortisation	\$13.3m
● Capital expenses	\$5.8m

Expenses by percentage	
Employee benefits	29.83%
Materials and services	35.8%
Finance costs	0.15%
Depreciation and amortisation	23.79%
Capital expenses	10.43%
	100.00%

Further details can be located in notes 6 to 9, note 13 and 14 of the financial statements.

Operating Position

Council's operating position reflects its ability to meet day-to-day operating costs from its operating revenue. This includes its ability to fund the depreciation of assets.

It is determined by deducting operating expenses from operating revenue and shows an operating deficit of \$601,800, compared to a revised budgeted operating deficit of \$2.992 million.

This variance of \$2.39 million is mainly due to a number of items of operating revenue and expenditure that were not anticipated when the revised budget was adopted:

- Net rates and utility charges are \$342,000 over budget primarily due to more than anticipated Water revenue.

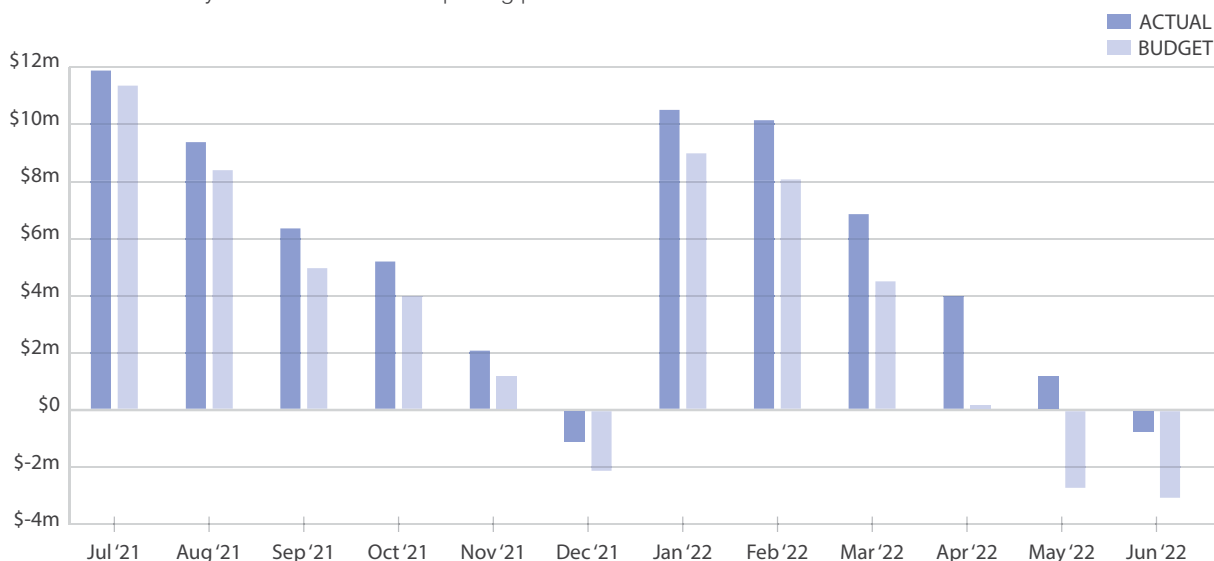
- Fees and Charges are \$136,000 over budget. Stronger than anticipated revenue from Property fees including Search fees for property transfers.
- Grants and subsidies received were \$482,000 ahead of budget. This includes an increase in the Financial Assistance Grant.
- Interest received was behind budget by \$55,000 primarily due to weak interest rates.
- Other recurrent income is \$279,000 behind budget primarily due to budgeted works being reclassified to Capital.
- Employee benefits were behind budget \$153,000. This was primarily due to unfilled positions.
- At 30 June 2022, Council had engaged 184 full-time, 22 part-time, 16 casual employees and 5 elected members.
- Materials and services expenditure were below budget by \$752,000, primarily due to the transfer of costs to capital, and some incomplete operational projects which have been carried forward to FY 2023.
- Finance costs behind budget by \$68,000 due to a change in the discount rate relating to Landfill sites.
- A reduction in depreciation expenditure of \$790,000 due to the change in methodology for Killaloe landfill site, and the delayed completion of some major capital works projects.



The following table provides details of Council's budgeted operating result compared to the actual result for the reporting period.

Douglas Shire Council Budget vs Actuals for the 2021-2022 Financial Year	Budget \$	Actuals 2021-2022 Audited Financial Statements
Operating Revenue		
Net rates and utility charges	\$37,155,876	\$37,498,388
Fees and charges	\$6,537,280	\$6,674,190
Grants and subsidies	\$2,686,858	\$3,169,668
Interest received	\$355,040	\$299,492
Other recurrent income	\$2,133,205	\$1,853,512
Total Operating Revenue	\$48,868,259	\$49,495,250
Operating Expenses		
Employee benefits	\$16,829,577	\$16,676,678
Materials and services	\$20,781,849	\$20,029,758
Depreciation	\$14,098,367	\$13,308,172
Finance costs	\$150,705	\$82,450
Total Recurrent Expenses	\$51,860,498	\$50,097,058
Operating Result	(\$2,992,239)	(\$601,808)

The following graph shows Council's budgeted year to date operating result compared to its actual year to date operating result on a month by month basis for the reporting period.



Year-to-date Operating Result 2021-2022

Net Result

Council's net result is determined by deducting total expenses (operating expenses and capital expenses) from total income (total revenue and capital income).

The overall net result is a positive \$19.9 million.

This result includes some items of revenue which are restricted as follows:

- Developer contributions – cash contributions made by developers to fund future infrastructure assets have

restrictions placed on their use and are constrained.

- Other constrained revenue – raised from other sources, for example grant funds provided for a specific purpose.

It also includes non-monetary values such as:

- Gain / Loss on disposal / write-off of non-current assets.
- Adjustments to the value of Council's landfill restoration provision – as a result of a re-estimation of the future cost to restore the landfill sites.
- Non-current asset revaluation decreases and increases offsetting previous decreases – which occur when asset values are adjusted as part of a comprehensive revaluation.

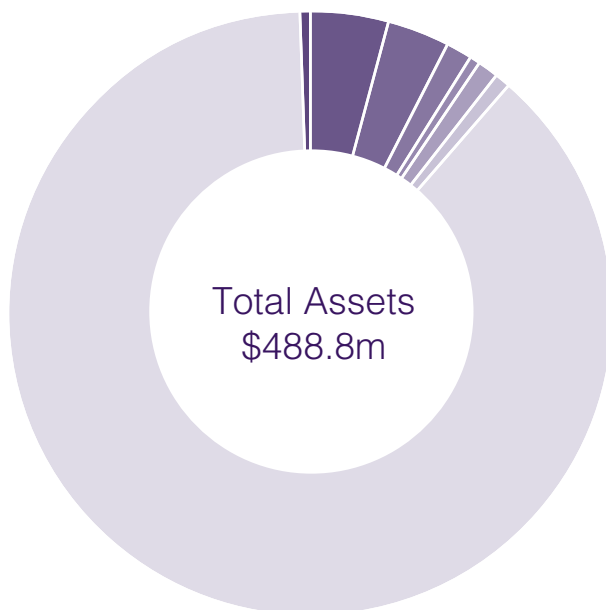
Statement of Financial Position

Assets

Council assets as at 30 June 2022 total \$488.8 million. This includes \$31.7 million of current assets (cash and other assets that are expected to be converted to cash or consumed within a year) and \$457.1 million of non-current assets. Property, plant and equipment makes up 93.5% of total assets.

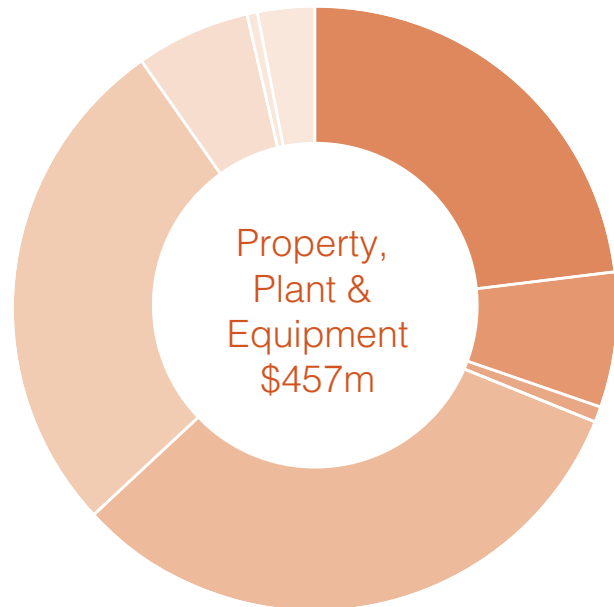
Current assets consist of cash and cash equivalents, investments (short term deposits), trade and other receivables, and assets held for sale. Non-current assets consist of long-term assets like property, plant and equipment, including capital works in progress.

The following graph shows the composition of Council's assets.



● Cash and cash equivalents	\$13.0m
● Investments	\$10.0m
● Trade and other receivables	\$5.1m
● Pre-payments	\$0.3m
● Contract assets	\$3.2m
● Inventories	\$0.1m
● Property, plant and equipment	\$457.0m
● Intangible assets	\$0.1m

The following graph shows the composition of property, plant and equipment.



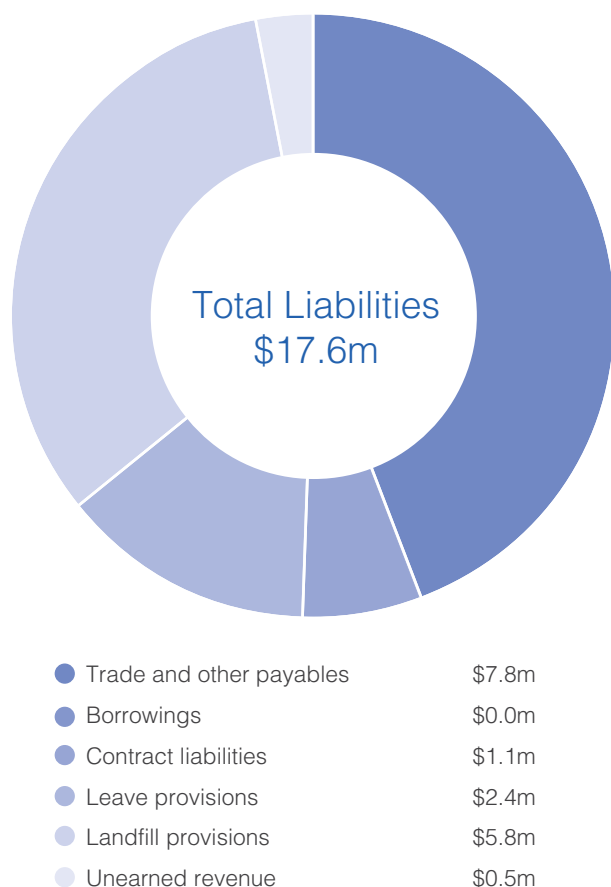
● Land and land improvements	\$29.5m
● Buildings and other structures	\$40.2m
● Plant and equipment	\$3.9m
● Office furniture and fittings	\$0.001m
● Transport assets	\$179.1m
● Water, sewerage and solid waste disposal	\$151.3m
● Drainage	\$33.5m
● Marine	\$2.6m
● Work in progress	\$16.9m

Further details can be located in notes 10 to 15 of the financial statements.

Liabilities

Total liabilities as at 30 June 2022 are \$17.6 million. This includes \$12.4 million of current liabilities (due to be settled within 12 months) and \$5.2 million of non-current liabilities. Liabilities mostly consist of amounts owing to suppliers, amounts owing to employees for leave entitlements and provision for the future cost of restoring landfills.

The following graph shows the composition of Council's liabilities.



Further details can be found in notes 15 to 17 of the notes to the financial statements.

Community Equity

Council's total community equity as at 30 June 2022 is \$471.2 million and represents Council's asset revaluation surplus of \$69.8 million (increase in values of property, plant and equipment as a result of comprehensive revaluations) and retained surplus of \$401.4 million. This is determined by deducting the value of total liabilities from the value of total assets.

Further details can be found in note 18 of the notes to the financial statements.

Borrowings and Repayments

During the period Council did not apply for any new loans, therefore the loans balance as at 30 June 2022 is \$0 and Council's debt per rateable property is \$0.



Measures of Financial Sustainability

The following ratios are designed to provide a measure of the performance of Council against key financial sustainability criteria.

Ratio	What the ratio provides	How the ratio is calculated	Actual result	Target result
Operating surplus ratio	An indication of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-1%	between 0% and 10%
Asset sustainability ratio	An approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	74%	greater than 90%
Net financial liabilities ratio	An indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-28%	not greater than 60%

The operating surplus ratio has improved compared to the budgeted ratio as a result of a reduced operating deficit. The asset sustainability ratio is less than the budgeted ratio due to funded capital works for new and upgraded assets. The net financial liabilities ratio has improved due to a greater than anticipated current assets balance. This ratio indicates that Council is in a very healthy position to service its existing liabilities.

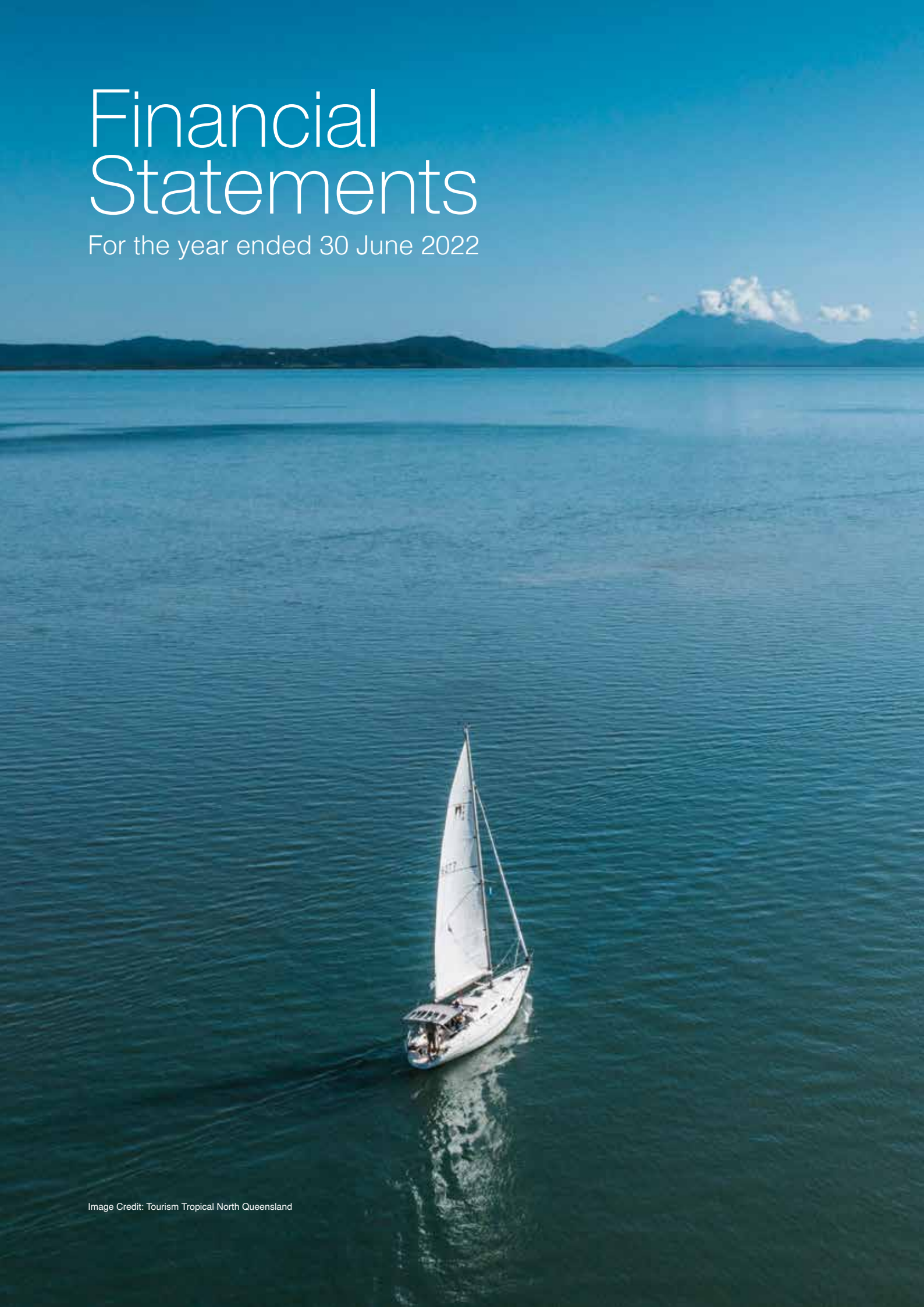
Further information

Further detail can be found in Council's financial statements which are included at the end of this Annual Report.



Financial Statements

For the year ended 30 June 2022





2022 FINAL MANAGEMENT REPORT

Douglas Shire Council
12 October 2022

Your ref:
Our ref: 2022-4139
Lisa Fraser 07 3149 6132

12 October 2022

Councillor M Kerr
Mayor
Douglas Shire Council
PO Box 723
MOSSMAN QLD 4873

Dear Councillor Kerr

Final management report for Douglas Shire Council

We have completed our 2022 financial audit for Douglas Shire Council. I have issued an unmodified audit opinion on your financial statements.

The purpose of this letter is to update you on any matters that have arisen since we presented our closing report to the council workshop on 11 October 2022.

Reporting on issues identified after the closing report

I can confirm that we have not identified significant issues since the presentation of our closing report. The issues and other matters we have formally reported to management and an update on management's actions taken to resolve these issues is included as Appendix A.

Please note that under section 213 of the Local Government Regulation 2012, you must present a copy of this report at your council's next ordinary meeting.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

We intend to include the results of our audit of Douglas Shire Council in our report to parliament *Local Government 2022*. We will comment on the results of our audit of your financial report, any significant internal control issues we identified, and the overall results of the sector, including major transactions and events. We will discuss the proposed content of our report with your Chief Financial Officer and continue to consult as we draft our report. Formally, you will have an opportunity to comment on our report, and for these comments to be included in the final version tabled in parliament.

Audit fee

The final audit fee for this year is \$110,700 exclusive of GST (2021: \$117,700). This fee is in line with the fee estimated in our external audit plan.

We would like to thank you and your staff for their engagement in the audit this year and look forward to working with your team again next year.

If you have any questions about this letter or would like to discuss any matters regarding our services and engagement, please do not hesitate to contact me on 3149 6132.

Yours sincerely



Lisa Fraser
Director

Appendix A1 – Status of issues

This section provides an update on the control deficiencies and other matters we have identified. It includes a response from management.

Our risk ratings are as follows. For more information and detail on our rating definitions, please see the webpage here: www.qao.qld.gov.au/information-internal-controls or scan the QR code.



Internal control issues			Financial reporting issues		
Significant deficiency	Deficiency	Other matter	High	Medium	Low

Deficiency

22CR-4 No evidence of approval for user access granted to the F-drive

Control activities

Observation

We tested whether user access granted to the F-drive was supported by appropriate approvals.

As per Council's *Change Control Policy – ICT*, an ICT officer is required to seek approval from the affected user's direct line manager or above, if the approval is not contained in the original request. Evidence of this approval is required to be documented in the form of screenshots, pdf of email trails or written notes.

For 2 of 4 sample items tested, evidence of approvals could not be provided.

Implication

In the absence of user access approvals not being obtained before access is granted, there is an increased risk that inappropriate access will be granted to unauthorised users.

QAO recommendation

We recommend that evidence supporting the addition, modification or revocation of F drive user access be documented within the Spiceworks ticketing system. This should include evidence of approval and the name of the authorising officer.

Management response

The ICT team leader had already noted this issue with the particular staff member and has provided further training to ensure there is clarity on the required procedure for the whole team.

The exposure /risk to the organisation for this request was negligible—as the exposure did not extend to sensitive areas.

Responsible officer: Garry Mason – Team Leader IT

Status: Resolved pending audit clearance

Action date: 30 September 2022



Deficiency

22CR-5 Review over long outstanding work in progress

Control activities

Observation

We identified a number of long outstanding projects in the work in progress account as at 30 June 2022.

Based on discussions with management, we understand these balances relate to projects where only the design portion had been completed. Council is waiting on funding opportunities to arise to be able to proceed with these projects.

The table below shows the years in which the design works were completed. The total of these items within the work in progress account as at 30 June 2022 is \$3.3 million.

Time bracket	Financial year	Total	Cumulative Total
< 1 year	FY 2022	\$594,711	\$594,711
1–2 years	FY 2021	\$1,604,267	\$2,198,979
2–3 years	FY 2020	\$744,747	\$2,943,727
3+ years	FY 2019	\$328,969	\$3,272,697

There is currently no process in place to assess whether these projects are still a priority to Council and are likely to proceed.

Implication

Without a process in place that requires these projects to be reviewed on a periodic basis, the balance of the work in progress account may not represent true ongoing projects. This may result in an overstatement of assets and an understatement of expenses in the financial statements.

QAO recommendation

We recommend that Council develop and implement a process that assesses on a periodic basis whether each of these projects should remain in the work in progress account. The review process should consider whether the project needs to be expensed or impaired.

Management response

A work in progress review process will be developed and will be undertaken in April annually to ensure any required adjustments can be approved prior to June financial year end.

Responsible officer: Colin Chalmers—Team Leader Asset Management

Status: Work in progress

Action date: 30 April 2023



Deficiency

22CR-6 Lack of follow up action taken upon receipt of the annual plant and equipment stocktake results

Control activities

Observation

Under AASB 136 *Impairment of Assets*, Council is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired.

Council's annual plant and equipment stocktake has been designed in a way to verify the existence of the assets as well as identify whether impairment indicators are present.

Upon review of the annual stocktake we noted that 71% of council's \$3.9 million plant and equipment assets related to fleet. We identified the following through our review of the fleet stocktake results:

The column 'Damage identified to require impairment adjustment? (Y/N)' column had not been completed.

- Four assets with a total value of \$77,927 had been marked as 'location unknown', including an outdoor screen sign trailer with a current value of \$70,827. There was no evidence accompanying the stock take results that indicated follow up action had been taken by finance to determine whether these assets should be written off.
- We target tested a further 2 sample items—a tractor with a current value of \$14,126 that had been marked as 'traded in' and a truck with a current value of \$84,893 that was marked 'sold'. Upon further investigation it was found that the tractor had not been traded in at 30 June 2022 and the truck had not been sold. Neither of these items were followed up to assess whether a disposal/trade-in should be processed in the system.

The findings above have not materially impacted the financial statements in 2021–22.

Implication

In the absence of finance reviewing the annual stocktake results, Council may recognise assets in the financial statements that should have been written off as at 30 June 2022. The absence of a review may also continue to result in insufficient evidence being available to support the impairment assessment of plant and equipment.

QAO recommendation

We recommend that finance review the results of the annual plant and equipment stocktake process to ensure appropriate follow up action is taken where assets have been marked as sold, traded-in or location unknown. The review should also ensure impairment considerations are appropriately documented.

Management response

Council experienced staffing issues during 2021–22 financial year. The annual stocktake was undertaken by staff who had not previously performed this process. Time limitations resulted in the process not being completed and followed through as it normally would have been.

Responsible officer: Colin Chalmers—Team Leader Asset Management

Status: Work in progress

Action date: 31 July 2023



Deficiency

22CR-7 Assets controlled by Council not recognised in the asset register at 30 June 2022

Control activities

Observation

Our testing included a review over contributed assets transferred to Council during 2021–22, to ensure that the assets were appropriately recorded in the asset register at 30 June 2022. Ownership of contributed assets transfers to Council when a work acceptance letter is issued to the developer, indicating that the assets have been taken 'on-maintenance'.

We identified that trunk infrastructure with an estimated value of \$1.6m, relating to the Craiglie development, was taken 'on-maintenance' on 25 October 2021. These assets were not recorded in the asset register by 30 June 2022 as the cost was being disputed by the developer. We further identified that the Infrastructure Agreement had not been signed by both parties as a result of these disputes.

Implication

Without a signed Infrastructure Agreement in place before the commencement of the construction works, Council exposes itself to the risk of disputes and potential legal action. Where these disagreements prevent the timely recognition of assets controlled by Council, there is a risk that property, plant and equipment and depreciation expense may also be misstated.

QAO recommendation

We recommend Council develop a contributed assets policy and implement procedures around construction works associated with developments where infrastructure will be transferred to Council. The FNQROC Development Manual - Operational Works CP1 provides guidance on the process to be followed including documentation requirements to adhere to.

The review should include Council's processes for the timely recognition of developer contributed assets, and the accuracy and completeness of year-end accruals.

Management response

Council will develop and implement a contributed assets procedure, including capitalisation of development infrastructure, to ensure future timely recognition of developer contributed assets and the accuracy and completeness of year-end accruals.

The FNQROC Development manual – Operational Works CP1 will be used to guide this procedure.

Responsible officer: Team Leader Asset Management, Manager Infrastructure and Manager Water and Wastewater

Status: Work in progress




Action date: 30 April 2023

Appendix A2 – Matters previously reported

The following table summarises all control deficiencies, financial reporting issues and other matters that have previously been raised but are not yet resolved. Each of these matters was reported in our interim management letter.

Internal control issues			Financial reporting issues		
					
Significant deficiency	Deficiency	Other matter	High	Medium	Low

Internal control issues

Ref.	Rating	Issue	Status
22IR-1		Probity plans and conflict of interest checks not completed for large procurement	Resolved pending audit clearance A review was completed of all ongoing contracts greater than \$200,000 and the relevant team prepared the Probity documentation and conflict of interest forms for all of these. Council's Probity documents have been finalised with the FNQROC documentation to be used for all future contracts over \$200,000.
22IR-2		Procurement policy recommendations	Work in progress The Procurement Policy is currently being reviewed and updated by the Procurement team. The revised policy is scheduled to be workshopped with Councillors on 15/11/2022 and Council meeting for adoption on 29/11/2022. The trigger point for reporting contracts over \$200,000 has also been amended to ensure that contracts will be reported in the month corresponding to their formal execution by both parties. Responsible officer: Chief Financial Officer/Senior Procurement Officer Action date: 30 November 2022
22IR-3		Accuracy and completeness of contracts register	Resolved pending audit clearance The contracts register has been reviewed and updated by the Procurement team. The procurement team are committed to further reviewing the contracts register throughout the year to identify any additional process improvements or updates that can be made.



Lisa Fraser
Queensland Audit Office
T: 07 3149 6132
E: Lisa.fraser@qao.qld.gov.au

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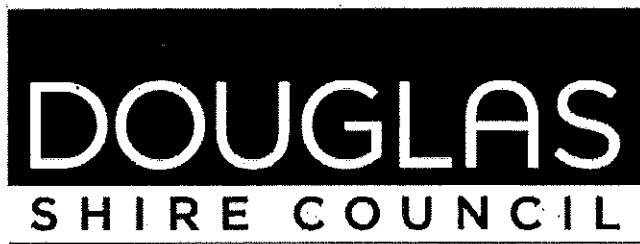
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53 Albert Street, Brisbane Qld 4000
PO Box 15396, City East Qld 4002



**Douglas Shire Council
Financial Statements
for the year ended 30 June 2022**

Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	37,498,388	35,619,734
Fees and charges	3(b)	6,674,190	5,504,569
Rental income		269,988	241,960
Interest income	3(c)	299,492	361,697
Other revenue	3(d)	1,583,525	1,110,018
Grants, subsidies, contributions and donations	4(a)	3,169,668	2,730,667
Total recurrent revenue		<u>49,495,250</u>	<u>45,568,645</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	17,420,101	10,205,942
Other capital income	5	8,906,956	195,960
Total capital revenue		<u>26,327,057</u>	<u>10,401,902</u>
Total Income		<u>75,822,307</u>	<u>55,970,547</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(16,676,678)	(16,478,995)
Materials and services	7	(20,029,758)	(18,433,039)
Finance costs	8	(82,450)	(105,098)
Depreciation and amortisation	13&14	(13,308,172)	(12,782,968)
		<u>(50,097,058)</u>	<u>(47,800,100)</u>
Capital expenses	9	(5,832,350)	(1,044,514)
Total expenses		<u>(55,929,408)</u>	<u>(48,844,613)</u>
Net result		<u>19,892,898</u>	<u>7,125,934</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	18	12,821,267	16,885,402
Total other comprehensive income for the year		<u>12,821,267</u>	<u>16,885,402</u>
Total comprehensive income for the year		<u>32,714,165</u>	<u>24,011,336</u>

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

Douglas Shire Council
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	10	13,016,606	24,097,607
Investments	11	10,000,000	-
Trade and other receivables	12	5,066,722	4,852,232
Prepayments		324,859	244,940
Contract assets	15	3,208,965	1,503,088
Inventories		93,356	105,831
Total current assets		31,710,508	30,803,697
Non-current assets			
Property, plant and equipment	13	457,043,657	423,840,735
Intangible assets	14	93,800	134,967
Total non-current assets		457,137,457	423,975,702
Total assets		488,847,965	454,779,399
Current liabilities			
Trade and other payables	16	7,802,654	7,102,431
Provisions	17	3,513,536	2,244,567
Contract liabilities	15	1,069,630	1,738,869
Total current liabilities		12,385,819	11,085,867
Non-current liabilities			
Provisions	17	4,774,883	5,181,411
Unearned Revenue		460,977	-
Total non-current liabilities		5,235,860	5,181,411
Total liabilities		17,621,679	16,267,278
Net community assets		471,226,286	438,512,121
Community equity			
Asset revaluation surplus	18	69,784,674	56,963,407
Retained surplus		401,441,612	381,548,713
Total community equity		471,226,286	438,512,121

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2022

		Asset revaluation surplus	Retained Surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2021		56,963,407	381,548,713	438,512,121
Net result		-	19,892,898	19,892,898
Other comprehensive income for the year				
Increase in asset revaluation surplus	18	12,821,267	-	12,821,267
Total comprehensive income for the year		12,821,267	19,892,898	32,714,165
Balance as at 30 June 2022		69,784,674	401,441,612	471,226,286
Balance as at 1 July 2020		40,078,005	374,422,779	414,500,784
Net result		-	7,125,934	7,125,934
Other comprehensive income for the year				
Increase in asset revaluation surplus	18	16,885,402	-	16,885,402
Total comprehensive income for the year		16,885,402	7,125,934	24,011,336
Balance as at 30 June 2021		56,963,407	381,548,713	438,512,121

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

Douglas Shire Council
Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		45,922,670	41,762,496
Payments to suppliers and employees		(36,230,067)	(35,927,335)
		<u>9,692,602</u>	<u>5,835,161</u>
Interest received		299,492	361,697
Rental income		269,988	241,960
Non capital grants and contributions		3,180,863	2,496,971
Borrowing costs		(61,808)	(72,286)
Net cash inflow from operating activities	22	<u>13,381,136</u>	<u>8,863,503</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(26,127,102)	(22,179,581)
Payments for intangible assets		-	(1,391)
Payments for assets donated		-	(274,499)
Proceeds from sale of property plant and equipment		69,787	804,078
Purchase of investments		(10,000,000)	-
Grants, subsidies, contributions and donations		11,595,177	8,630,389
Net cash used in investing activities		<u>(24,462,138)</u>	<u>(13,021,005)</u>
Net (decrease)/increase in cash and cash equivalent held		<u>(11,081,002)</u>	<u>(4,157,502)</u>
Cash and cash equivalents at the beginning of the financial year		24,097,607	28,255,109
Cash and cash equivalents at the end of the financial year	10	<u>13,016,606</u>	<u>24,097,607</u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

1 Information about these financial statements

1.1 Basis of preparation

Douglas Shire Council (the Council) is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the year from 1 July 2021 to 30 June 2022. They are prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

1.2 New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

1.3 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022. These standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact on Council's financial statements.

1.4 Estimates and judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Valuation, impairment and depreciation of property, plant and equipment - Note 13

Provisions - Note 17

Contingent liabilities - Note 20

Financial instruments and financial liabilities - Note 24

Revenue recognition - Note 3

1.5 Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.6 Taxation

Council is exempt from income tax, however Council is subject to 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.

1.7 Impacts from the COVID-19 pandemic

Council has assessed the impact of the COVID-19 global pandemic. The COVID-19 pandemic has had a detrimental impact on Council's operating result, as predicted by the Douglas Shire Council budgets. The COVID-19 pandemic may continue to impact the sustainability ratios of Douglas Shire Council. This will be closely managed by Council and mitigated where possible. Council's Long-Term Financial Sustainability Statement projects a move towards a balanced operating position by 2025-26.

Council acknowledges that the COVID-19 restrictions have impacted some industries within the region and initiated the following financial incentives during the year ended 30 June 2022 (Estimated financial effect is \$55,253):

- Refunded venue hire fees cancelled due to Covid restrictions.
- Freezing Business Licence and Approval fees
- Freezing Planning and Plumbing Application fees
- Extended July 2021 rates levy interest grace period by 30 days
- Implemented a reduced fee for market stall holders

Council paid pandemic leave to employees totalling \$103,015 for the year ended 30 June 2022.

2. Analysis of Results by Function

2(a) Components of Council functions

The activities relating to the Council's components reported on in Note 2(b) are as follows :

Corporate and Community

The objective of Corporate and Community is to provide efficient, effective and accountable financial and administrative services to Council and the communities it serves. The core functions include Governance, Finance, Libraries, Information Services, Community and Economic Development.

Infrastructure

The objective of Infrastructure is to provide essential transport, drainage and parks infrastructure, maintenance, construction and operational services to Council's communities.

Development and Environment

The objective of Development and Environment is to encourage sustainable development whilst protecting the character and natural environment of the Council area. This function includes Development Assessment, Environmental Assessment, Planning Strategies and Local Laws administration.

Water and Waste

The objective of Water and Waste is to manage the treatment and provision of water, wastewater and solid waste services to consumers throughout the Council area.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

2 Analysis of results by function

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2022

Functions	Year ended 30 June 2022												
	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent			Capital				Recurrent	Capital				
	Grants	Other		Grants	Other								
	2022	2022		2022	2022								
	\$	\$	\$	\$	\$	\$	2022	2022	\$	\$	2022	2022	\$
Corporate and Community	2,281,001	17,316,003		215,653	30,491	19,843,148	(11,597,145)	(11,597,145)	7,999,859	8,246,003	62,452,295		
Infrastructure	559,417	5,960,879		15,382,057	8,426,137	30,328,489	(23,845,442)	(4,478,700)	(17,325,147)	2,004,346	269,059,327		
Development and Environment	312,086	1,035,167		-	-	1,347,253	(2,133,720)	-	(786,467)	(786,467)	-		
Water and Waste	17,164	22,013,534		1,822,390	450,329	24,303,417	(12,520,750)	(1,353,650)	9,509,948	10,429,017	157,336,343		
Total Council	3,169,668	46,325,582		17,420,101	8,906,956	75,822,307	(50,097,058)	(5,832,350)	(601,808)	19,892,899	488,847,965		

Year ended 30 June 2021

Year ended 30 June 2021													
Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent			Capital				Recurrent	Capital				
	Grants	Other		Grants	Other								
	2021	2021	\$	2021	2021	\$							
	\$		\$	\$	\$		\$	\$	\$	\$	\$	\$	
Corporate and Community	1,878,411	16,355,880		460,804	-		18,695,095	(11,348,920)	(85,628)	(11,434,548)	6,885,371	7,260,547	60,134,767
Infrastructure	366,430	4,729,360		8,890,689	-		13,986,480	(21,233,454)	(511,256)	(21,744,710)	(16,137,663)	(7,758,230)	245,788,462
Development and Environment	371,739	812,349		-	-		1,184,088	(2,497,615)	-	(2,497,615)	(1,313,527)	(1,313,527)	-
Water and Waste	114,086	20,940,390		854,448	195,960		22,104,884	(12,720,111)	(447,629)	(13,167,739)	8,334,365	8,937,145	148,856,170
Total Council	2,730,667	42,837,978		10,205,942	195,960		55,970,547	(47,800,100)	(1,044,514)	(48,844,613)	(2,231,455)	7,125,934	454,779,399

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

	2022 \$	2021 \$
3 Revenue analysis		
Rates, levies and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
(a) Rates, levies and charges		
General rates	17,072,154	16,347,631
Water	8,290,631	7,890,084
Sewerage	7,622,488	7,312,432
Waste	5,060,349	4,743,511
Less: Pensioner remissions, concessions and financial assistance	(547,234)	(673,924)
Net rates, levies and utility charges	<u>37,498,388</u>	<u>35,619,734</u>
(b) Fees and charges		
Revenue arising from fees and charges are recognised at the point in time when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.		
The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.		
Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.		
Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.		
Building and property fees	656,091	447,616
Caravan Parks and Camping Grounds	714,903	571,860
Ferry	3,256,077	2,588,526
Communication towers	181,454	197,125
Permits, licences & registrations	556,794	494,339
Markets	259,968	227,377
Refuse & transfer stations	419,371	407,440
Water & sewerage applications	307,203	317,324
Other fees and charges	322,328	252,962
	<u>6,674,190</u>	<u>5,504,569</u>
(c) Interest income		
Interest income from bank and term deposits is accrued over the term of the investment.		
Investments	186,533	210,588
Overdue rates and utility charges	112,959	151,108
	<u>299,492</u>	<u>361,697</u>
(d) Other revenue		
Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.		
Contract and recoverable works	1,104,158	741,860
Commissions	33,431	33,306
Sundry revenue	445,936	334,852
	<u>1,583,525</u>	<u>1,110,018</u>

4 Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations are varied in each agreement but include events and employment terms. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Non-cash contributions with a value in excess of the asset capitalisation recognition thresholds, as per Note 13, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and value of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Developers pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB 1058 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

	2022 \$	2021 \$
(a) Recurrent		
General purpose grants	2,114,803	1,706,874
State government subsidies and grants	1,054,865	1,023,793
	<u>3,169,668</u>	<u>2,730,667</u>
(b) Capital		
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.		
Government/statutory authority subsidies and grants	13,191,045	8,203,467
Contributions	790,443	311,856
Assets contributed by developers at fair value	3,438,613	1,690,619
	<u>17,420,101</u>	<u>10,205,942</u>

(b)(i) Timing of revenue recognition for grants, subsidies, contributions and donations

	2022		2021	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	2,595,782	13,764,931	1,846,320	9,087,814
Contributions	790,443	-	311,856	-
Assets contributed by developers at fair value	3,438,613	-	1,690,619	-
	<u>6,824,837</u>	<u>13,764,931</u>	<u>3,848,795</u>	<u>9,087,814</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
5 Capital income			
Provision for restoration of land	17	-	-
Decrease in restoration provision - Sanitary Depot	17	-	195,960
Decrease in restoration provision - Killaloe		-	195,960
Revaluations			
Revaluation up of property, plant and equipment reversing previous revaluation expense	13	8,906,956	-
		8,906,956	-
Total capital income		8,906,956	195,960
6 Employee benefits			
Employee benefit expenses are recorded when the service has been provided by the employee.			
Total staff wages and salaries		13,585,373	13,403,554
Councillors' remuneration		383,819	378,216
Termination benefits		190,000	93,741
Annual, sick and long service leave entitlements		2,664,381	2,652,262
Superannuation	21	1,826,366	1,755,127
		18,649,939	18,282,900
Other employee related expenses		47,084	31,284
		18,697,023	18,314,184
Less: Capitalised employee expenses		(2,020,345)	(1,835,189)
		16,676,678	16,478,995
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:			
	No. employees	No. employees	
Elected members	5	5	
Administration staff	95	85	
Depot and outdoors staff	107	105	
Total full time equivalent employees	207	195	
7 Materials and services			
Expenses are recorded on an accruals basis as Council receives the goods or services.			
Audit of annual financial statements by the Auditor-General of Queensland		110,700	108,000
Doubtful debt expense		1,733	(19,042)
Consultancy		991,298	976,057
Contractors		6,909,338	5,890,098
Communications and IT		843,428	1,013,375
Donations		580,053	499,678
Electricity		951,692	962,197
Insurances		870,524	821,106
Legal		212,406	205,099
Repairs and maintenance		7,019,433	6,479,019
Other materials and services		1,539,154	1,497,453
		20,029,758	18,433,039
8 Finance costs			
Bank charges		61,808	72,286
Landfill sites - change in present value over time		20,642	32,812
		82,450	105,098

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
9 Capital expenses			
Property restoration: Landfill sites			
Adjustment to refuse restoration provision - Killaloe	17	707,049	-
Adjustment to refuse restoration provision - Sanitary Depot	17	140,023	11,898
Adjustment to refuse restoration provision - Newell Beach	17	231,055	274,857
		<u>1,078,127</u>	<u>286,755</u>
Revaluation decrement			
Revaluation down of property, plant and equipment	13	4,221,107	30,491
Gain / Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		(69,787)	(86,617)
Less: Carrying value of property, plant and equipment disposed of		<u>602,904</u>	<u>463,174</u>
		<u>533,116</u>	<u>376,557</u>
Proceeds from the sale of land and land improvements		-	(717,461)
Less: Carrying value of land and land improvements sold		<u>-</u>	<u>793,673</u>
		<u>-</u>	<u>76,211</u>
Total gain/loss on disposal of non-current assets		<u>533,116</u>	<u>452,768</u>
Donated assets			
Donated assets		-	274,499
Total capital expenses		<u>5,832,350</u>	<u>1,044,514</u>

10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank and on hand	8,016,606	24,097,607
Term deposits	5,000,000	-
Balance per Statement of Cash Flows	<u>13,016,606</u>	<u>24,097,607</u>
Cash and cash equivalents	13,016,606	24,097,607
Less: Externally imposed restrictions on cash	<u>(2,773,616)</u>	<u>(3,191,435)</u>
Unrestricted cash	<u>10,242,990</u>	<u>20,906,172</u>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed expenditure restrictions at the reporting date:

Unspent government grants and subsidies	1,069,630	1,738,869
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Internally imposed expenditure restrictions at the reporting date:

Future constrained works	1,243,009	1,452,566
Waste levy refund received in advance	460,977	-
Total unspent restricted cash	<u>2,773,616</u>	<u>3,191,435</u>

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	875,288	779,040
	<u>875,288</u>	<u>779,040</u>

In accordance with the *Local Government Act 2009* & the *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes they are not considered revenue nor brought to account in these financial statements since the Council has no control over the assets.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
11 Investments		
Term deposits in excess of three months are reported as investments with deposits of less than three months being reported as cash equivalents.		
Current fixed short term investments		
Unrestricted	10,000,000	-
	<u>10,000,000</u>	<u>-</u>

All cash investments are in Australian dollars. Investments are held in accordance with Council's Investment Policy and are considered to be low risk investments.

	2022	2021
	\$	\$
12 Trade and other receivables		
Receivables are amounts owed to Council at 30 June. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.		
The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.		
All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as income.		
As Council is empowered under the provisions of the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.		
Current		
Rateable revenue and utility charges	3,142,713	3,354,458
Other debtors	345,842	172,028
Less impairment	(49,287)	(49,287)
Accrued revenue	1,037,052	378,230
GST recoverable	590,403	996,803
	<u>5,066,722</u>	<u>4,852,232</u>

Interest is charged on outstanding rates (8.03% per annum from 1 July 2021, previously 8.53% per annum). No interest is charged on other debtors.

Impairment of receivables is not material.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

13 Property, plant and equipment

	Note	30 June 2022									
		Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, sewerage and solid waste disposal	Drainage	Marine	Work in progress	Total
		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Basis of measurement		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset values		29,706,075	57,476,872	7,794,718	42,640	219,241,181	241,865,838	39,692,177	-	15,614,856	611,434,356
Opening gross value as at 1 July 2021		-	-	-	-	-	-	-	-	29,565,715	29,565,715
Additions	9	-	(149,060)	(179,113)	-	(320,635)	(569,398)	(10,827)	-	-	(1,229,032)
Disposals	18	1,268,866	5,534,425	-	-	-	14,040,351	-	-	-	20,843,662
Revaluation adjustment to other comprehensive income (asset revaluation surplus)		-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to expense (capital expense)	9	-	-	-	-	-	-	4,599,665	(1,242,297)	-	3,357,368
Revaluation adjustment to income (capital income)	5	30,491	-	-	-	11,668,850	331,454	-	-	-	12,030,795
Write-off assets damaged by natural disaster		-	-	-	-	-	-	-	-	-	-
Transfers between classes		-	(2,720,000)	-	-	2,234,656	-	(2,234,656)	2,720,000	-	-
Contributed assets		129,953	3,700	-	-	688,119	1,135,978	1,480,863	-	(3,438,613)	-
Internal transfers from work in progress		377,439	1,559,270	469,774	-	10,506,322	4,056,670	3,029,515	4,796,984	(24,795,974)	-
Closing gross value as at 30 June 2022		31,512,844	61,705,207	8,085,378	42,640	244,018,494	260,860,894	46,556,736	6,274,687	16,945,993	676,002,864

Accumulated depreciation		1,552,053	19,223,680	3,755,039	41,927	56,634,082	96,861,395	7,525,446	-	-	187,593,621
Opening balance as at 1 July 2021		245,082	1,764,644	585,456	610	4,622,771	5,183,458	457,218	507,766	-	13,267,005
Depreciation provided in period	9	-	(75,573)	(144,659)	-	(119,402)	(284,284)	(2,209)	-	-	(626,127)
Depreciation on disposals	18	180,059	1,973,730	-	-	-	5,868,606	-	-	-	8,022,395
Revaluation adjustment to other comprehensive income (asset revaluation surplus)		-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to income (capital income)	5	-	-	-	-	3,242,713	(118,874)	5,714,847	1,863,627	-	3,123,839
Revaluation adjustment to expense (capital expense)	9	-	-	-	-	-	-	-	-	-	7,578,474
Write-off assets damaged by natural disaster		-	-	-	-	-	-	(588,628)	1,345,000	-	-
Transfers between classes		-	(1,345,000)	-	-	588,628	-	-	-	-	-
Accumulated depreciation as at 30 June 2022		1,977,194	21,541,480	4,195,836	42,637	64,868,791	109,510,301	13,106,675	3,716,393	-	218,959,207

Total written down value as at 30 June 2022		29,535,650	40,163,727	3,889,542	103	179,149,704	151,350,592	33,450,062	2,558,294	16,945,993	457,043,657
Residual value		-	-	1,486,960	-	-	-	-	-	-	-
Range of estimated useful life in years		10 - 100	5 - 60	3 - 20	5 - 10	10 - 100	10 - 150	10 - 100	4 - 60	-	-

Additions comprise:		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals		-	-	-	-	-	-	-	-	9,835,585	9,835,585
Other additions		-	-	-	-	-	-	-	-	19,730,130	19,730,130
Total additions		-	-	-	-	-	-	-	-	29,565,715	29,565,715

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

13 Property, plant and equipment

30 June 2021

Note

	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, Sewerage and Solid waste disposal	Drainage	Work in Progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Cost	
Basis of measurement									
Asset values									
Opening gross value as at 1 July 2020	28,867,470	52,210,769	7,286,362	42,640	210,613,399	236,260,868	38,502,373	12,982,892	586,766,772
Additions	-	-	-	-	-	-	-	23,870,200	23,870,200
Disposals	(797,030)	(166,462)	(525,754)	-	(183,779)	(492,029)	(71,748)	-	(2,236,803)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	(547,930)	3,041,970	-	-	-	489,801	-	-	2,983,841
Revaluation adjustment to income (capital expense)	(30,481)	-	-	-	-	-	-	-	(30,491)
Revaluation adjustment to income (capital income)	-	-	-	-	-	-	-	-	-
Write-off assets damaged by natural disaster	-	-	-	-	-	-	-	-	-
Transfers between classes	(122,821)	(284,679)	-	-	-	407,500	-	-	-
Assets classified as held for sale PY, sold CY	-	-	80,838	-	-	-	-	-	80,838
Assets classified as held for sale	445,185	826,773	-	-	152,326	108,164	158,171	(1,690,619)	-
Contributed assets	1,891,691	1,848,502	953,272	-	8,659,236	5,091,534	1,103,382	(19,547,817)	-
Internal transfers from work in progress	29,706,075	57,476,872	7,794,718	42,640	219,241,181	241,865,838	39,692,177	15,614,856	611,434,356
Closing gross value as at 30 June 2021									
Accumulated depreciation									
Opening balance as at 1 July 2020	1,447,869	22,416,206	3,547,423	41,316	52,415,424	102,754,032	7,076,247	-	189,698,517
Depreciation provided in period	221,076	1,888,768	613,372	610	4,314,909	5,449,466	458,292	-	12,728,493
Depreciation on disposals	(9,357)	(83,786)	(457,590)	-	(96,252)	(331,584)	(9,094)	-	(981,662)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	(81,177)	(4,170,848)	-	-	-	(9,105,819)	-	-	(13,357,844)
Impairment adjustment to asset revaluation surplus	-	(480,019)	-	-	-	(63,699)	-	-	(543,717)
Revaluation adjustment to income (capital income)	-	-	-	-	-	-	-	-	-
Revaluation adjustment to expense (capital expense)	-	-	-	-	-	-	-	-	-
Write-off assets damaged by natural disaster	-	-	-	-	-	-	-	-	-
Transfers between classes	(32,357)	(126,641)	-	-	-	158,998	-	-	-
Assets classified as held for sale PY, sold CY	-	-	51,834	-	-	-	-	-	51,834
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2021	1,552,053	19,223,680	3,755,039	41,927	56,634,082	98,861,395	7,525,446	-	187,593,621

Total written down value as at 30 June 2021		28,154,022	38,253,192	4,039,679	713	182,607,100	143,004,443	32,166,731	15,614,856	423,840,735
Residual value		-	-	1,520,843	-	-	-	-	-	-
Range of estimated useful life in years		10 - 100	5 - 60	3 - 20	5 - 10	10 - 100	10 - 150	10 - 100	-	-

Additions comprise:		\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals		-	-	-	-	-	-	-	11,763,247	11,763,247
Other additions		-	-	-	-	-	-	-	12,106,953	12,106,953
Total additions		-	-	-	-	-	-	-	23,870,200	23,870,200

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

13 Property, plant and equipment

a) Recognition

The capitalisation thresholds for Council are set at \$1 for land, \$1 for network assets, \$5,000 for plant and equipment and \$10,000 for all other assets. Any expenditure below these thresholds is expensed in the period in which it is incurred.

Network assets are an aggregate of interrelated assets that perform a specific service and which individually are likely to be below the capitalisation threshold levels but collectively are above the capitalisation threshold for their class. Network assets include components of infrastructure assets.

b) Measurement

Assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Property, plant and equipment received in the form of contributions, is recognised as assets and revenues at fair value determined by Council where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received from the sale of the asset in an orderly transaction between market participants at the measurement date.

c) Valuation

Land and improvements, buildings and all infrastructure assets are measured at fair value. Other plant and equipment, office furniture and fittings, other assets and work in progress are measured at historic cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management performs a desktop valuation on each asset class. A desktop valuation involves management assessing the condition and cost assumptions associated with each asset class and considering the movements in the Road and Bridge Construction Index and the Non-residential Building Construction Queensland Index as published by the Australian Bureau of Statistics (March rates of the relevant financial year have been used for 2022 indexation purposes). Together these are used to form the basis of the desktop valuation.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any changes in the estimated remaining useful life.

(i) Recognised fair value measurements

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

There were no transfers between levels 2 and 3 during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation techniques used to derive fair values

Excluding land assets, valuation unit rates (for current replacement costs) include 20% to allow for Council project overheads including survey, environmental and investigation (6%), engineering design (5%), engineering supervision (3%) and project management (6%).

Accumulated depreciation

In determining the level of accumulated depreciation, the assets were disaggregated into significant components which exhibit different useful lives. Remaining useful lives were calculated based on condition assessments. The condition assessments were made using a five point scale with 1 being the lowest and 5 being the highest. A condition assessment of 1 indicates an asset with a very high level of remaining service potential (95%). A condition assessment of 5 represents an asset that is unserviceable with a limited remaining useful life (5%).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

Valuation - dates of revaluations and reviews

Asset Class	Valuation Approach	Last Full Valuation date	Valuer Engaged	Key Assumptions and Estimates	Cumulative indexation	Index applied
Land (level 2)	Market value	30 June 2021	Cardno (QLD) Pty Ltd	Sales prices of comparable land sites in close proximity were adjusted for differences in key attributes such as property size.	2.50%	Market selling price - State Valuation Service (SVS); The Economic Statistics Section, Queensland Government Statistician's Office, Queensland Treasury and Trade. The Queensland Government Statistician's website.
Land improvements (level 3)	Current replacement cost	30 June 2021	Cardno (QLD) Pty Ltd	Replacement costs calculated primarily by reference to actual costs for similar construction in the Far North Queensland region.	10.10%	ABS PPI Building 3020 Non-residential building construction Queensland
Buildings and Other Structures (level 3)	Current replacement cost	30 June 2021	Cardno (QLD) Pty Ltd	Replacement costs calculated primarily by reference to actual costs for similar construction in the Far North Queensland region. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.	10.10%	ABS PPI Building 3020 Non-residential building construction Queensland
Transport Assets						
- Road assets (level 3)	Current replacement cost	30 June 2020	Cardno (QLD) Pty Ltd	Council categorises its road assets into geographical regions and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	5.27%	ABS PPI 3101 Road and bridge construction Queensland
- Bridge assets (level 3)	Current replacement cost	30 June 2020	Cardno (QLD) Pty Ltd	Each bridge was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.	5.27%	ABS PPI 3101 Road and bridge construction Queensland

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

- Other transport assets (level 3)	Current replacement cost	30 June 2020	Cardno (QLD) Pty Ltd	Construction estimates were determined on a similar basis to roads.	5.27%	ABS PPI 3101 Road and bridge construction Queensland
Water, Sewerage and Solid Waste Disposal						
- Water (level 3)	Current replacement cost	30 June 2021	Cardno (QLD) Pty Ltd	Unit rates were based on a combination of actual contract data obtained from various Queensland local governments and water utilities over the past few years as well as actual supply/installation costs from suppliers and contractors. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.	6.19%	ABS PPI 3101 Road and bridge construction Queensland
- Sewerage (level 3)	Current replacement cost	30 June 2019	Cardno (QLD) Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.	5.91%	ABS PPI 3101 Road and bridge construction Queensland
- Solid Waste Disposal (level 3)	Current replacement cost	30 June 2022	Cardno (QLD) Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	0.00%	NII - revaluation performed
Drainage (level 3)	Current replacement cost	30 June 2022	Cardno (QLD) Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	0.00%	NII - revaluation performed
Marine (level 3)	Current replacement cost	30 June 2022	Cardno (QLD) Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	0.00%	NII - revaluation performed

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

d) Capital and operating expenditure

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

e) Capital work in progress

The cost of property, plant and equipment being constructed by Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour oncosts.

f) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis to write-off the value of each depreciable asset, less its estimated residual value (where applicable), progressively over its estimated useful life to Council. The straight-line basis is considered to appropriately reflect the pattern of consumption of all Council assets.

Assets are depreciated from the date they are placed in service.

Where assets have separately identifiable significant 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.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence. The condition assessments performed as part of the comprehensive revaluation process for assets measured at current replacement cost are used to estimate the remaining useful lives of these assets at each reporting date. Generally all above ground assets are individually inspected during a revaluation and a statistically significant sample of below ground assets are inspected in accordance with industry standards. Details of the range of estimated characteristic useful lives for each class of asset are shown in the table earlier in this note.

g) Impairment of non-current assets

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, 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.

14 Intangible assets

Software

	2022 \$	2021 \$
Opening gross carrying value	196,043	344,475
Additions	-	1,391
Disposals	-	(149,824)
Closing gross carrying value	<u>196,043</u>	<u>196,043</u>
Accumulated amortisation		
Opening balance	61,076	152,719
Amortisation in the year	41,167	56,475
Disposals	-	(148,118)
Closing balance	<u>102,243</u>	<u>61,076</u>
Net carrying value at the end of the financial year	<u><u>93,800</u></u>	<u><u>134,967</u></u>

Software has a finite life estimated at 5 years. Straight line amortisation has been used with no residual value.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

15 Contract assets/contract liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

	2022	2021
	\$	\$
a Contract assets	3,208,965	1,503,088
b Contract liabilities		
Funds received upfront to construct Council controlled assets	1,069,630	1,738,869
	1,069,630	1,738,869

Revenue recognised that was included in the contract liability balance at the beginning of the year

Funds to construct Council controlled assets	1,738,869	687,548
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	2022	2021
	\$	\$
16 Trade and other payables		
Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.		
As Council does not have an unconditional right to defer settlement of annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.		
Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense.		
Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods.		
Current		
Creditors and accruals	3,466,714	3,438,637
Accrued wages and salaries	309,211	194,660
Unearned revenue	405,407	58,501
Prepaid rates	1,203,700	1,078,180
Annual leave	2,048,641	1,979,331
Sick leave	305,171	289,504
Other entitlements	63,811	63,618
	<u>7,802,654</u>	<u>7,102,431</u>

17 Provisions

Liabilities are recognised for employee benefits such as annual and long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Restoration Provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable 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. The current Queensland Treasury Corporation ("QTC") lending rate is considered an appropriate rate.

Restoration on land not controlled by Council

Where the restoration site is on State reserves which Council does not control, the cost of the provision for restoration of these sites has to be treated as an expense in the reporting period the provision is first recognised. Changes in the provision due to time, discount rate or expected future cost are treated as an expense or income in the reporting period in which they arise.

Douglas Shire Council
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For the year ended 30 June 2022

Restoration on land controlled by Council

Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and amortised over the expected useful life. Changes in the provision, not arising from the passing of time, are added to or deducted from the asset revaluation surplus for solid waste disposal. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases, if any. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer settlement of long service leave beyond twelve months after the reporting date, long service leave is classified as current. Otherwise it is classified as non-current.

	2022 \$	2021 \$
Current		
Landfill restoration	1,484,371	392,150
Long service leave	2,029,165	1,852,417
	<u>3,513,536</u>	<u>2,244,567</u>
Non-current		
Landfill restoration	4,378,634	4,769,794
Long service leave	396,249	411,617
	<u>4,774,883</u>	<u>5,181,411</u>

Details of movements in provisions:

	2022 \$	2021 \$
Property restoration: Landfill sites		
Balance at the beginning of the financial year	5,161,944	5,383,933
Increase in provision due to unwinding of discount	20,642	32,812
Increase / (decrease) in provision for future cost	1,078,127	90,795
Provision expended to date	(397,709)	(345,596)
Balance at the end of the financial year	<u>5,863,005</u>	<u>5,161,944</u>

Council has two landfill sites located at Newell Beach and Killaloe and a Sanitary Depot. The provision is stated at the present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions. The provision increased during the year as a result of a re-estimation of restoration costs at the landfill sites. The Killaloe site is due for its final capping in the 2023FY (with post closure monitoring until the 2053FY). Newell Beach landfill is due for final capping in the 2025FY (with post closure monitoring until the 2055FY). A site investigation is underway at the Sanitary Depot to determine any future capping requirements and submission to the regulator for removal from licensing requirements.

	2022 \$	2021 \$
Long service leave		
Balance at the beginning of the financial year	2,264,034	2,071,418
Long service leave entitlement arising	351,417	387,326
Long Service entitlement paid	(190,037)	(194,710)
Balance at the end of the financial year	<u>2,425,414</u>	<u>2,264,034</u>

18 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Douglas Shire Council
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	2022 \$	2021 \$
Movements in the asset revaluation surplus were as follows:		
Balance at the beginning of the financial year	56,963,407	40,078,005
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and land improvements	1,088,827	(466,753)
Buildings and other structures	3,560,696	7,692,837
Water, Sewerage and Solid waste disposal	8,171,744	9,659,319
Balance at the end of the financial year	<u>69,784,674</u>	<u>56,963,407</u>
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and land improvements	1,088,827	-
Buildings and other structures	21,389,742	17,829,047
Water, Sewerage and Solid waste disposal	47,306,105	39,134,361
	<u>69,784,674</u>	<u>56,963,407</u>
19 Commitments for expenditure		
Operating expenditure		
Not later than 1 year	7,718,288	6,068,822
Later than 1 year but not later than 5	14,759,506	16,768,787
Later than 5 years	844,428	2,895,181
	<u>23,322,222</u>	<u>25,732,790</u>
Capital expenditure		
Not later than 1 year	4,664,556	11,055,638
	<u>4,664,556</u>	<u>11,055,638</u>

20 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual

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

As at 30 June 2022 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$486,815.

Douglas Shire Council
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21 Superannuation

Council contributes to the LGASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Technically Council can be liable to the scheme for a portion of another local government's obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and, in accordance with the LGASuper trust deed, changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2024.

The most significant risks that may result in LGASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	2022 \$	2021 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,826,366	1,755,127
22 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities			
Net result		19,892,898	7,125,934
Non-cash items:			
Depreciation and amortisation		13,308,172	12,782,968
Revaluation adjustments		(4,685,850)	30,491
Change in future rehabilitation and restoration costs		1,098,769	123,607
		9,721,091	12,937,066
Investing and development activities (non-cash):			
Net profit or loss on disposal of non-current assets		533,116	452,768
Capital grants and contributions		(17,420,101)	(10,205,942)
Donated assets		-	274,499
		(16,886,984)	(9,478,675)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(214,491)	(506,529)
(Increase)/decrease in inventory		12,475	17,561
(Increase)/decrease in prepayments		(79,919)	34,704
(Increase)/decrease in contract assets (recurrent grants)		(26,170)	(88,905)
Increase/(decrease) in payables		302,514	(1,225,479)
Increase/(decrease) in contract liabilities (recurrent grants)		37,365	(144,791)
Increase/(decrease) in other provisions		161,380	192,616
Increase/(decrease) in unearned revenue		460,977	-
		654,131	(1,720,823)
Net cash inflow from operating activities		13,381,136	8,863,503

23 Events after the reporting period

No significant events have occurred since year-end.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

24 Financial instruments and financial risk management

Financial assets and financial liabilities

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. Council aims to manage volatility to minimise potential adverse effects on its financial performance.

The Douglas Shire Council Audit Committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by Council. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Douglas Shire Council Audit Committee.

Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	10	13,016,606	24,097,607
Receivables - rates	12	3,142,713	3,354,458
Receivables - other	12	1,973,296	1,547,060
Investments	11	10,000,000	-
Total financial assets		28,132,615	28,999,126

Cash and cash equivalents

Council may be exposed to credit risk through its investments held with financial institutions. All cash and cash equivalents are held in financial institutions which are rated AA- based on rating agency ratings and, whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Investments

Investments are term deposits held in accordance with the diversification and credit risk guidelines contained within Council's Investment Policy and the likelihood of a credit failure is assessed as remote.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

Trade and other receivables

Ageing of receivables and the amount of any impairment is disclosed in the following table:

	2022	2021
	\$	\$
Subject to impairment		
Not past due	247,042	97,277
Past due 31-60 days	33,281	30,570
Past due 61-90 days	4,044	418
More than 90 days	39,475	31,664
Total gross carrying amount	323,842	159,929
Loss allowance	(49,287)	(49,287)
	274,555	110,642
Not subject to impairment		
Rates and Charges	3,142,714	3,354,458
Grants	22,000	12,100
GST recoverable/accrued income (less contract assets)	1,627,454	1,375,032
	4,792,168	4,741,590
	5,066,723	4,852,232

Grants: payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial and therefore does not record an expected credit loss for these counterparties.

Rates and Charges: Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Other Debtors: Council identifies other debtors as receivables which are not rates and charges; statutory charges or grants. Council determines the level of credit risk exposure to be immaterial.

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its normal course of business. Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

Council is exposed to liquidity risk in relation to its financial liabilities, being trade and other payables, which are expected to be settled within 12 months.

Market risk

Market risk is the risk that changes in market indices, such as interest rates, will affect Council's income or the value of its holdings of financial instruments.

Currency risk

Council is not exposed to currency risk as all investments are held in Australian currency.

Price risk

Council is not exposed to price risk as investments are held with financial institutions, rather than shares or stocks.

Interest rate risk

Council is exposed to interest rate risk through investments with financial institutions.

Sensitivity

Interest rate sensitivity analysis evaluates the outcome on financial result if interest rates would change by +/- 1 percent from the year-end rates applicable to Council's financial assets and financial liabilities. With all other variables held constant, Council would have a financial result and equity increase/(decrease) of \$230,166 (2021: \$240,976).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

25 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP comprises:

	2022	2021
	\$	\$
Short-term employee benefits	1,629,094	1,639,871
Post-employment benefits	198,381	175,187
Long-term benefits	46,139	27,714
Termination benefits	190,000	38,252
Total	2,063,614	1,881,024

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

Other related parties include close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

Details of transactions between Council and other related parties are disclosed below:

Details of Transaction	Additional information	2022	2021
		\$	\$
Purchase of materials and services from entities controlled by key management personnel or their close family members.	25(b)(i)	170,575	133,696
Employee Expenses for close family members of key management personnel	26(b)(ii)	33,041	28,069

(i) During the year one entity controlled by KMP provided materials and services to Council. A further two entities controlled by close family members of KMP provided services to Council during the year. All transactions occurred through an arm's length process under normal terms and conditions. There were no other material transactions with other related parties during the year. All transactions with other related parties occurred at arm's length and under Council's normal terms and conditions.

(ii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables	Amounts owed by entities controlled by KMP	Amounts owed by entities controlled by KMP
	2022	2021
Current	\$ 1,021	\$ 4,603
Total owing	\$ 1,021	\$ 4,603

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

(d) Loans and guarantees to/from related parties

Council does not make loans or receive loans from related parties. No guarantees have been provided.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2022

(e) Transactions with related parties that have not been disclosed.

Most of the entities and people that are related parties of Council live and operate within the Douglas Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of the swimming pool
- Dog registration
- Borrowing books from a Council library

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

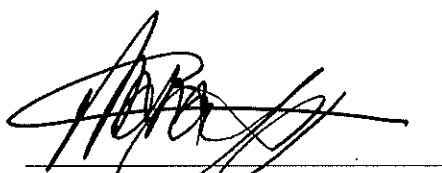
Douglas Shire Council
Financial statements
For the year ended 30 June 2022

Management Certificate
For the year ended 30 June 2022

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

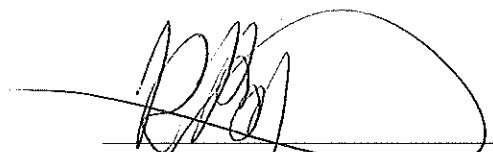
In accordance with section 212(5) of the Regulation we certify that:

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



Mayor
Michael Kerr

Date: 11, 10, 2022



Chief Executive Officer
Rachel Brophy

Date: 11, 10, 2022

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Douglas Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Douglas Shire Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Lisa Fraser
as delegate of the Auditor-General

12 October 2022

Queensland Audit Office
Brisbane

Douglas Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2022

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2022 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-1%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	74%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-28%	not greater than 60%

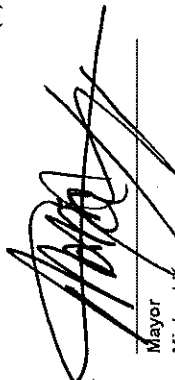
Note 1 - Basis of Preparation


The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2022.

Certificate of Accuracy
For the year ended 30 June 2022

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.


Mayor
Michael Ken
Date: 11 / 10 / 2022


Chief Executive Officer
Rachel Brophy
Date: / /

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Douglas Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Douglas Shire Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Douglas Shire Council's annual report for the year ended 30 June 2022 was the general purpose financial statements, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



12 October 2022

Lisa Fraser
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Douglas Shire Council
Long-Term Financial Sustainability Statement - Unaudited
Prepared as at 30 June 2022


Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2022	Projected for the years ended									
				30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
Council													
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-1%	-5%	-2%	-1%	0%	0%	0%	1%	1%	1%	1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	74%	76%	91%	90%	90%	90%	91%	91%	90%	90%	91%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-28%	-16%	-18%	-19%	-20%	-21%	-21%	-21%	-21%	-20%	-20%


Douglas Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2022

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the Regulation). In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.


Mayor
Michael Kerr
Date: 16/10/2022


Chief Executive Officer
Rachel Biophy
Date: 16/10/2022

