

3.1. ANNUAL REPORT FOR DOUGLAS SHIRE COUNCIL 1 JULY 2016 - 30 JUNE 2017

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GENERAL MANAGER: Darryl Crees, Acting Chief Executive Officer
DEPARTMENT: CEO Unit

RECOMMENDATION

That Council resolves to adopt the Annual Report for the period 1 July 2016 to 30 June 2017.

EXECUTIVE SUMMARY

The Annual Report provides an assessment of operations of Council for the 2016 - 2017 financial year.

BACKGROUND

In accordance with Section 182 of the *Local Government Regulation 2012*, Council is required to prepare and adopt its Annual Report within one month after the day the Queensland Audit Office provides its audit report about Council's financial statement for the financial year to Council. The audit report is dated 12 October 2017 and was received by Council with the certified set of financial statements for the 2016/17 financial year on 17 October 2017.

PROPOSAL

That Council resolves to adopt the Annual Report for the period of 1 July 2016 to 30 June 2017.

Council is required to publish the Annual Report on its website within two weeks after Council has adopted the Annual Report. This will be done with relevant organisations to be notified via email, and provided a link to view on Council's website.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Governance

- To develop a financially sustainable organisation through sound strategic planning.
- To demonstrate leadership in local government through sound, transparent, accountable and equitable decision making.
- To deliver services to our communities in an efficient, productive and cost effective manner.

ATTACHMENTS

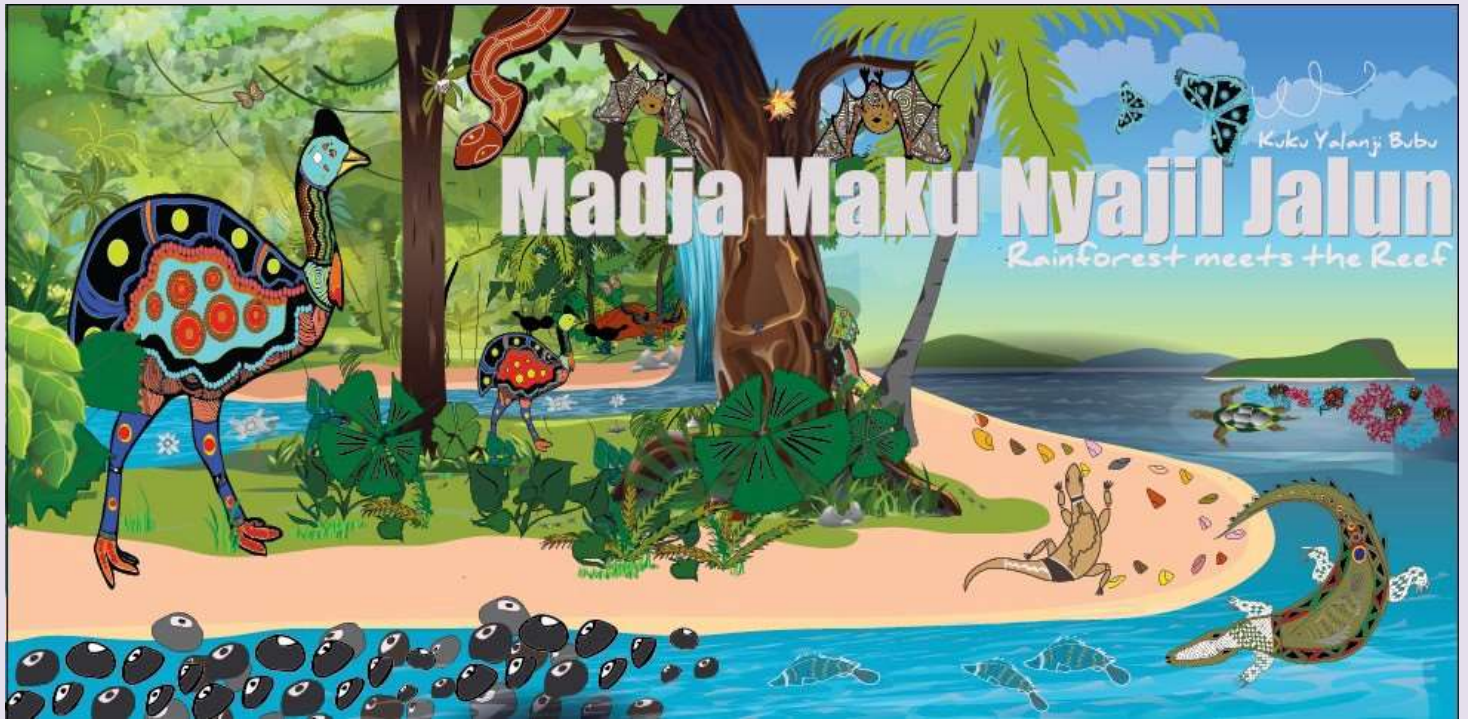
1. Douglas Shire Council Annual Report 2016-2017. V 3 **[3.1.1]**

ANNUAL REPORT

2016 - 2017

BUILDING OPPORTUNITIES FOR DIVERSE DOUGLAS
PROVIDING COMMUNITY BENEFITS AND SERVICES
SUPPORTING ECONOMIC GROWTH
PROTECTING THE ENVIRONMENT
ENGAGING WITH OUR COMMUNITIES





Douglas Shire Council would like to show its appreciation by acknowledging local Indigenous artists Lenice Schonenberger, Loretta Pierce (Lenoy) and Ronald Bamboo for providing the cover artwork entitled
“Daintree Ferry”



The Douglas Shire covers an area of 2,445km from north of Ellis Beach in the south to the Bloomfield River in the north. Douglas is home to approximately 11,000 residents, most of who live in the two major population centres of Port Douglas and Mossman.

The Shire has many diverse communities with the Traditional Owners, the Eastern Kuku Yalanji and Yirrganydi peoples occupying this land for thousands of years prior to first contact.

As a world renowned tourist destination where the 'Rainforest meet the Reef', the Shire lies within Australia's Wet Tropics World Heritage Area to the west and north, and the Coral Sea and World Heritage listed Great Barrier Reef Marine Park to the east.

While the economy of the Shire depends mainly on tourism with 1.2 million visitors annually exploring the stunning natural wonders, Douglas boasts a strong agricultural industry with much of our rural farmland utilised in sugar cane production.

MESSAGE FROM THE MAYOR

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It is with great pride that I present the fourth Annual report of the new Douglas Shire Council.

When the new Douglas Shire Council was established in 2014, we outlined a blueprint to achieve financial and community sustainability within five years and I'm very proud of the fact that we have remained focused on this outcome regardless of what hurdles we've had to overcome such as cyclones and major flooding that have caused millions of dollars in damage to our infrastructure.

The annual financial statements for the 2016/17 financial year reveal an operating deficit totaling \$1.8 million compared to a budgeted deficit of \$1.9 million. Council has a cash position of \$29.5 million and the Douglas Shire is

one of the few local councils with zero loan borrowings. Total asset value increased by \$23 million in the 2016/17 financial year and liabilities reduced by \$3.3 million.

The impressive financial results are testament to the efforts of Council in achieving value for money for ratepayers while improving services, delivering new capital works and significant environmental, economic and community initiatives.

Through the prudent financial management framework established by the new Council means that the current Council is in an excellent position to capitalise on the Shire's bright prospects and growing confidence.

The Annual Report details a vast array of these achievements, which includes record investment in capital works, with a total of 71 projects completed across the Shire. Construction of a new 20ML water reservoir, the largest infrastructure project undertaken by Council, commenced this year and will be completed early 2018.

The platform that has been laid to establish our Shire's future has paved the way to further strengthen our economy, protect the environment, support tourism and business, events, the arts, cultural and community sectors.

In 2016/17 communities across the Shire have benefited from significant projects and initiatives which are detailed in the Annual Report. Just to name a few, these include completion of Shire-wide community engagement on the new 10year Douglas Shire Planning Scheme, the 2017-21 Economic Development Strategy, substantial support for the Mossman District Aged Care Facility, the development of a functional brief for a domestic violence facility, and improved access to the Yalanji Cemetery.

As the only place in the world home to two World Heritage-listed natural wonders, looking after the environment is at the forefront of our actions as we strive to leave the Douglas Shire in better shape than we found it financially, environmentally and socially.

Finally, I want to thank and express my sincere appreciation to my fellow Councillors, our CEO, the Executive Leadership Team and all staff for their dedication and commitment in making the Douglas Shire an even greater place to live, work, visit and invest.

Mayor Julia Leu

Special Council Meeting - 13 November 2017

MESSAGE FROM CHIEF EXECUTIVE OFFICER

The 2016-2017 year has seen Douglas Shire Council mature as it has moved through the many challenges of de-amalgamation. Working to support the elected members in their first year of Douglas' four year Council term, the officers and their teams are proud to have responded across all areas of Council's business, with a high level of enthusiasm and commitment.



Council's financial position is sound and is well on track to achieve a balanced budget in the 2019-2020 year. All loan borrowings were repaid in full this year leaving Council debt-free. We continue to secure savings in many of our operational areas, targeting efficiency and value for money as core goals.

Council adopted a capital work budget in excess of fourteen (14) million dollars for the 2016 – 2017 financial year. The majority of works progressed in line with expectations and as at 30 June 2017 a total of 71 projects had been completed including roads, footpaths and bridges, water and waste water infrastructure, installation of disaster event warning

devices, improvements to transfer stations, and works in parks and public spaces across the Shire. Construction of the largest infrastructure project undertaken by Council, a new 20ML water reservoir, commenced this year.

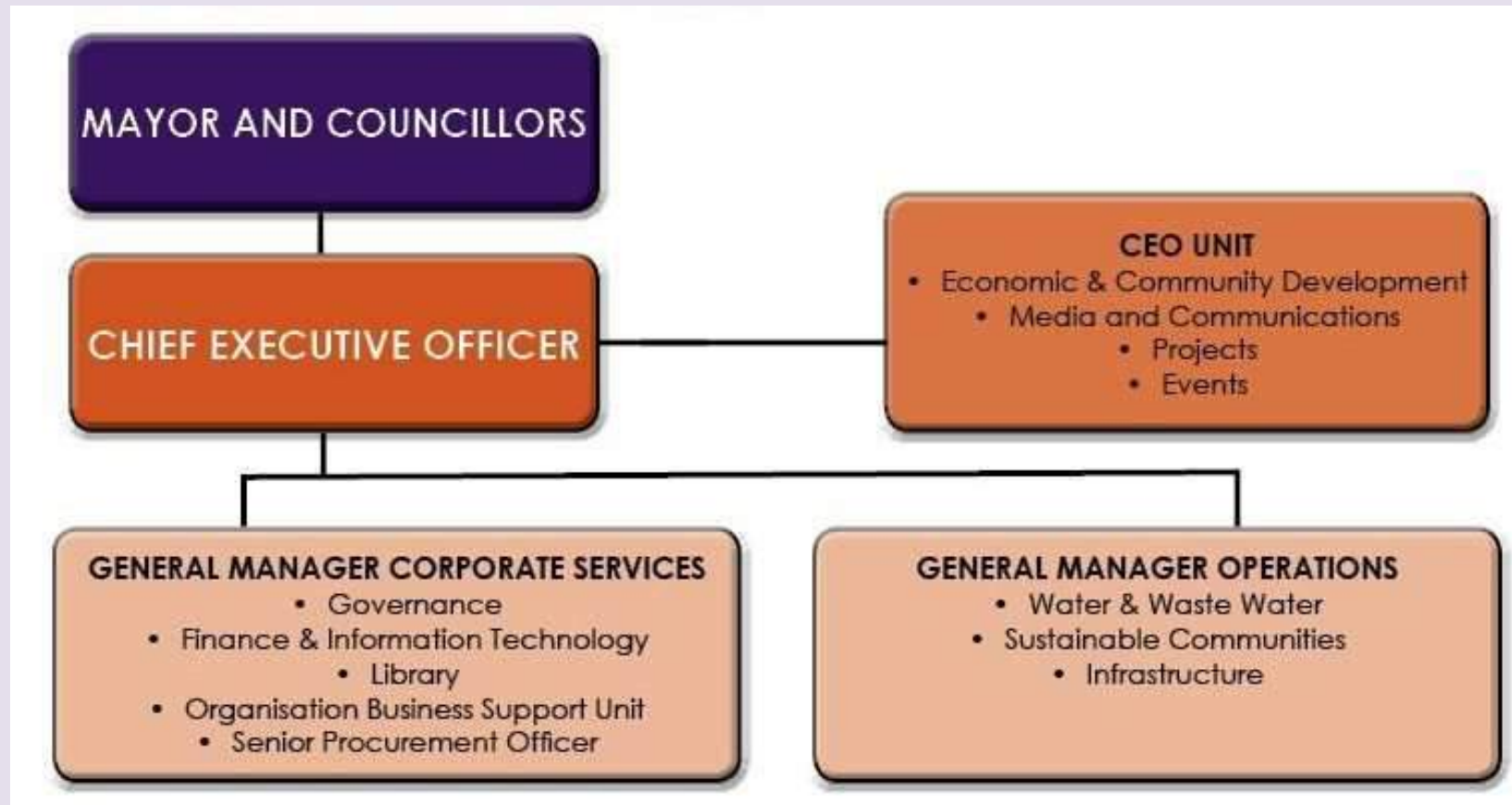
Again this year all sectors of the community benefitted from significant and important initiatives to further strengthen the economy, drive tourism, support the arts and protect the environment. Council endorsed the proposed 10 year Douglas Shire Planning Scheme and the 2017-2021 Economic Development Strategy, provided ongoing support for the Mossman District Nursing Home, constructed improved access for the Yalanji Cemetery, and developed a functional Brief for a domestic violence facility. To continually improve on the cost effective management of Council's assets, land management plans were reviewed, and a strategy to increase utilisation of Teamsters Park developed. With an increased focus on environmental initiatives, projects targeted a reduction in waste generation, increased recycling, the delivery of coastal management works and the implementation of a Management Plan for the Aedes aegypti mosquito.

Council continued to support activities across the Shire with over \$700,000 in grant funding provided to support and develop tourism, business and community initiatives. The second Business Forum attracted wide interest and strong attendance from business and government agencies across the region. The numerous community and civic events lead by Council ensured the Shire's continuing vibrancy throughout the year.

I would like to again acknowledge the tireless commitment and dedication of the Mayor, Councillors and Council officers who together have ensured that 2016-2017 made a significant contribution to a sustainable and prosperous Douglas.

Linda Cardew
CHIEF EXECUTIVE OFFICER

ORGANISATIONAL STRUCTURE





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ELECTED REPRESENTATIVES

1 July 2016 – 30 June 2017



*Cr
Roy Zammataro*

*Deputy Mayor
Abigail Noli*

*Mayor
Julia Leu*

*Cr
David Carey*

*Cr
Michael Kerr*



PARTICULAR RESOLUTIONS (S185)

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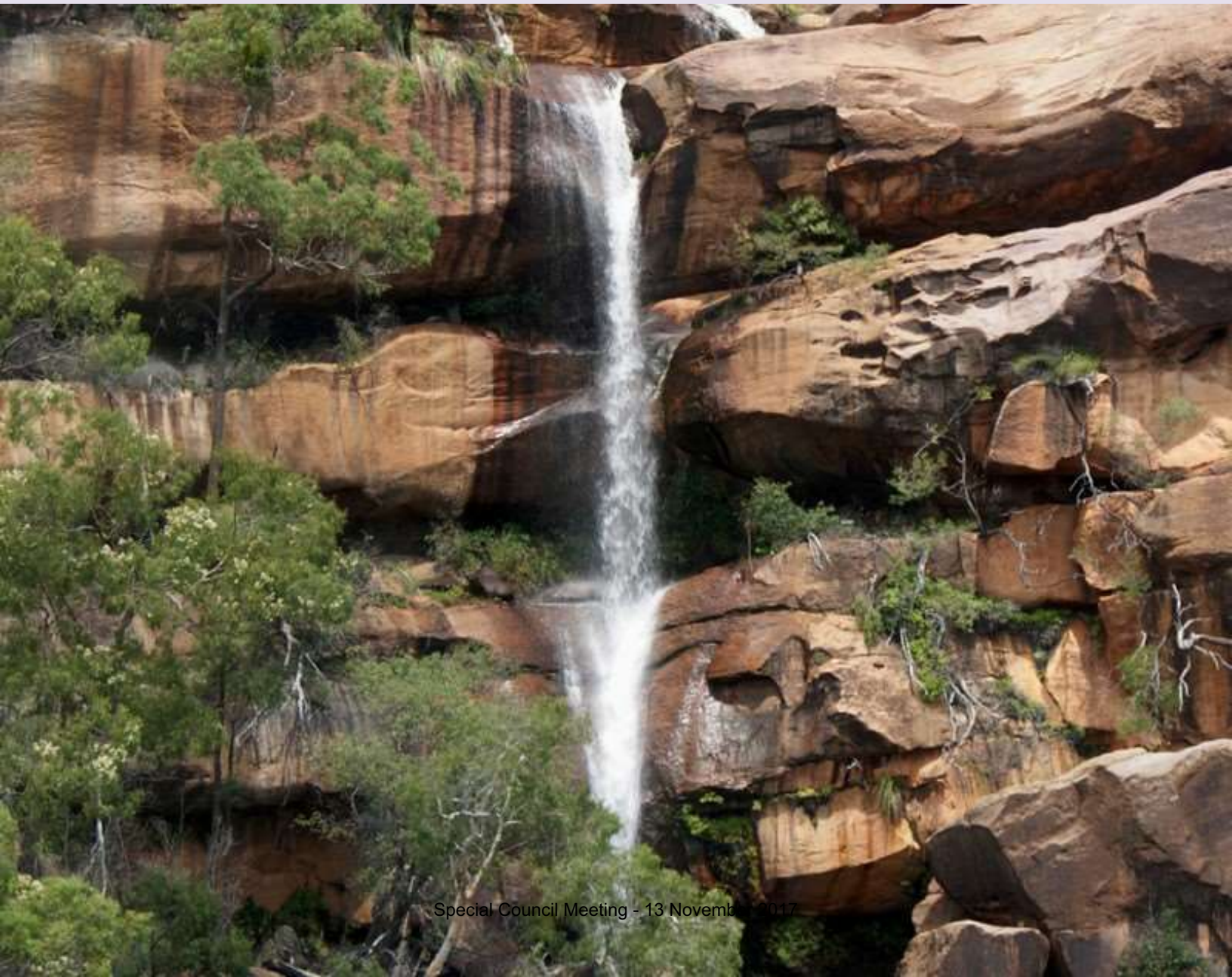
Section 250(1) of the Local Government Act 2009 requires a Council to adopt an expense reimbursement policy.

EXPENSES REIMBURSEMENT FOR ELECTED REPRESENTATIVES GENERAL POLICY – Adopted 09/08/2016

Moved Cr Noli **Seconded** Cr Carey

“That Council adopt the amended Expenses Reimbursement Policy for Elected Representatives.”

Carried Unanimously



Under Section 186 of the *Local Government Regulation 2012*, Council is required to provide the following information:

The following table shows the total remuneration, including superannuation contributions, paid to each Councillor during the financial year 2016/2017.

Councillor Remuneration					
Councillor	Gross Salary	Super	Total Remuneration	Travel/ Expenses	Fringe Benefit Tax
Mayor Julia Leu	\$99,570	\$11,949	\$111,519	\$11,953.73	\$7,089.60
Deputy Mayor Abigail Noli	\$57,443	\$ 5,457	\$ 62,900	\$ 7,738.55	
Councillor David Carey	\$49,796	\$ 4,731	\$ 54,527	\$ 5,643.74	
Councillor Michael Kerr	\$49,796	\$ 4,731	\$ 54,527	\$ 5,261.64	
Councillor Roy Zammataro	\$49,796	\$ 4,731	\$ 54,527	\$ 2,414.95	

Councillor Facilities and Support

Councillors will be provided with the following facilities and support:

Mayor:

- Office accommodation with Administration Support.
- Fully maintained vehicle for use in Council duties with full and unrestricted private use. Vehicle is to have a favourable Green Star Rating and purchase price is not to exceed \$40,000.
- A hospitality fund to the value of \$1,000 per annum is available to the Mayor for hospitality expenses deemed necessary in the conduct of Council business.

Deputy Mayor and other Councillors:

- Basic administration support to assist with conferences, workshops or training attendance, including travel and accommodation arrangements.

Each Councillor will be provided with a single standard laptop, iPad and mobile telephone to be used for Council purposes. Each laptop and iPad will be provided with appropriate hardware and software applicable to enable Councillors to perform their role.

Support for the Council supplied laptops, iPads and mobile telephones will be supplied by Council's Information Technology Unit during standard business hours.



COUNCIL MEETING ATTENDANCE AND COUNCILLOR COMPLAINTS

ITEM	JULIA LEU	ABIGAIL NOLI	DAVID CAREY	MICHAEL KERR	ROY ZAMMATARO
The number of local government meetings that each councillor attended during the financial year	20	18	20	20	20

Complaint Against	Description	Outcome Determined By	Sustained	Orders Made
Cr Terry Melchert	Breach of LG Act S.171(3) - Confidentiality breach.	Local Government Remuneration and Discipline Tribunal	Yes	Cr Melchert to make an admission of error and apology to the relevant staff member and to Council; to be delivered orally in the first open session of Council if he is again elected to serve as a Councillor of the Douglas Shire Council in the future.
Cr Terry Melchert	Breach of LG Act S.176(3)(b)(iii) - Misusing information or material acquired in connection with the performance of responsibilities as Councillor.	Local Government Remuneration and Discipline Tribunal	Yes	Cr Melchert to make an admission of error and apology to the relevant staff member and to Council; to be delivered orally in the first open session of Council if he is again elected to serve as a Councillor of Douglas Shire Council in the future.
Cr Terry Melchert	1. Breach of LG Act S.176(3)(b)(ii) - A breach of trust placed in the councillor.	Regional Conduct Review Panel	Yes	Cr Melchert to pay Douglas Shire Council an amount of \$1,500.

ADMINISTRATIVE COMPLAINTS

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Under Section 187 of the Local Government Regulation 2012, Council is committed to dealing fairly with administrative action complaints and has adopted a centralised complaints management register.

ITEM	RESULT
<p>1.</p> <p>(a) A statement about the local government's commitment to dealing fairly with administrative action complaints</p>	<p>Council:</p> <ul style="list-style-type: none"> acknowledges the right of the public and its staff to complain when dissatisfied with a service, and encourages feedback from customers, clients, staff and the general public; requires staff to be 'complaints friendly' and not defensive or negative about feedback and complaints; and recognises that, properly handled and analysed, complaints and feedback help Council to improve its business processes and therefore time spent on handling complaints is an investment in better service to the public.
<p>1.</p> <p>(b) A statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints</p>	<p>Council has recently adopted a new Administrative Action Complaints Management System Policy. This policy has been developed to support Council's continuing commitment to inclusive and ethical governance for the Douglas communities by appropriately addressing complaints from external sources. "Complaints Management" Training and "Managing Unreasonable Conduct" training will be conducted for all relevant staff.</p>
<p>2.(a)(i) Administrative action complaints made to the local government</p>	<p>29</p>
<p>2.(a)(ii) Administrative action complaints resolved by the local government under the complaints management process</p>	<p>28</p>
<p>2.(a)(iii) Administrative action complaints not resolved by the local government under the complaints management process as at 30 June 2017</p>	<p>1</p>
<p>2.(b) The number of administrative action complaints under paragraph (a)(iii) that were made in a previous year</p>	<p>1</p>

OVERSEAS TRAVEL (\$188)

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There was no overseas travel made by a Councillor or Local Government Employee in an official capacity during the 2016/2017 Financial Year.



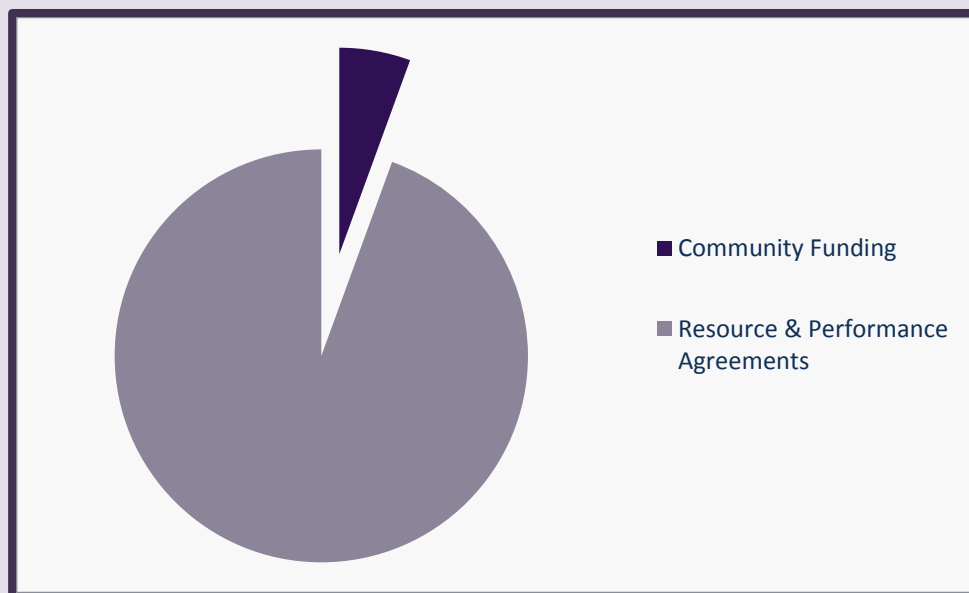
EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS (s189)

Under Section 189 of the *Local Government Regulation 2012*, Council is required to report upon such contributions. During 2016-17, Douglas Shire Council provided financial assistance to the following organisations:

Organisation	Amount	Purpose
Port Douglas Daintree Tourism	\$451,500.00	Provision of destination marketing and tourism for the Shire.
Douglas Shire Historical Society	\$5,000.00	Upkeep of facilities.
Douglas Theatre Arts Group	\$5,000.00	Upkeep of facilities.
Port Shorts	\$8,000.00	Delivery of a short film festival.
TOTAL	\$469,500.00	

Funding Type	Amount	Purpose
Business Development Fund	\$16,625.00	Support growth, innovation, diversification within the business sector.
Event Funding Program	\$7,920.00	Funding for one-off events in the community.
Community Support Program	\$3,129.00	Funding provided for delivery of programs to the community.
TOTAL	\$27,674.00	

TOTAL OF EVENT AND COMMUNITY SUPPORT FOR 2016-2017: \$497,174.00



**Four Mile Beach,
Port Douglas**

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**Four Mile Beach,
Port Douglas**

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OTHER CONTENTS (s190)

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Corporate and Operational Plans

Under Section 190 of the *Local Government Regulation 2012*, the Chief Executive Officer must provide an assessment of the progress towards implementing the Corporate Plan and Operational Plan.

Substantial progress has been made by Council in its implementation of the 2014-2019 Corporate Plan. Over 220 projects and initiatives across the five key strategic themes have been completed to celebrate and support communities, build a sustainable economic base, improve environmental performance, to engage, plan and partner with Douglas' stakeholders; and to deliver strong governance outcomes.

Corporate Plan highlights have included the provision of significant funding and support for events, the arts, business development and tourism activities; the delivery of sports-related activities, strategies and facilities; the expansion of tourism and business opportunities, completion of the new 10 year planning scheme; improved recycling; the introduction of substantial process improvements to water treatment plans and ongoing improvements to the delivery of services and communications.

Council's Operational Plan details specific initiatives – driven by Council's five year Corporate Plan and Council's specific strategic and policy directions.

The 2016-2017 Operational Plan details the ongoing, recurring activities and major initiatives to be undertaken across Council. Success measures and timeframes were identified for the delivery of each initiative, and recognising that most projects are completed by multidisciplinary teams, the lead unit is also identified.

Council's 2016-2017 Operational Plan included forty six major initiatives across all areas of Council. At the end of the financial year 86% were completed, five were not completed due to external factors not within Council's control and four initiatives were commenced and will be completed in the 2017-2018 financial year. hello



Celebrating our Communities

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- To celebrate and share the culture, lifestyle and diversity of Douglas communities through community events and programs.
- To encourage and support our vulnerable and disadvantaged communities.
- To promote inclusiveness, through accessible programs, social infrastructure and facilities that meet the needs of our diverse communities and visitors.

- To celebrate Library Lover's Week in February Mossman Library hosted Barbara Hannay, a popular author of Australian outback fiction and conducted a "Tell your story" writing workshop. Celebrated Local Historian Noel Weare launched his book 'Built to Survive: The Uncertain Journey of a Court House built for Port Douglas 1879'.



Mayor Julia Leu & Noel Weare - launch of his new book.

- National Heritage Week in April was celebrated with a historical walk of Mossman. The theme was immigration and multiculturalism and 29 people came together to chat about where they came from and their life in the Douglas Shire.



Mossman Library - Lego & K/Nex

- Libraries engaged and supported 3,322 people from our local community with Storytime, Baby Rhyme Time, Lego & K/nex or Junior Builders, outreach and children's activities.



Mossman Library – School Holiday Activities





Gondwana's Garden Exhibition Closing Ceremony

- Douglas Shire Council hosted the official closing of the Gondwana Garden exhibition, July 8, 2016, funded by the Regional Arts Development Fund, a State Government and Council partnership, to support local arts and culture in regional Queensland.
- Council's first Regional Arts Development Fund (RADF) public art project, a mural at Rotary Park amenities block, was completed and unveiled by Mayor Leu during NAIDOC Week celebrations in July.



Rotary Park Unveiling July 2016

- Seniors' Week was celebrated throughout the Shire with morning and afternoon teas.

This was an opportunity to share stories of local experiences of extreme weather in Douglas as part of Council's "If only" disaster resilience campaign.



Mossman Support Services Seniors Week Morning Tea

- The Mossman Rotary Group contributed to the Mayor's Christmas Appeal with \$500. Quicksilver and Ramada Resort also provided items from their appeals which went towards making up hampers for people falling outside the Mayor's Appeal eligibility criteria.



Launch of the 2016 Mayors Christmas Appeal

- Douglas celebrated the festive season with Christmas in the Park at Coronation Park. With free entry, entertainment and amusement rides, and culminating in Carols by Candlelight.



Christmas in the Park & Carols by Candlelight

- The Australia Day Awards ceremony was held in Rex Smeal Park in conjunction with the Australia Bites event. Award recipients were presented with certificates and medallions on 26 January 2017.

Australia Day Citizenship Ceremony, Rex Smeal Park



- The Sports and Recreation Expo was held in February, allowing our community and sporting groups to promote various local sports activities, health, wellbeing and active lifestyles for all ages.
- Camerata's Greatest (String) Hits was held Thursday 4 May at Mossman Shire Hall. The performance was enjoyed by over 150 residents of all ages.



Camerata Mossman Shire Hall – May 2016

- The second Council initiated RADF project was awarded to Samantha Mathew and Douglas Art Base, who held a series of free workshops to create pottery, ceramic and fused glass components.



'DAB Workshop RADF Project 'Life Amongst the Trees'

- For National Reconciliation Week, Council hosted Indigenous students of Mossman State High and St Augustine's schools in an opportunity to develop greater understanding of the significance of 1967 Referendum in which 90 per cent of Australians voted to give the Commonwealth power to make laws for Aboriginal and Torres Strait Islander peoples and recognise them in the national census, and the High Court's



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landmark Mabo decision in 1992, which legally recognised a special relationship to the land.



Students attend National Reconciliation Week

- The 2016-17 disaster preparedness campaign comprised the release of the “If only” series of video interviews via social media and Council’s website. The videos were also picked up by the Queensland Fire and Emergency Services.



Disaster Community Resilience Display - Council Foyer

- 2016-17 saw Council coordinate or assist with over 22 community or major events throughout the Shire.



Building a Sustainable Economic Base

- To develop a sustainable Capital Works program that generates local opportunities for employment.
- To support the growth of local business and industry, and to encourage commercial investment in the Shire.
- To increase opportunities to promote the Shire as a destination of choice.
- Improve the social and economic outcomes and opportunities for our communities.

- The Business Development Fund and the Event Funding program saw four recipients supported financially by Council to create training and employment opportunities and promotion of the Shire.
- Through collaboration and significant engagement Council developed and adopted the Economic Development Strategy 2017 – 2021. While Council plays a significant role in economic development, the actions and outcomes identified throughout the Strategy provide opportunity for significant, collaborative involvement of key stakeholders, to ensure a solid and practical platform for achieving economic growth.
- The second Douglas Business Forum was held at the QT Resort Port Douglas with approximately 120 people attending. Guest speakers included Chris Morris of the Morris Group, Max Sylvester, business man and web guru, and Nicky

Jurd, website development, as well as other local business operators. Feedback from forum participants as part of the evaluation indicated that the event was informative and worthwhile attending; and that they would consider attending and recommending to others to attend similar events in the future.

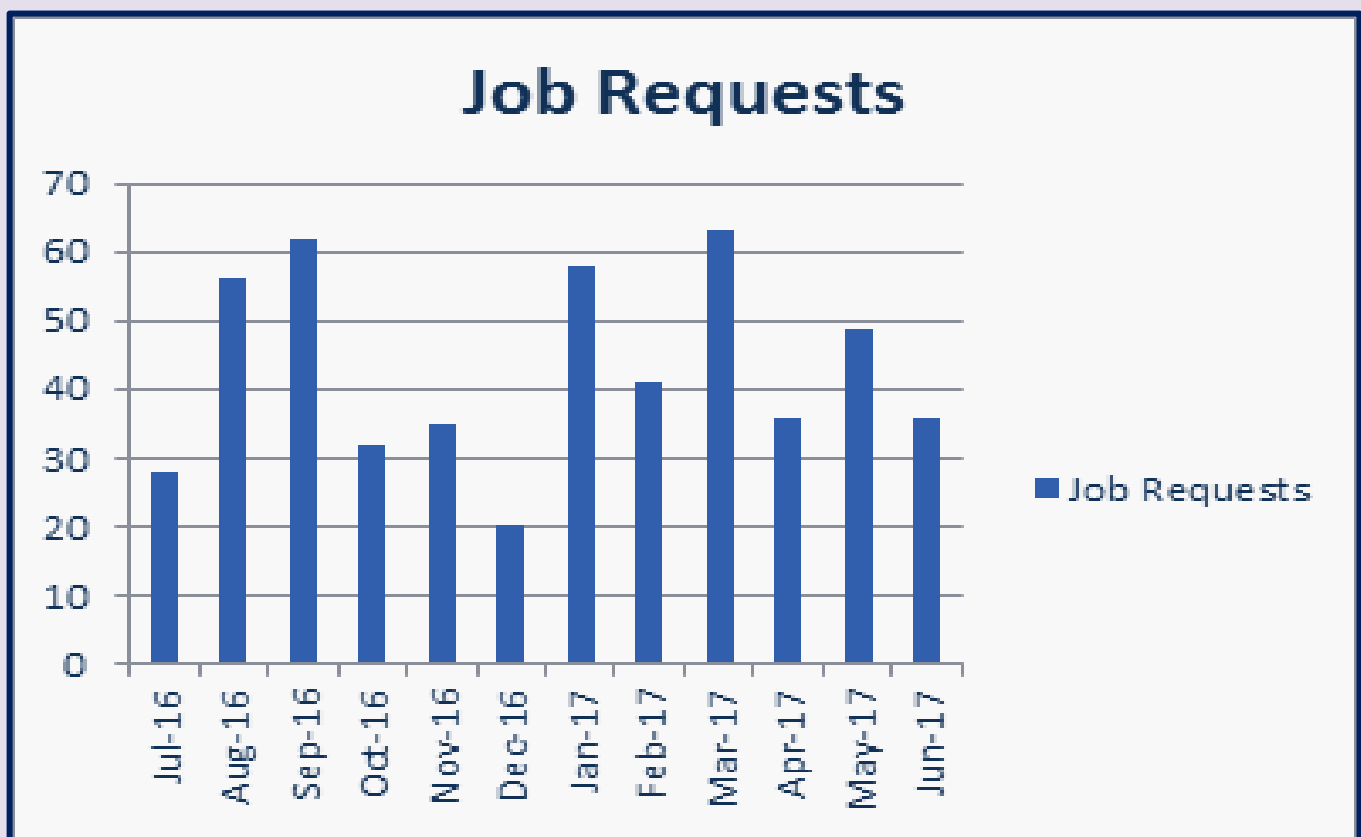
https://douglas.qld.gov.au/download/economic_development/Douglas-Shire-Economic-Development-Strategy-2017-2021.pdf

- The Douglas Recreational Vehicle (RV) Strategy was developed by Council in order to provide a strategic and coordinated approach to managing and providing information services and facilities to meet the needs and requirements of the RV traveller market.

<https://douglas.qld.gov.au/council-information/publications-reports/>



- During the 2016 - 2017 financial year Building Facilities, with the assistance of the procurement officer, rolled out a number of service contracts including:
 - Bathroom services
 - Pest Control of Council facilities
 - Servicing Council fire systems
 - Security service contract for Council facilities
 - Cleaning of Council toilet blocks in the Cow Bay Area
 - Cleaning of Council facilities in the Mossman Area
 - Cleaning of Council facilities in the Port Douglas Area
 - Pest Control on Council facilities
- Building Facilities also addressed a large number of operational Job requests over the financial year.



- Early in 2017 Council delivered the installation of a new roof for the Port Douglas Sugar Wharf. This project began with obtaining necessary approvals and an exemption certificate from the Queensland Department of Heritage in late 2016 and utilised local contractors.

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Scaffolding set up ready for the replacement



Sugar Wharf Roof - before repairs



Sugar Wharf Roof - after repairs



Showgrounds Grandstand – rear wall before and after



Showgrounds Grandstand – seating after

- Some buildings at the Mossman show grounds were given a face lift with the removal of rust and corrosion and a new coat of paint.

- Council has installed new LED lights around the Mossman Van Park, which has reduced operational costs and improved lighting.



New LED Light Pole - next to old pole

- Major works were completed at Thornton Beach Café by the Sea with new commercial windows fitted, a new accessible toilet, concrete paths to improve access and repair work to the electrical system. These works were completed around the end of March in time for the tourist season.



Thornton Beach Café – New Accessible Toilet

The Mossman Administration building underwent maintenance including painting the front veranda roof, all steel work, and the replacement of a large section of eaves.



Mossman Administration Building after a fresh coat of paint

- The Port Douglas Community Hall received a fresh coat of paint in May, helping to maintain its image as a preferred Council facility for use during seminars and functions.



Port Community Hall after a fresh coat of paint

- Mossman Library received a fresh coat of paint to help keep its modern look and maintain this community asset in good condition.



- Council is constantly looking for ways to improve its facilities and make them more functional for user groups. As part of the 2016 - 17 Capital works program new power outlets were installed across several of Council's parks in time for Carnivale: Market Park, Rex Smeal Park and Dixie Park.



New power outlet for Market Park



Ready for Carnivale – new power outlet for Dixie Park

- Wonga Beach Van Park continued to be a popular camping spot for visitors over winter and spring. As a result Council has improved its facilities with a new water main being installed along with two fire hoses.



New water main – Wonga Beach

- Council had an LED sign installed at the Daintree Ferry Ticket office. This sign assists in advising motorists of hazards on the road, lane closures, road works and any other information relevant for travellers.



Daintree Ferry – New LED Information Sign

- As part of the 'Safer Streets' project, extra lighting was installed in George Davis Park along with five (5) security cameras in the area to assist the police.





Safer Streets- security cameras, George Davis Park & Mill St

- The Port Douglas Service Road (Atoll Street South) was reconstructed at a cost of \$292,000. This work involved the realignment of the road, removal of vegetation from the verge, installation of a new water main and the installation of kerb and channel.



Port Douglas Service Road upgrade – before



Port Douglas Service Road Upgrade – after

- The Cowrie Range upgrade involved the construction of a concrete pavement on the steep sections of the Bloomfield Track. This project was completed using local contractors and was delivered under budget. The new concrete road has improved road safety, stormwater runoff quality and reduced dust during the dry season.



Cowrie Range upgrade - before



Cowrie Range upgrade – after

- The concrete footpath between Foxton Bridge and North Mossman was upgraded and widened to three metres to improve flood protection and enhance ride quality for cyclists. The footpath is used daily by the elderly, children traversing to and from school and exercisers. The upgrade aids in the safer connection between the two communities.



Footpath upgrade and widened – North Mossman

- Council completed a number of kerb & channel renewal projects during the year. These projects ensured that our road assets are renewed to meet the service standards set out in our asset management plans, improved stormwater drainage and protected road pavements.



Mossman Street kerb & channel renewal



- Final commissioning of the chlorination building at Mossman and Whyanbeel Water Treatment Plants was completed. Switching from liquid hypochlorite to Chlorine Gas improved the chlorine residuals throughout the water reticulation system.



34 of 102 A new ladder was installed at the Craiglie Reservoir in accordance with Australian Standards.

- The Daintree intake access area had stairs and a walkway bridge installed to allow for safe entry.



New ladder installed – Craiglie Reservoir



Walkway bridge – Daintree Intake

- Various Capital Works items were completed during the reporting period. At the PD Water Treatment Plant, the Variable Speed Drive, Low Lift Well Control was installed; Digester membranes and pumps were replaced, and JDP manholes were resealed.



- Two kilometres of aging asbestos cement water mains were replaced at D'Addona Road, Mowbray River Road, Newell Beach and Marrs Creek.
- The Newell Beach mains upgrade was completed with new 100mm diameter main and 22 new upgraded water services installed.



Newell Beach 100mm water main installation

Capital works completed included the raising of a sewer man hole in readiness for relining capital works in Sorrento Crescent, Port Douglas, and the replacement of the SBR diffusers at the Port Douglas Waste Water Treatment Plant.



Newell Beach post works

- Residents with properties that front the installation commended staff on their high standard of work (particularly on their quality of completion) and praised the hard work done in such a short timeframe.
- The Mowbray Water Main Upgrade was completed. Additionally, the Water Infrastructure Security Project included the Rex Creek Intake design and the Daintree Bore design both being completed. The investigation into the Backwash Water Discharge and Re-Use Options for the Mossman Water Treatment Plant was also completed.



Relining works – Gravity Sewer sections relined and Pipe Bursting conducted Port Douglas Mossman



Manhole raising and coating



RPZ Backflow prevention devices were installed at all sewer pump stations



Digester membrane replacement



Capital Project Sewer Pump Station safety access lids





Improve Environmental Performance

- To enhance and preserve cultural heritage, natural and built environments through sound planning and community involvement.
- To reduce the consumption of energy and other resources in all Council operations.

- In 2016, Douglas Shire Council, in consultation with several Kuku Yalanji Elders and the landowner, upgraded a causeway to improve access to the Mossman Gorge Community cemetery.



Upgraded causeway to the Mossman Gorge

developed a fleet maintenance system that records maintenance completed and predicts future maintenance timeframes, which will ensure that Council assets are maintained to a high standard.

- Local Laws created an information brochure and launched a survey at World Cassowary Day in relation to Pets in the Wet Tropics



Local Laws Staff - Eliminate Dengue Program

- Council completed a Community Access Audit for areas in Douglas outside of town centres, to ensure compliance with The Disability Discrimination Act and Australian Standards.



- A mandatory audit was undertaken in February by a qualified water auditor to assess compliance against the Douglas Water Quality Management Plan (DWQMP). Council demonstrated a high level of compliance and, with the implementation of preventive measures to manage risk to water quality and public health, was able to show that the amended DWQMP approved in March 2016 was being implemented in normal operations.
- A site visit was undertaken by officers from Department of Energy & Water Supply (DEWS) in early June. The two officers visited the Mossman Water Treatment Plant and the Whyanbeel Water Treatment Plant as part of their northern region tour of water service providers. The site visit was very successful and informative for the officers who were not familiar with Council's infrastructure.



Water Staff with DEWS Officers – Whyanbeel Water Intake

- The Plastic Free July campaign with Plastic Free Douglas saw almost 100 participants register for regular emails of tips and ideas to help them go a month without single-use plastic.
- Council and Plastic Free Douglas held a stall at World Cassowary Day, ran a 'Rubbish into Art' workshop to educate children about plastic waste and displayed the resulting murals as part of Council's 'Don't let your litter bug our Reef' exhibition in the foyer of the administration building during December.





Plastic Free Douglas – ‘Don’t Let Your Litter Bug Our Reef



Plastic Free Douglas – Rubbish into Art workshop



Engage, Plan, Partner

- To implement the Community Engagement Framework and Guidelines as adopted.
- To develop enhanced collaborative partnerships with all stakeholders to achieve community outcomes.
- To ensure effective disaster management planning to support Douglas communities.

- Council partnered with State Libraries Queensland and Telstra to deliver "Tech Savvy Seniors Queensland" to 171 participants via 37 classes.



Mossman Library - Tech Savvy Seniors

- Mossman Library held its first ever "Pizza, Pyjama Storytime" to celebrate stronger language and literacy environments for 0-5 year olds and support primary caregivers, as their child's first teacher, to build their confidence.
- First5forever events in Douglas included the NAIDOC baby-show at the Gorge community; National Simultaneous Storytime; Storytime at the Mossman Show; Celebration of under 8's week at Port Douglas, Wonga & Mossman Primary schools and Pop-up story time at Mossman playgroup.
- Library staff also attended the 'Carols by Candlelight' event and the "Sport and Recreation Expo" These events enabled staff to connect with parents and carers of children under 5 and to provide them with the F5F toolkit.



National Simultaneous Storytime

- The 'Douglas Libraries Fun Palace' at Mossman Markets was enjoyed by 250 people attending, and was hosted in partnership with RADF and State Library of Queensland.



Mayor Julia Leu and 'Dewy' – Mossman Show

- The Fun Palace motto of "Everyone a Scientist, Everyone an Artist" was explored with free fun activities that included "packing parcels" and "star tracker"; tornado tops; do it yourself face painting and giveaways.

- The Library hosted Kids' on Tour "The Gabori Sisters Gathering by the Sea" presented by GOMA (Queensland Gallery of Modern Art). Over a three week period 420 people enjoyed the free program.



Kids on Tour - The 'Gabori Sisters – Gathering by the Sea'

- The Arts Policy and Arts Strategy 2017-2021 were adopted by Council 28 March to provide a clear vision and direction for Council to meet the creative aspirations of the Shire through collaboration and partnering. View at: https://douglas.qld.gov.au/download/publications_reports/arts-strategy-_email_spreads.pdf
- A certificate presentation was held at Council's foyer in February for Council's Funding Streams (Business Development Fund, Community Support Program & Event Funding Program).

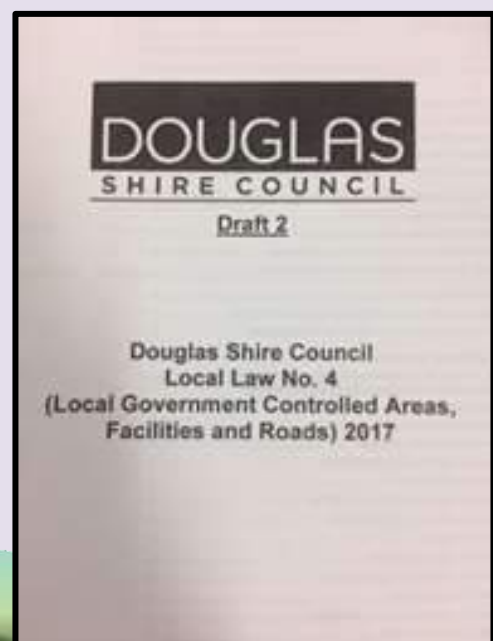


Council Grant presentation - February 2017



RADF Liaison Officers – RADF Forum May 2017

- Thank you to the RADF Liaison Officers from Cook Shire, Cassowary Coast, Cairns Regional, Tablelands Regional and Mareeba Shire Councils and Evelyn from Arts Queensland Brisbane for travelling considerable distances to attend the inaugural forum hosted by Douglas Shire at the Mossman Gorge Centre in May. The meeting gave officers the opportunity to network and share information as well as meet with a representative from Arts Queensland.
- The review and re-writing of Council's Local Laws continued, which are due for adoption at the end of the 2017-2018 year.



- Local Laws commenced the development of a dog education and awareness program with Indigenous stakeholders from BBN and Apunipima Health Care Centre.
- Council participated in the Reef Guardian Schools Future Leaders' Eco Challenge with students from five local primary schools. This was a day of activities exploring how students could contribute to environmental sustainability at school and home.
- Council developed and adopted a functional brief for a Domestic and Family Violence Refuge in Douglas. Extensive research and supporting evidence was gained through community collaboration.
- Council, in partnership with Queensland Fire and Emergency Services, ran a workshop on 8 December for the Australian Resident Accommodation Managers Association to assist with Disaster Resilience: storm and cyclone emergency planning and preparations. 30 accommodation businesses attended the workshop with a sandbagging demonstration by the SES and assistance provided on evacuation and business continuity planning.



- To develop a financially sustainable organisation through sound strategic planning.
- To demonstrate leadership in local government through sound, transparent, accountable and equitable decision making.
- To deliver services to our community in an efficient, productive and cost effective manner.

- The proposed Douglas Shire Planning Scheme was placed on public exhibition for a six week period from 8 August – 30 September. Council received 686 submissions on the proposed planning scheme, of which 642 were 'properly-made submissions'.

Three employees successfully completed the LGAQ Diploma of Leadership and Management, and seven staff from the Water and Wastewater teams completed their first block in either a Certificate III or IV qualification in Water Operations.

- Council offered an array of training and professional development opportunities for staff during the year, including:
 - First Aid/CPR
 - Microsoft Project, Excel
 - ACDC Chemical accreditation
 - Economy ID training
 - Working smart with Microsoft Outlook
 - Chainsaw use
 - Doc Assembler
 - Certificate III and IV in Water Operations
 - Ignite Program
 - Council held the Local Government Manager's Association IGNITE leadership program in Port Douglas, which was attended by leaders from a number of other Queensland Councils.
- A number of staff completed a formal qualification ranging from Certificate III to a Degree Qualification as part of their ongoing professional development.
- Enhancements to the Doc Assembler application allowed for efficiencies to be implemented and many projects to be conducted in the collaborative environment of the application.
 - The annual inspection of 30 of Council's leased properties was completed. The Property team transitioned to be the responsible entity for the maintenance and repair work on these properties. An asset management system for Council freehold and trustee leased properties was developed, and the development of land management plans for trustee reserves is ongoing.
 - Valuations of freehold land that may be surplus to Council requirements was undertaken, and a review of market valuations of several leased properties was completed to ensure rental charges are current.



- A new customer complaints process was created
- Council's CEO and Staff Delegations were completed and adopted by Council.
- A Port Douglas Market stallholder database was created and the Market Terms and Conditions have been reviewed and updated.
- Council undertook its inaugural Staff Performance and Engagement Survey during December with over 80% of the staff participated in the survey (an excellent participation rate). Responses were benchmarked against 85 other councils Australia wide and the results were very encouraging with Douglas Shire Council's aggregate score being in the top 25% quartile. Management continue to work with staff to celebrate the successes and identify and action areas for improvement.
- The team coordinated a number of workshops for all Council Leaders to review and unpack the results of the inaugural staff survey. Teams then met to discuss their reports and identify key areas for additional investigation and action planning.
- A new process for Council Policies and all updated policies can be viewed on Council's Website. New documents are constantly under development.
- The aerial weed survey operations are ongoing from previous years and are vital for the identification of weeds that threaten the world heritage areas in the shire. Processes were examined and evaluated and an Aerial Survey Management Plan was implemented.

Council staff and our partner agency, the Queensland Parks and Wildlife Service were inducted. This year's aerial campaign was subsequently completed successfully.

- With gas chlorine being brought online in our main water treatment plant there were risk management issues identified. After consultation with staff and contractors and a number of site inspections, it was identified that there was a need for a safety upgrade to the service road into the plant, the development of specific Gas Chlorine Transportation Safe Work Method Statements, and the development of delivery checklists. These tasks were completed, and staff were inducted.
- Vehicle pre-starts log books have been rolled out for all Council vehicles. Completion of these checks will be carried out by individual staff members before using the vehicle and will help ensure Council vehicles are maintained in good condition and are fit for purpose for which they are used.
- April saw the commencement of a six month secondment to the WH&S team to assist Council embed its Safety Management system. Key areas of focus have been established from an internal systems audit. Tasks for the early phase of the project include a procedural rollout and induction, and review of WH&S training systems. Two auditors from Local Government Workcare (LGW) visited Council to help facilitate the induction of all staff into systems and specific work WH&S procedures. This training greatly assisted Council with its auditable benchmarking of WH&S and was well timed to kick start the secondment project.



CURRENT CONCESSIONS

Attachment 3.111

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Pensioner Remission - The rebate is up to 40% of the General Rate to a maximum of \$1,350.00 per annum.

Rates Based Financial Assistance - is 100% General Rates and 50% sewerage.

Conservation Rebate - 50% General Rates if over 50% of property is covered under Nature Refuge Agreement and 35% of General Rates if under 50%.

CURRENT SPECIAL CHARGES

Rural Fire Brigades (per rateable assessment per financial year)

- Mowbray Valley Rural Fire Brigade \$40.00
- 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 - \$169.36 per unit on each rateable assessment that does not receive the Council kerbside waste and recyclables collection service.



NUMBER OF INVITATIONS TO CHANGE TENDERS DURING THE FINANCIAL YEAR

Under Section 228(7) of the *Local Government Regulation 2012*, there were no instances during the 2016/2017 financial year where persons who had submitted a tender to Council were invited to change their tenders.



LIST OF KEY REGISTERS KEPT BY THE LOCAL GOVERNMENT

REGISTERS HELD BY COUNCIL	
• Asbestos Register	• Register of Delegations (including financial)
• Asset Register	• Register of Council's approved procurement arrangements
• Conflict of Interest / Material Personal Interest Declarations Register	• Register of Interests Chief Executive Officer
• Corporate Risk Register	• Register of Interests Chief Executive Officers' Related Persons
• Local Laws Register	• Register of Interests Councillors
• Vulnerable Resident Evacuation & Recovery Register	• Register of Interests Senior Contract Employees
• Register of Cost Recovery Fees	• Register of Resource and Agreements for Funding
• Register of Council Meetings Minutes	• Road Register
• Register of Interests Senior Contract Employees Related Persons	• Register of Delegations (including financial)
• Councillor Complaints Register	• Gifts Register
• Administrative Action Complaints Register	



A Statement about the Local Government's 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.

REMUNERATION PACKAGES

Section 201 of the *Local Government Act 2009* requires Council to report the total number of remuneration packages that are payable to the senior management.

Number of Senior Management Staff	Band of Remuneration
3	\$100,000 - \$200,000



Community Financial Report

Attachment 3.1.1

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Council's general purpose financial statements are for the period 1 July 2016 to 30 June 2017 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 2016 TO 30 JUNE 2017 AT A GLANCE

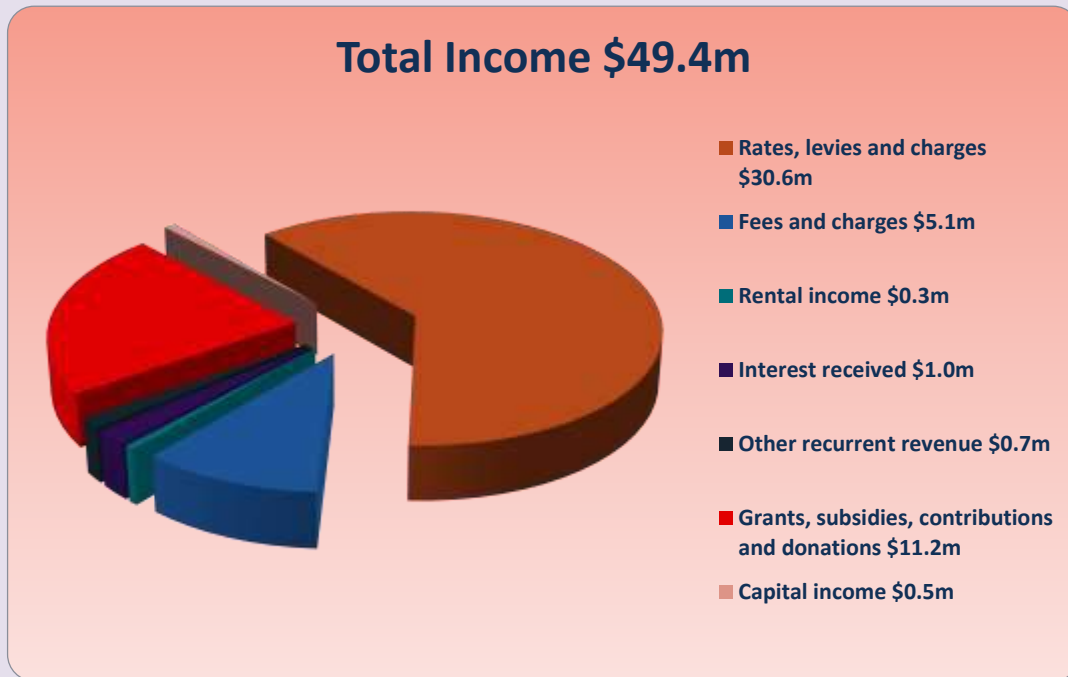
Operating Revenue	\$39,958,754
Operating Expenses	(\$41,781,224)
Operating Position	(\$1,822,470)
Capital Revenue	\$8,985,870
Capital Income	\$454,441
Capital Expenses	(\$7,394,888)
Net Results	\$222,953
Current Assets	\$35,279,616
Non-Current Assets	\$333,621,726
Total Assets	\$368,901,341
Current Liabilities	\$6,641,635
Non-Current Liabilities	\$2,482,751
Total Liabilities	\$9,124,387
Net Community Assets (Equity)	\$359,776,955



STATEMENT OF COMPREHENSIVE INCOME

Income

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



Income by percentage

Rates, levies and charges	61.91%
Fees and charges	10.43%
Rental income	0.60%
Interest received	2.03%
Other recurrent revenue	1.46%
Grants, subsidies, contributions and donations	22.65%
Capital income	0.92%
	<u>100.00%</u>

Grants, subsidies, contributions and donations

Includes capital grants, subsidies and contributions of \$9 million.

Capital Income

Includes a decrease in the landfill restoration provision of \$0.5 million

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



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



Expenses by percentage

Employee benefits	26.12%
Materials and services	35.00%
Finance costs	1.34%
Depreciation and amortisation	22.50%
Capital expenses	15.04%
	<u>100.00%</u>

Capital Expenses

Includes a revaluation decrement to property, plant and equipment (roads and footpaths), of \$6.4 million and a loss on disposal / write-off on assets of \$1 million.

Further details can be found in notes 6 to 9 of the notes of the financial statements.



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 \$1.8 million, compared to a budgeted operating deficit of \$1.9 million.

This variance of \$0.1 million is mainly due to a number of items of operating revenue and expenditure that were not anticipated when the budget was adopted, including:

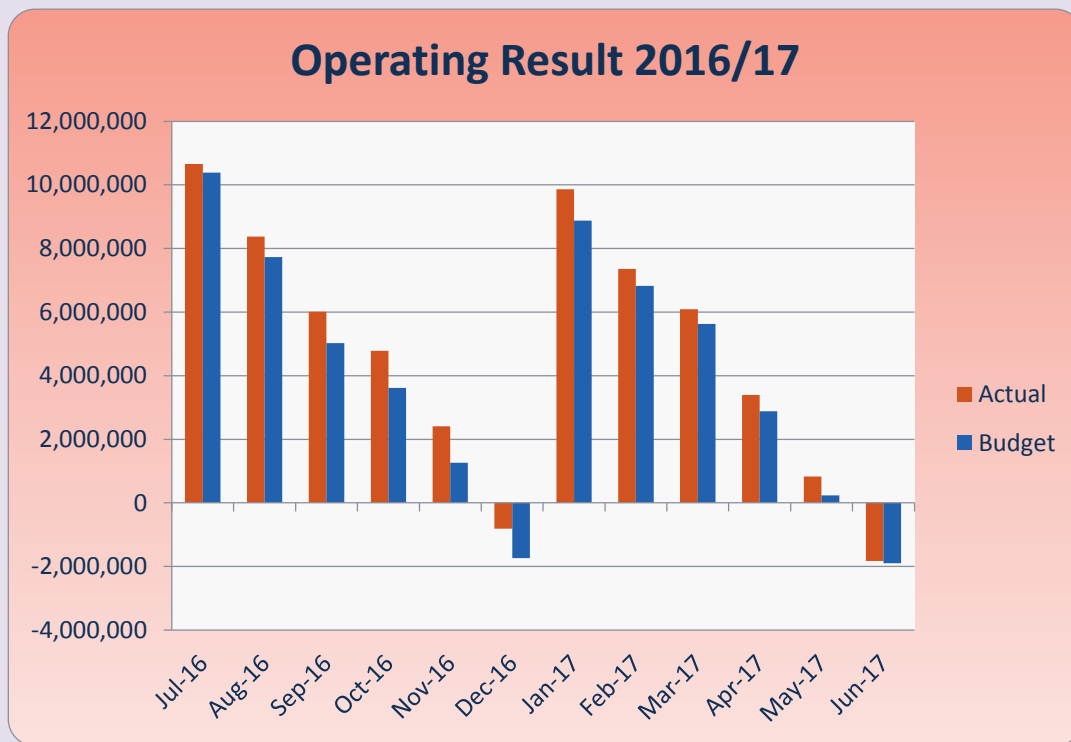
- The early receipt of 50% of Council's annual grants commission funding (\$0.7 million)
- An increase in interest expense as a result of the early repayment of all loans held with the Queensland Treasury Corporation (-\$0.4 million). This early repayment will result in future interest savings that would otherwise also have been payable over the remaining life of the loans.
- Amounts transferred from capital expenditure to operating expenditure that did not meet the requirements for being capitalised as assets (-\$0.3 million)
- Additional capitalisation of salaries and wages (\$0.1 million)

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

Budget Vs Actuals		Actuals 16/17	
For the 2016/17 Financial Year		Audited Financial Statements	
	Adopted Budget		
	\$		\$
Operating Revenue			
Net rates and utility charges	30,418,213		30,584,895
Fees and charges	4,985,511		5,150,011
Grants, subsidies, contributions and donations	1,485,926		2,204,673
Interest received	903,790		1,004,257
Other recurrent income	808,940		1,014,918
Total Operating Revenue	38,602,380		39,958,754
Operating Expenses			
Employee benefits	13,227,685		12,842,608
Materials and services	16,184,004		17,217,560
Depreciation	10,876,189		11,063,670
Finance costs	214,000		657,386
Total Recurrent Expenses	40,501,878		41,781,224
Operating Result	(1,899,498)		(1,822,470)

Attachment 3.1.1
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The following graph show.; Council's budgeted operating result compared to its actual operating result on a month by month basis for the reporting period.



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 \$0.2million.

- 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 of non-current assets
- Decreases in 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 decrements – which occur when asset values are adjusted downwards as part of a comprehensive revaluation

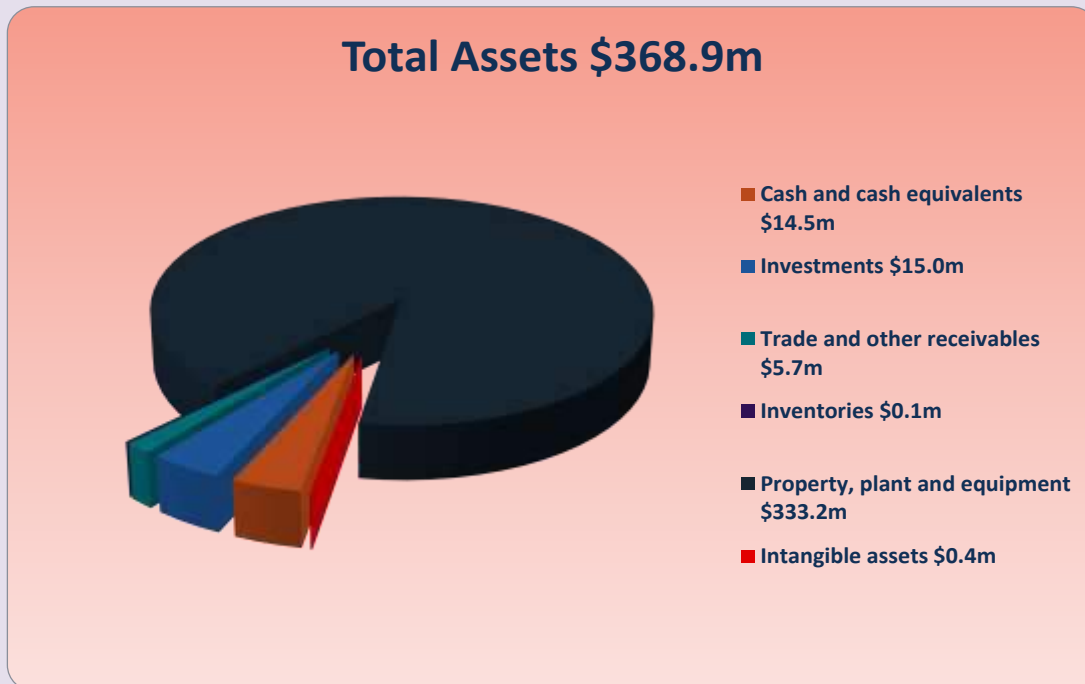


Attachment 3.1.1 Statement of Financial Position Assets

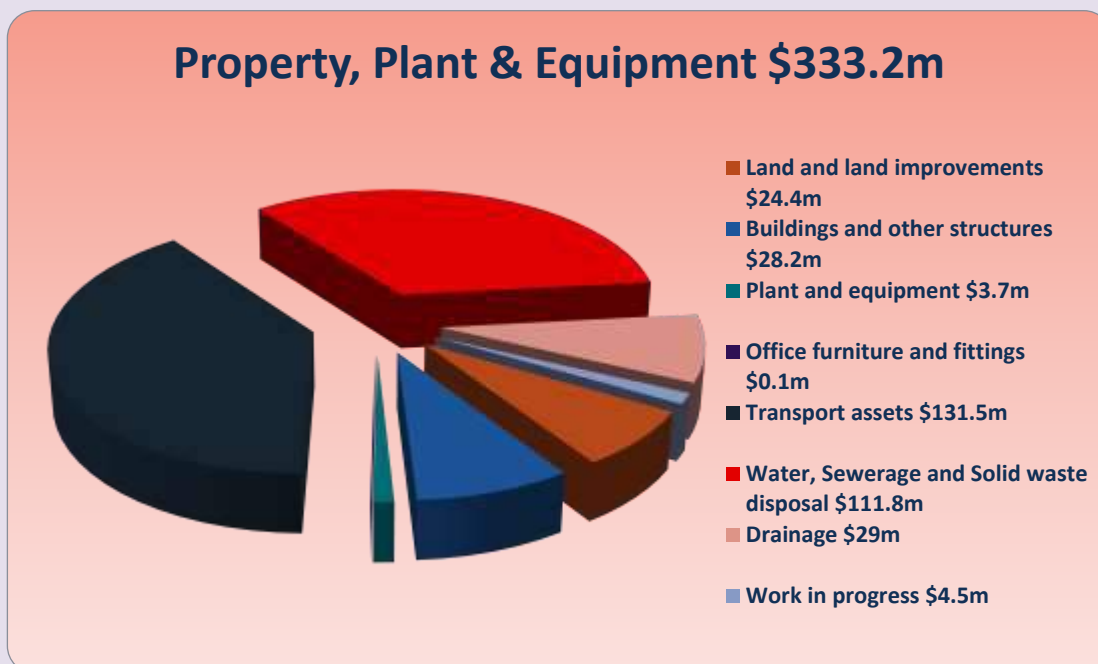
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Council assets as at 30 June 2017 total \$368.9 million. This includes \$35.3 million of current assets (cash and other assets that are expected to be converted to cash or consumed within a year) and \$333.6 million of non-current assets. Property, plant and equipment makes up 90% of total assets.

Current assets consist of cash and cash equivalents, investments (short term deposits), trade and other receivables and inventories. Non-current assets consist of long term assets like property, plant and equipment, including capital works in progress. The following graphs show the composition of Council's assets.



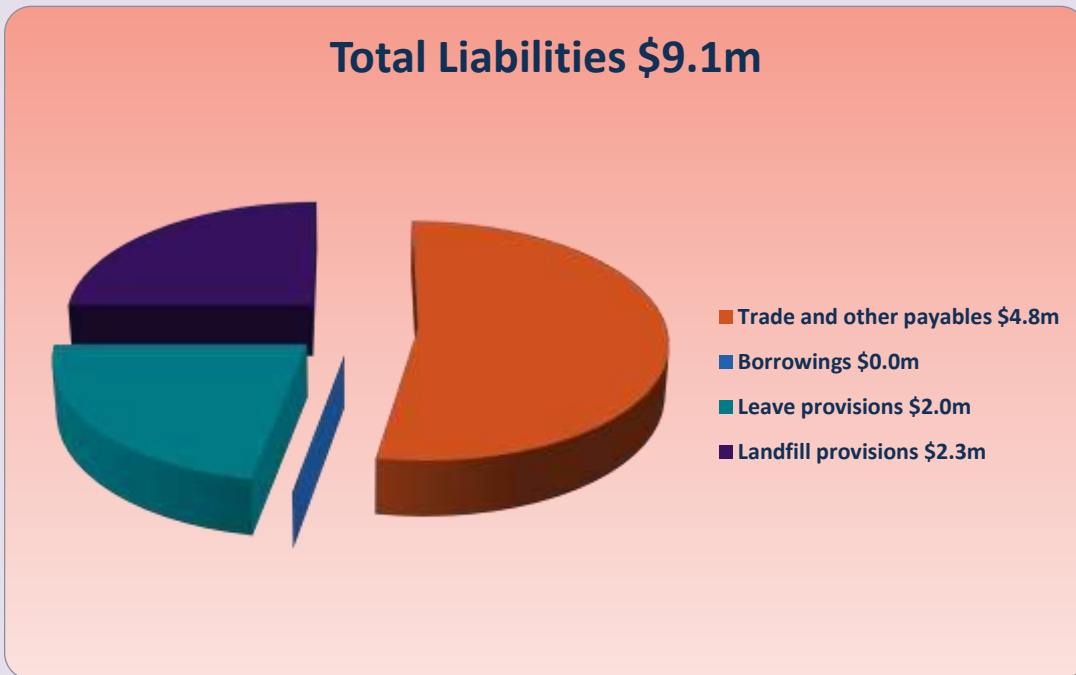
The following graphs show the composition of Property, plant and equipment.



Liabilities

Total liabilities as at 30 June 2017 are \$9.1 million. This includes \$6.6 million of current liabilities (due to be settled within twelve months) and \$2.5 million of non-current liabilities. Liabilities mostly consist of loans, 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 16 to 18 of the notes to the financial statements.

Community Equity

Council's total community equity as at 30 June 2017 is \$359.8 million and represents Council's asset revaluation surplus of \$32.1 million (increase in values of property, plant and equipment as a result of comprehensive revaluations) and retained surplus of \$327.7 million. This is determined by deducting the value of total liabilities from the value of total assets.

Further details can be found in note 19 of the notes to the financial statements.

Borrowings and Repayments

During the period Council did not apply for any new loans, however fully repaid its existing loans. Principal repayments of \$2 million and interest payments of \$0.5 million were made in accordance with the terms and conditions set by Queensland Treasury Corporation. Therefore the loans balance as at 30 June 2017 is \$0 and Council's debt per rateable property is \$0.

MEASURES OF FINANCIAL SUSTAINABILITY

Attachment 3.1.1

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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)	-5%	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.	59%	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)	-65%	not greater than 60%

The Operating surplus ratio is the same as the budgeted ratio as a result of the operating deficit being only slightly below the budgeted deficit. A small improvement in the Asset sustainability ratio (compared to budget) has occurred as a result of an increasing focus by Council on asset renewals. The Net financial liabilities ratio has also improved and this is due to a reduction in the Landfill restoration provision and the repayment of all of Council's loans during the financial year. 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 2017





**Douglas Shire Council
Financial Statements
for the year ended 30 June 2017**

Douglas Shire Council

Financial statements

For the year ended 30 June 2017

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Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	30,584,895	29,471,466
Fees and charges	3(b)	5,150,011	4,724,559
Rental income		295,350	296,420
Interest received	3(c)	1,004,257	1,037,587
Other recurrent revenue		719,568	557,346
Grants, subsidies, contributions and donations	4(a)	2,204,673	1,587,259
		<u>39,958,754</u>	<u>37,674,636</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	8,985,870	16,195,035
Total revenue		<u>48,944,624</u>	<u>53,869,671</u>
Capital income	5	454,441	4,866,328
Total income		<u>49,399,065</u>	<u>58,735,999</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(12,842,608)	(12,310,033)
Materials and services	7	(17,217,560)	(16,030,724)
Finance costs	8	(657,386)	(399,215)
Depreciation and amortisation	13&15	(11,063,670)	(10,523,693)
		<u>(41,781,224)</u>	<u>(39,263,665)</u>
Capital expenses	9	(7,394,888)	(5,327,974)
Total expenses		<u>(49,176,112)</u>	<u>(44,591,640)</u>
Net result		<u>222,953</u>	<u>14,144,360</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	19	26,117,137	939,568
Total other comprehensive income for the year		<u>26,117,137</u>	<u>939,568</u>
Total comprehensive income for the year		<u>26,340,090</u>	<u>15,083,928</u>

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

**Douglas Shire Council
Statement of Financial Position
as at 30 June 2017**

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	10	14,510,470	16,896,812
Investments	11	15,000,000	8,000,000
Trade and other receivables	12	5,671,418	4,309,829
Inventories		97,728	86,405
Total current assets		35,279,616	29,293,046
Non-current assets			
Property, plant and equipment	13	333,229,707	315,900,347
Intangible assets	15	392,019	657,166
Total non-current assets		333,621,726	316,557,513
Total assets		368,901,341	345,850,559
Current liabilities			
Trade and other payables	16	4,821,683	4,730,965
Borrowings	17	-	127,143
Provisions	18	1,819,952	2,755,049
Total current liabilities		6,641,635	7,613,156
Non-current liabilities			
Borrowings	17	-	1,872,051
Provisions	18	2,482,751	2,928,484
Total non-current liabilities		2,482,751	4,800,536
Total liabilities		9,124,387	12,413,692
Net community assets		359,776,955	333,436,867
Community equity			
Asset revaluation surplus	19	32,120,641	6,003,504
Retained surplus/(deficiency)		327,656,314	327,433,361
Total community equity		359,776,955	333,436,865

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2017

		Asset revaluation surplus	Retained Surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2016		6,003,504	327,433,361	333,436,865
Net operating result			222,953	222,953
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	26,117,137		26,117,137
Total comprehensive income for the period		26,117,137	222,953	26,340,090
Balance as at 30 June 2017		32,120,641	327,656,314	359,776,955
Balance as at 1 July 2015		5,063,936	313,289,001	318,352,937
Net operating result			14,144,360	14,144,360
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	939,568		939,568
Total comprehensive income for the period		939,568	14,144,360	15,083,928
Balance as at 30 June 2016		6,003,504	327,433,361	333,436,865

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

Douglas Shire Council
Statement of Cash Flows
For the year ended 30 June 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Cash flows from operating activities			
Receipts from customers		35,092,885	34,349,519
Payments to suppliers and employees		(30,319,844)	(28,567,552)
		<u>4,773,041</u>	<u>5,781,966</u>
Interest received		1,004,257	1,037,587
Rental income		295,350	296,420
Non capital grants and contributions		2,204,673	1,587,259
Borrowing costs		(594,407)	(214,701)
Net cash inflow (outflow) from operating activities	23	<u>7,682,914</u>	<u>8,488,530</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(10,073,310)	(26,499,425)
Payments for intangible assets		(30,741)	-
Proceeds from sale of property plant and equipment		48,120	29,232
Net movement in investments		(7,000,000)	(3,000,000)
Grants, subsidies, contributions and donations		8,985,870	16,163,097
Net cash inflow (outflow) from investing activities		<u>(8,070,061)</u>	<u>(13,307,096)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(1,999,194)	(119,653)
Net cash inflow (outflow) from financing activities		<u>(1,999,194)</u>	<u>(119,653)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(2,386,341)</u>	<u>(4,938,219)</u>
Cash and cash equivalents at the beginning of the financial year		16,896,812	21,835,031
Cash and cash equivalents at end of the financial year	10	<u>14,510,471</u>	<u>16,896,812</u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017. They are prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australia Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

These statements have been prepared under the historical cost convention except for some classes of Non-current assets where the revaluation method under AASB 116 has been applied.

1.2 Constitution

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

1.3 New and revised Accounting Standards

In the current period Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result, Council has disclosed information about related parties and transactions with those related parties. This information is presented in note 25.

A number of other Australian Accounting Standards and Interpretations have been issued but are not yet effective and therefore have not been applied in these financial statements. The standards that may have a material impact upon Council's future financial statements are as follows:

AASB 9 Financial Instruments (to be applied from 1 July 2018)

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and will change the requirements for the classification, measurement and disclosures of financial assets. As a result, Council will measure its financial assets at fair value. The extent of the impact of AASB 9 has not yet been determined.

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendment to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities (to be applied from 1 July 2019)

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

AASB 16 Leases (to be applied from 1 July 2019)

Any leases not on Council's balance sheet will need to be included on the balance sheet when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Council is still reviewing this requirement to determine if there will be any material impact arising from this standard.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1.4 Estimates and judgements

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a potential significant effect or risk of causing an adjustment to Council's assets or liabilities relate to:

Valuation of property, plant and equipment - Note 1.9(c), Note 1.9(e) and Note 14

Impairment - Property, plant and equipment - Note 1.11 and Note 13, Receivables - Note 1.7 and Note 12

Restoration provision - Note 1.15 and Note 18

Annual leave - Note 1.13(a) and Note 16

Long service leave - Note 1.13(d) and Note 18

Contingent liabilities - Note 21

1.5 Revenue Recognition

a) Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period.

b) Grants and subsidies

Grants, subsidies and contributions are recognised as revenue in the year in which Council obtains control over them. Council only receives grants, subsidies and contributions that are non-reciprocal in nature.

c) Non-cash contributions

Non-cash contributions with a value in excess of the asset capitalisation recognition thresholds, as per Note 1.9, 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 the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

d) Cash Contributions

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 Interpretation 18 *Transfer of Assets from Customers* because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

e) Interest

Interest received from term deposits is accrued over the term of the investment.

f) Fees and Charges

Fees and charges are recognised upon unconditional entitlement to funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1.6 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.

1.7 Receivables

Receivables are amounts owed to Council at year end. 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.

As Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

1.8 Investments

Term deposits in excess of three months are reported as investments with deposits of less than three months being reported as cash equivalents.

1.9 Property, plant and equipment

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.

a) Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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 to sell the asset in an orderly transaction between market participants at the measurement date.

b) Capital and operating expenditure

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

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 cost.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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. 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, the carrying amount of the asset is adjusted to the revalued amount. At the date of the revaluation, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

d) 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.

e) 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 to Council.

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 generally 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 and subsequent estimation of remaining useful lives performed as part of the independent revaluation process for assets measured at current replacement cost are used to estimate the characteristic and remaining useful lives of these assets at the reporting date when the revaluation is undertaken. Generally all above ground assets are individually inspected at a comprehensive 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 Note 13.

At each independent revaluation the characteristic life and remaining life for each asset is determined. In between revaluations specific significant events i.e. natural disasters result in individual asset inspections and the remaining life is changed accordingly. In all other cases the remaining life is decreased by one year between comprehensive revaluations which is consistent with the duty cycle and maintenance regime of the asset in question.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1.10 Intangible assets

Costs associated with the development of computer software are capitalised and are amortised on a straight line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 15.

At the reporting date intangible assets consist of software only.

1.11 Impairment of non-current assets

Property, plant and equipment is assessed for indicators of impairment annually.

1.12 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.

1.13 Liabilities - employee benefits

a) Annual leave

A liability for annual leave is recognised and is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability represents an accrued expense and is reported in Note 16 as a payable.

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.

b) Sick leave

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 and is reported in Note 16 as a payable.

c) Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 22.

d) 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. This liability is reported in Note 18 as a provision.

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.

1.14 Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. All borrowing costs are expensed in the period in which they are incurred.

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1.15 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. Further details can be found in Note 18.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current 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.

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.

1.16 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.

1.17 Taxation

Income of local government and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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 2017

- 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 2017

Functions	Gross program income						Total income		Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent			Capital			2017	\$	2017	\$	2017	\$	2017	\$
	Grants	Other		Grants	Other									
	2017	2017		2017	2017				2017					
Corporate and Community	2,066,086	15,181,872		5,000			17,262,958		(10,503,735)		(10,506,485)	6,754,223	6,756,473	64,724,146
Infrastructure	44,610	4,392,790		5,356,703			9,794,104		(17,452,857)		(24,517,922)	(13,015,457)	(14,723,818)	188,719,711
Development and Environment	93,977	903,002					996,979		(2,160,902)		(2,160,902)	(1,163,923)	(1,163,923)	
Water and Waste		17,266,417		3,624,166	454,441		21,345,025		(11,663,730)		(11,990,803)	5,602,687	9,354,221	115,457,485
Total Council	2,204,673	37,754,081		8,985,870	454,441		49,399,065		(41,781,224)		(49,176,112)	(1,822,470)	222,953	368,901,342

Period ended 30 June 2016

Functions	Gross program income						Total income		Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent			Capital			2016	\$	2016	\$	2016	\$	2016	\$
	Grants	Other		Grants	Other									
	2016	2016		2016	2016				2016					
Corporate and Community	1,473,217	14,702,604					16,175,820		(9,952,326)		(10,306,745)	6,223,494	5,869,075	58,532,559
Infrastructure	114,042	4,070,758		16,169,423	1,233,278		21,587,500		(16,358,003)		(21,009,755)	(12,173,203)	577,745	189,937,091
Development and Environment		683,339					683,339		(1,684,116)		(1,684,116)	(1,020,778)	(1,020,778)	17,563
Water and Waste		16,650,677		25,612	3,633,050		20,309,340		(11,269,220)		(11,591,023)	5,381,457	8,718,317	97,363,346
Total Council	1,587,259	36,087,377		16,195,035	4,866,328		58,735,999		(39,263,665)		(44,591,639)	(1,589,029)	14,144,360	345,850,559

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
3 Revenue analysis			
(a) Rates, levies and charges			
Rates		14,382,823	13,890,298
Water		6,534,651	6,355,314
Sewerage		6,381,783	6,114,858
Waste		3,691,486	3,496,910
Less: Pensioner remissions		(405,847)	(385,914)
Net rates and utility charges		<u>30,584,895</u>	<u>29,471,466</u>
(b) Fees and charges			
Building and property fees		348,105	295,329
Ferry		2,976,310	2,784,121
Other fees and charges		1,825,596	1,645,109
		<u>5,150,011</u>	<u>4,724,559</u>
(c) Interest received			
Investments		773,874	760,800
Overdue rates and utility charges		230,383	276,787
		<u>1,004,257</u>	<u>1,037,587</u>
4 Grants, subsidies, contributions and donations			
(a) Recurrent - grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		1,937,234	1,307,167
State government subsidies and grants		267,439	280,092
		<u>2,204,673</u>	<u>1,587,259</u>
(b) Capital – grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		8,506,551	16,122,485
Contributions		479,318	40,612
		<u>8,985,870</u>	<u>16,163,097</u>
(ii) Non-monetary revenue received:			
Assets contributed by developers at fair value		-	31,938
		<u>8,985,870</u>	<u>16,195,035</u>

Conditions over contributions

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Non-reciprocal grants for expenditure on infrastructure	3,777,297	-
	<u>3,777,297</u>	-

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Non-reciprocal grants for expenditure on infrastructure	-	1,611,322
	-	<u>1,611,322</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
5 Capital income			
Provision for restoration of landfill			
Decrease in restoration provision	18	454,441	2,477,825
		<u>454,441</u>	<u>2,477,825</u>
Revaluations			
Revaluation up of property, plant and equipment reversing previous revaluation expense	13	-	1,233,278
Revaluation of Landfill restoration provision reversing previous revaluation expense		-	1,155,225
		<u>-</u>	<u>2,388,503</u>
Total capital income		<u>454,441</u>	<u>4,866,328</u>

6 Employee benefits

Total staff wages and salaries		9,939,541	9,589,031
Councillors' remuneration		341,791	332,249
Annual, sick and long service leave entitlements		1,827,804	1,811,294
Superannuation	22	1,279,082	1,232,655
		<u>13,388,218</u>	<u>12,965,230</u>
Other employee related expenses		67,290	60,268
		<u>13,455,508</u>	<u>13,025,498</u>
Less: Capitalised employee expenses		(612,900)	(715,465)
		<u>12,842,608</u>	<u>12,310,033</u>

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	73	72
Depot and outdoors staff	88	84
Total full time equivalent employees	<u>166</u>	<u>161</u>

7 Materials and services

Audit of annual financial statements by the Auditor-General of Queensland	97,000	95,000
Consultancy	1,105,754	762,439
Contractors	4,892,013	4,630,296
Communications and IT	636,025	559,341
Donations	744,357	702,439
Electricity	1,274,411	1,017,503
Insurances	631,520	710,426
Legal	276,543	187,387
Repairs and maintenance	5,864,722	5,659,411
Other materials and services	1,695,214	1,706,483
	<u>17,217,560</u>	<u>16,030,724</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
8 Finance costs			
Bank charges		77,305	73,093
Finance costs charged by the Queensland Treasury Corporation		517,102	141,608
Landfill sites - change in present value over time		62,979	184,514
		<u>657,386</u>	<u>399,215</u>
9 Capital expenses			
Revaluation decrement			
Revaluation down of property, plant and equipment	13	6,410,986	4,493,835
Gain / Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		(48,120)	(29,232)
Less: Book value of property, plant and equipment disposed of		716,313	790,863
		<u>668,193</u>	<u>761,631</u>
Loss on write-off			
Loss on write-off of assets damaged by natural disaster	13	315,709	72,509
Total capital expenses		<u>7,394,888</u>	<u>5,327,974</u>

The loss on write-off of assets classified as transport assets relates to damage caused by monsoonal flooding events. The damage was mainly to roads and restoration work was undertaken with funding assistance from the Natural Disaster Relief and Recovery Arrangements (NDRRA).

10 Cash and cash equivalents

Cash at bank and on hand	260,470	246,812
Deposits at call	1,250,000	1,650,000
Term deposits	13,000,000	15,000,000
Balance per Statement of Cash Flows	<u>14,510,470</u>	<u>16,896,812</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 relate to the following cash assets:

Unspent government grants and subsidies	3,777,297	-
Internally imposed expenditure restrictions at the reporting date:		
Future capital works	4,000,000	4,207,598
Future constrained works	3,582,113	4,858,772
Future recurrent expenditure	41,945	41,945
Total unspent restricted cash	<u>11,401,355</u>	<u>9,108,315</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	521,958	525,090
	<u>521,958</u>	<u>525,090</u>

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 Council. 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 and are disclosed for information purposes only.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	2017	2016
Note	\$	\$
11 Investments		
Current fixed short term investments		
Unrestricted	15,000,000	8,000,000
	<u>15,000,000</u>	<u>8,000,000</u>

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

12 Trade and other receivables

Current

Rateable revenue and utility charges	2,568,594	3,086,608
Other debtors	2,409,309	442,105
Less impairment	(131,479)	(131,589)
Accrued revenue	285,450	336,605
GST recoverable	353,598	247,639
Prepayments	185,946	328,462
	<u>5,671,418</u>	<u>4,309,829</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

13 Property, plant and equipment

30 June 2017

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 2016	25,976,233	23,263,563	5,746,374	42,640	175,554,183	132,024,359	34,302,506	3,719,802	400,829,659
Additions	-	-	-	-	-	-	-	10,073,310	10,073,310
Disposals	(52,613)	(150,991)	(126,712)	-	(232,230)	(502,654)	(24,241)	-	(1,069,441)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	(592,030)	22,008,359	-	-	-	88,964,442	-	-	88,360,771
Revaluation adjustment to expense (capital expense)	-	-	-	-	1,093,830	-	-	-	1,093,830
Revaluation adjustment to income (capital income)	-	-	-	-	(425,833)	-	-	-	(425,833)
Write-off assets damaged by natural disaster	-	-	-	-	(6,937)	-	6,937	-	-
Transfers between classes	-	51,643	(51,643)	-	-	-	-	-	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Internal transfers from work in progress	54,841	1,159,925	871,155	-	3,585,631	3,424,016	143,754	(9,238,222)	-
Closing gross value as at 30 June 2017	25,385,431	48,332,399	6,439,174	42,640	179,568,644	201,910,163	34,428,656	4,553,880	498,662,296

Accumulated depreciation and impairment									
Opening balance as at 1 July 2016	358,354	4,011,134	1,935,058	25,949	36,784,731	36,525,050	5,081,036	-	84,729,312
Depreciation provided in period	114,984	1,588,632	844,785	8,518	3,951,208	3,898,487	363,208	-	10,787,782
Depreciation on disposals	(7,193)	(38,623)	(75,967)	-	(70,783)	(175,580)	(4,982)	-	(373,126)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	476,496	12,597,990	-	-	-	49,839,545	-	-	62,913,931
Revaluation adjustment to income (capital income)	-	-	-	-	-	-	-	-	-
Revaluation adjustment to expense (capital expense)	-	-	-	-	7,504,816	-	-	-	7,504,816
Write-off assets damaged by natural disaster	-	-	-	-	(110,124)	-	-	-	(110,124)
Transfers between classes	-	12,421	(12,421)	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2017	940,641	18,171,454	2,691,435	34,467	48,069,848	90,085,482	5,439,262	-	166,432,589

Total written down value as at 30 June 2017	24,445,790	28,160,945	3,747,739	8,172	131,498,795	111,824,681	28,989,694	4,553,890	332,229,707
Residual value	-	-	1,264,013	-	-	-	-	-	-
Range of estimated useful life in years	3 - 100	5 - 80	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80	-	-

Additions comprise:

Renewals	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions	-	-	-	-	-	-	-	6,845,067	6,845,067
Total additions	-	-	-	-	-	-	-	3,428,243	3,428,243
	-	-	-	-	-	-	-	10,073,310	10,073,310

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14 Fair Value Measurements

(i) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, plant and equipment

- Land and land improvements
- Buildings and other structures
- Transport assets
- Water, Sewerage and Solid waste disposal
- Drainage

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

There was one transfer between levels 2 and 3 during the year (nil for 2016).

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 for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Land and land improvements (level 2 and 3)

Current replacement cost

Land asset fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Sales prices of comparable land sites in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

Land Improvement fair values were also determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Current replacement cost for these assets was calculated based on expected replacement costs.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of land improvements has been determined as Level 3.

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.

Cardno's unit rates were derived primarily by reference to actual costs for similar construction in the Far North Queensland region.

Valuation unit rates (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%).

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Buildings and other structures (level 3)

Current replacement cost

Buildings and other structures fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Current replacement cost for these assets was calculated based on expected replacement costs.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of buildings and other structures has been determined as Level 3.

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.

Cardno's unit rates were derived primarily by reference to actual costs for similar construction in the Far North Queensland region.

Valuation unit rates (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, estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

Transport assets (level 3)

Current replacement cost

Road asset fair values (excluding traffic control devices, streetscaping and kerb and channel) were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Current replacement cost for these assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of road assets has been determined as Level 3.

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.

Cardno's unit rates were derived from the following sources:

- Cardno's database
- Scheduled rates for construction of assets or similar assets
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's rates for building and construction

Valuation unit rates (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%)

Bridge assets

Bridge asset fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2016. Current replacement cost for these assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of bridge assets has been determined as Level 3.

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.

Cardno's unit rates were derived from the following sources:

- Cardno databases
- Scheduled rates for construction of assets or similar assets
- Cost curves derived by Cardno
- Building Price Index tables
- Rates from Rawlinson's Australian Construction Handbook
- Supplier's quotations

Valuation unit rates (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%)

No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2016 and 30 June 2017 was considered immaterial.

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Other transport assets

The fair value of traffic control devices, streetscaping and kerb and channel was determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2015. Current replacement cost for these assets was calculated based on expected replacement costs.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of road assets has been determined as Level 3.

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.

Cardno's unit rates were derived from the following sources:

- Cardno's database
- Scheduled rates for construction of assets or similar assets
- Cost models derived by Cardno
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's rates for building and construction

Valuation unit rates (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%)

No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2015 and 30 June 2017 was considered immaterial.

Accumulated depreciation

In determining the level of accumulated depreciation, road and bridge assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

Water (level 3)

Current replacement cost

Water asset fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Current replacement cost for these assets was calculated based on expected replacement costs.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of water assets has been determined as Level 3.

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.

Cardno's 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.

Valuation unit rates (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, water assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

Sewerage and Other Infrastructure (level 3)

Current replacement cost

Wastewater and repeater stations assets were comprehensively reviewed by Cardno (QLD) Pty Ltd as at 30 June 2015. Current replacement cost for these assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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.

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As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of the wastewater and repeater stations assets has been determined as Level 3.

Cardno's unit rates were derived from the following sources:

- Cardno's database
- Scheduled rates for construction of assets or similar assets
- Cost models derived by Cardno
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's rates for building and construction

Valuation unit rates (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%)

No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2015 and 30 June 2017 was considered immaterial.

Accumulated depreciation

The depreciation method used reflects the predicted pattern of consumption of the asset's future economic benefits. For Council, the "straight line" methodology incorporating condition data (where appropriate) best reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

In determining the level of accumulated depreciation, pump station assets and repeater station assets were disaggregated into significant components which exhibited different useful lives.

Assets were either subject to a site inspection or an assessment to determine remaining useful life.

Development factors

Rural - Construction within areas categorised as rural has less restoration costs as there is generally an absence of permanent infrastructure (e.g. driveways, roads) which would need restoration at the end of the project. In addition, there would be few services to relocate and very limited traffic control would be required.

Urban - Areas zoned residential are generally contained within this category. Construction within this area would require some reinstatement of road pavement and driveways. The rate of construction would be slower due to the need to locate / relocate some services etc. Traffic control would also be required.

Estimated useful lives are disclosed in note 13.

Other sewerage assets

Sewerage treatment plant assets were comprehensively reviewed by Cardno (QLD) Pty Ltd as at 30 June 2014. No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2014 and 30 June 2017 was considered immaterial.

Solid waste disposal (level 3)

Current replacement cost

Solid waste disposal fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2014. Current replacement cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2014 and 30 June 2017 was considered immaterial.

Accumulated depreciation

In determining the level of accumulated depreciation, solid waste assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

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Drainage infrastructure (level 3)

Current replacement cost

Drainage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2014. Current replacement costs was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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.

No revaluation adjustment was made as at 30 June 2017 as the movement in the relevant index between 1 July 2014 and 30 June 2017 was considered immaterial.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage infrastructure assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

15 Intangible assets

Software

	2017 \$	2016 \$
Opening gross carrying value	1,378,102	1,378,102
Transfer from work in progress	-	-
Additions	30,741	-
Disposals	(5,642)	-
Closing gross carrying value	<u>1,403,201</u>	<u>1,378,102</u>
Accumulated amortisation		
Opening balance	720,936	428,459
Amortisation in the period	295,888	292,477
Disposals	(5,642)	-
Closing balance	<u>1,011,182</u>	<u>720,936</u>
Net carrying value at end of financial year	<u>392,019</u>	<u>657,166</u>

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

16 Trade and other payables

Current

Creditors and accruals	2,836,111	2,758,724
Annual leave	1,707,785	1,688,828
Other entitlements	277,787	283,414
	<u>4,821,683</u>	<u>4,730,965</u>

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	2017 \$	2016 \$
17 Borrowings		
Current		
Loans - Queensland Treasury Corporation	-	127,143
	-	127,143
Non-current		
Loans - Queensland Treasury Corporation	-	1,872,051
	-	1,872,051
Loans - Queensland Treasury Corporation		
Opening balance	1,999,194	2,118,847
Principal repayments	(1,999,194)	(119,653)
Book value at end of financial year	-	1,999,194

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. Principal and interest repayments are made monthly in arrears and no interest has been capitalised during the current reporting period. All loans were fully repaid in May 2017. There have been no defaults or breaches of the loan agreement during the period.

18 Provisions

Current		
Landfill restoration	30,001	963,001
Long service leave	1,789,951	1,792,048
	1,819,952	2,755,049
Non-current		
Landfill restoration	2,250,897	2,765,125
Long service leave	231,854	163,359
	2,482,751	2,928,484

Details of movements in provisions:

	2017 \$
Property restoration: Landfill sites	
Balance at beginning of financial year	3,728,125
Increase in provision due to unwinding of discount	62,979
Increase / (decrease) in provision for future cost	(1,510,207)
Balance at end of financial year	2,280,897

Council has two landfill sites located at Newell Beach and Killaloe. 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 reduced during the year as a result of restoration work undertaken and a re-estimate of the future costs to restore the landfill sites.

Long service leave	
Balance at beginning of financial year	1,955,408
Long service leave entitlement arising	225,440
Long Service entitlement paid	(159,043)
Balance at end of financial year	2,021,805

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	2017 \$	2016 \$
19 Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	6,003,504	5,063,936
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and land improvements	(1,068,526)	-
Buildings and other structures	9,410,469	-
Water, Sewerage and Solid waste Disposal	17,124,897	-
Change in value of restoration costs		
Landfill	650,297	939,568
Balance at end of financial year	<u>32,120,641</u>	<u>6,003,504</u>
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and land improvements	466,789	1,535,315
Buildings and other structures	10,725,147	1,314,678
Water, Sewerage and Solid waste Disposal	<u>20,928,705</u>	<u>3,153,511</u>
	<u>32,120,641</u>	<u>6,003,504</u>
20 Commitments for expenditure		
Operating expenditure		
Not later than 1 year	5,859,562	4,204,346
Later than 1 year but not later than 5 years	14,750,293	9,076,100
Later than 5 years	3,040,000	3,800,000
	<u>23,649,855</u>	<u>17,080,446</u>
Capital expenditure		
Not later than 1 year	12,758,688	1,164,989
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>12,758,688</u>	<u>1,164,989</u>
21 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 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.		
Local Government Workcare		
Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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. Council's maximum exposure to the bank guarantee is \$257,745.		

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22 Superannuation

Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has two elements referred to as:

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
 The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

As at the reporting date the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015 the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date".

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Douglas Shire Council made less than 4% of the total contributions to the plan in the 2016/17 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

	Note	2017 \$	2016 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,279,082	1,232,655

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	2017 \$	2016 \$
23 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities		
Net result	222,953	14,144,360
Non-cash items:		
Depreciation and amortisation	11,063,670	10,523,693
Revaluation adjustments	6,410,986	2,105,331
Loss on asset write-off	315,709	72,509
Change in future rehabilitation and restoration costs	(391,462)	(2,293,311)
	17,398,903	10,408,222
Investing and development activities:		
Net profit or loss on disposal of non-current assets	668,193	761,631
Capital grants and contributions	(8,985,870)	(16,195,035)
	(8,317,676)	(15,433,404)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(1,361,589)	(403,852)
(Increase)/decrease in inventory	(11,323)	18,036
Increase/(decrease) in payables	90,718	(244,718)
Increase/(decrease) in liabilities	-	-
Increase/(decrease) in other provisions	(339,072)	(113)
	(1,621,265)	(630,648)
Net cash inflow from operating activities	7,682,914	8,488,530

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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.

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 the 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 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	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	10	14,510,470	16,896,812
Receivables - rates	12	2,568,594	3,086,608
Receivables - other	12	3,102,824	1,223,221
Other financial assets	11	15,000,000	8,000,000
Total financial assets		35,181,888	29,206,641

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 AAA to AA- based on rating agency ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Other financial assets

Other 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.

Trade and other receivables

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

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

	2017	2016
	\$	\$
Not past due	4,813,016	2,832,037
Past due 31-60 days	6,820	36,206
Past due 61-90 days	2,359	5,061
More than 90 days	1,180,703	1,568,115
Impaired	(131,479)	(131,589)
Total	5,671,418	4,309,829

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.

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2017					
Trade and other payables	2,836,111	-	-	2,836,111	2,836,111
Loans - QTC	-	-	-	-	-
	2,836,111	-	-	2,836,111	2,836,111
2016					
Trade and other payables	2,758,724	-	-	2,758,724	2,758,724
Loans - QTC	265,185	1,060,740	1,550,179	2,876,104	2,137,236
	3,023,909	1,060,740	1,550,179	5,634,828	4,895,960

The outflows in the above table are not expected to occur significantly earlier or for significantly different amounts than indicated in the table.

Market risk

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

Interest rate risk

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

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2017					
Deposits at call	1,250,000	12,500	(12,500)	12,500	(12,500)
Short term deposits	28,000,000	280,000	(280,000)	280,000	(280,000)
Loans - QTC*	-	-	-	-	-
Net total	29,250,000	292,500	(292,500)	292,500	(292,500)
2016					
Deposits at call	1,650,000	16,500	(16,500)	16,500	(16,500)
Short term deposits	23,000,000	230,000	(230,000)	230,000	(230,000)
Loans - QTC*	(1,999,194)	(19,992)	19,992	(19,992)	19,992
Net total	22,650,806	226,508	(226,508)	226,508	(226,508)

*All QTC loans previously held by Council were fully repaid during the reporting period.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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 for 2016/17 comprises:

	2017
	\$
Short-term employee benefits	798,463
Post-employment benefits	85,787
Long-term benefits	12,080
Termination benefits	-
Total	896,330

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.

Amounts paid or payable by Council to other related parties - \$242,714.

All purchases were at arm's length and were in the normal course of council operations.

(c) Loans and guarantees to/from related parties

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

(d) 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.

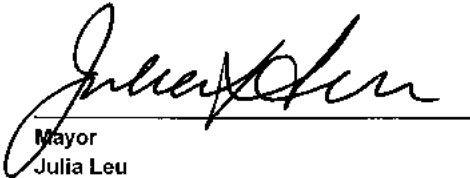
Douglas Shire Council
Financial statements
For the year ended 30 June 2017

Management Certificate
For the year ended 30 June 2017

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
Julia Leu

Date: 10 / 10 / 17



Chief Executive Officer
Linda Cardew

Date: 10 / 10 / 17

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.

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2017, 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 2017, 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 certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Douglas Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors was the current year financial sustainability statement and long-term financial sustainability statement.

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 approved by the Councillors 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 Council for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 Council is 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.

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 2017:

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


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

**Douglas Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2017**

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-5%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	59%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-65%	not greater than 60%

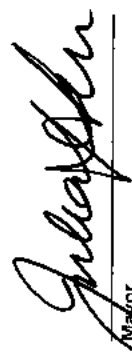
Note 1 - Basis of Preparation

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 2017.


Certificate of Accuracy
For the year ended 30 June 2017

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
Julia Leu

Date: 10/10/17


Chief Executive Officer
Linda Cardew

Date: 10/10/17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Opinion

I have audited the accompanying current year financial sustainability statement of Douglas Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 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 2017 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Douglas Shire Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors was the general purpose financial statements and long-term financial sustainability statement.

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 approved by the Councillors 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 Council for the current year financial sustainability statement

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

Auditor's 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.


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Douglas Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2017

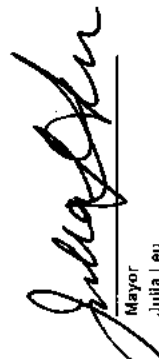
Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2017	Projected for the years ended							30 June 2026	
				30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023		30 June 2024
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-5%	-4%	-2%	0%	1%	1%	2%	2%	3%	3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	59%	66%	82%	91%	91%	91%	91%	91%	91%	91%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-65%	-29%	-29%	-27%	-28%	-27%	-27%	-27%	-28%	-29%

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 2017

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
 Julia Leu

Date: 10/10/17


 Chief Executive Officer
 Linda Cardew

Date: 10/10/17