

3.1. ANNUAL REPORT 2018-2019

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DEPARTMENT Governance

RECOMMENDATION

That pursuant to S182 (2) of the *Local Government Regulation 2012*, that Council adopt the Annual Report 2018-2019 as presented.

EXECUTIVE SUMMARY

The Annual Report provides an assessment of the operations of Douglas Shire Council for the 2018-2019 financial year.

BACKGROUND

In accordance with S182 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 and Council's Financial Statements for the financial year to Council.

The Audit Report was received by Council with the certified set of Financial Statements for the 2018-2019 financial year on 11 October 2019.

The revised auditing standard ASA 720 *The Auditors Responsibilities Relating to Other Information* applies to all financial report audits. While ASA 720 refers to other information, it is focused on documents containing the annual report. Other information includes both financial information and non-financial information such as:

- A report on operations
- Financial summaries, highlights or quarterly data
- Employment data
- Planned capital expenditure
- Financial ratios

The aim of this standard is to avoid misalignment between the annual report (management prepares) and the financial report (auditor prepares).

Given the Annual Report has been audited and available for adoption, Council's major reporting and compliance requirement for the financial year ending 2019 is completed.

PROPOSAL

That pursuant to s182 (2) of the *Local Government Regulation 2012*, that Council adopt the Annual Report 2018-2019 as presented.

Council is required to publish to Annual Report on its website within two weeks after Council has adopted the Annual Report.

In addition, all required organisations will be notified via email that the Annual Report 2018-2019 has been adopted and provided a link to the document on Council's website.

FINANCIAL/RESOURCE IMPLICATIONS

Activities detailed within the 2018-2019 Operational Plan are factored into Councils annual budget.

RISK MANAGEMENT IMPLICATIONS

Progress on the 2018-2019 Operational Plan is a regular item for the Management Team meetings to ensure appropriate and relevant resources are deployed to complete the initiatives during the year.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Theme 5 – Governance

5.1.1 - Establish and develop long term financial, resource and infrastructure planning to ensure ongoing capacity to fund operations and capital works programs.

5.2.1 - Provide Councillors and community with accurate, unbiased and factual reporting to enable accountable and transparent decision-making.

5.2.2 - Implement adopted policies and guidelines to ensure consistency in administrative management which also encourages innovation in Council operations.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

In fulfilling this, Council plays many important roles within the Community as Service Provider, Regulator, Funder, Advocate, Facilitator, Information Provider, Agent, Builder/Owner and Custodian. Council will balance all of the roles while delivering on the vision of Council in an efficient and effective manner.

CONSULTATION

Internal: CEO and Management Team

External: Queensland Audit Office

ATTACHMENTS

1. Annual Report 2018-2019 [3.1.1 - 63 pages]

DOUGLAS
SHIRE COUNCIL

**ANNUAL
REPORT
2018-2019**

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Cover image: Myall Beach, Cape Tribulation
Opposite page: Wild cassowary walking along Myall Beach, Cape Tribulation

Many of the images used throughout this report have been used with courtesy from Tourism and Events Queensland and Tourism Tropical North Queensland





Message from the Mayor

"I am thrilled to present the sixth Annual Report of the Douglas Shire Council."

The 2018-2019 Annual Report details achievements that highlight the diverse projects and initiatives this Council has delivered for the wider community.

Through the 2018-2019 capital works program, Council spent \$12.062 million and a total of \$18.225 million with the carry over projects from the previous year. Our crews delivered an impressive 56 projects during this time.

We curated the most successful Port Douglas Carnivale in its 25-year history with a record-breaking crowd injecting \$1.7 million into the region over 10 days. It was only the second time we organised the event and Council ensured it exceeded expectations, continuing to contribute to a vibrant events calendar that makes our region a great place to live and visit.

The new 20ML Port Douglas Water Supply Reservoir - Council's biggest ever capital works project - was officially opened in November last year, reinforcing our strategy to invest in infrastructure that strengthens our water resilience.

The organisation also built important recreational infrastructure such as the crocodile-themed pump track in Mossman and re-opened the popular Flagstaff Hill Walking Trail.

The Annual Report reflects the resilience of our organisation and its ability to persevere through a testing wet season, which saw extreme weather and record major flooding of the Daintree River.

Recovery efforts doubled our workload and put pressure on our civil crews with an estimated \$17 million damage bill, but despite this, Council is still projecting its first budget surplus in the 2019-2020

financial year. It is a credit to Council's focus on prudent financial management that the impact of extreme weather and the emergent works were mitigated appropriately.

I am so proud of this organisation and the progress it has made in the face of adversity.

It is a testament to Council staff and the resilient communities we work for that Douglas Shire Council continues to punch well above its weight.

Following de-amalgamation from Cairns in 2014 and the successful establishment of the new Douglas Shire Council, I am very pleased to report that Council is planning for future generations. We want to leave a legacy that puts Douglas Shire in better shape financially, environmentally and socially.

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 a better state than when we found it.

Finally, I want to thank and express my sincere appreciation to my fellow Councillors, Chief Executive Officer Mark Stoermer and all staff for their dedication to making the Douglas Shire a greater place to live, work, visit and invest.

Mayor
Julia Leu



Message from the Chief Executive Officer

"It has been a year of change and renewal ..."

It has been a year of change and renewal at the Douglas Shire Council and I am pleased to share with you some key highlights from the Administration in my first year at Council.

Over the past year, we have seen many new faces at Council who bring their talent, enthusiasm and ideas. We also said goodbye to some fantastic long-term employees and I would like to thank all of them for their contribution.

We implemented a new organisational structure which removed one layer of management in order to flatten the structure. Ultimately, the new structure aims to improve customer service through more cross-departmental collaboration and less bureaucracy. The savings have been used to fund other vital projects and positions.

The past year saw weather records fall across our region. Heat waves, cyclones, tropical lows and floods; Mother Nature tested the organisation's ability to cope. I am pleased to report that the organisation met each new crisis with professionalism and expertise. This season the Council was more prepared than ever with a rigorous disaster response plan and community access to flood monitoring works and the online Disaster Dashboard. The dedication of staff showed over and over again. When the rains subsided, crews got out in force to make repairs in addition to all of the regular maintenance jobs that they do. We are very fortunate to have the support of State and Federal governments in our recovery programs. Nonetheless, Council funded a number of storm related unbudgeted expenses. Our management team worked hard to cover these costs through rigorous financial management and cost cutting where possible.

Despite the multitude of recovery works, the organisation delivered \$18.225 million in programmed and carried over capital works. A key achievement was the opening of the Port Douglas Reservoir and continued investment in crucial water infrastructure.

In my first year at the Douglas Shire Council, I have enjoyed getting out into the community and learning about the problems, challenges and opportunities that we have. Our 2019-2024 Corporate Plan incorporates many of these themes. We had a great response to our survey in addition to some excellent community sessions, which informed the Plan. Besides delivering a myriad of services and projects, staff completed 36 initiatives from the 2018-2019 Operational Plan. From advocacy for a domestic violence refuge centre to eco-destination certification and implementation of the Coastal Hazard Adaptation Strategy, officers worked across the community to deliver outstanding results. We capped the year off with an amazing 25th anniversary Carnivale with staff from across the organisation helping in all aspects.

I am proud to have completed my first year at Council and grateful to our staff, the Mayor and Councillors, and to the community who have been frank and honest in their communications. I am looking forward to a great year ahead with many projects and initiatives.

Chief Executive Officer
Mark Stoermer

Acknowledgement

The Eastern Kuku Yalanji and Yirrganydji peoples are the Traditional Custodians and Owners of the land and sea country that encompass the Douglas Shire region.

Douglas Shire Council acknowledges the 'Bama', the traditional rainforest Aboriginal coastal people of our region who hold the unique position of being the First Peoples of this country. We recognise and respect Bama cultural heritage, values, beliefs and continuing relationships and responsibility to their land and sea country. We honour and respect your Elders past, present and future.

We commit to maintaining and strengthening our partnerships and respectful relationships with Bama in the spirit of reconciliation so that together we can increase the opportunities for successful and positive outcomes to the advantage of everyone in our communities.

Council respectfully acknowledges other Aboriginal and Torres Strait Islander people who call our region 'home'.

Introduction

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

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

This Annual Report is the last against our Corporate Plan 2014-2019. This report also includes a summary of the performance against Council's Operational Plan 2018-2019.

Regional Profile

The Douglas Shire covers an area of 2,445km from north of Ellis Beach in the south to the Bloomfield River in the North. The economy of the Shire depends mainly on tourism, with 1.2 million visitors annually exploring our many natural wonders and agriculture of sugar cane farming and processing.

Douglas is home to around 12,200 residents. Approximately 70% of residents live in the two main population centres of Port Douglas, the main tourist focus and Mossman, the administration, service, agricultural and industrial hub of the region.

Other principal urban centre include the beachside communities of Wonga, Newell and Cooya. The remaining residents live in small, decentralised communities scattered along the 100km stretch of coast road; tucked into the rainforest or in small rural townships in the valleys of the Shire's hinterland.

Statistics



POPULATION

- 12,257 Total population
- 43.3 years Median age
- 7.6% Aboriginal & Torres Strait Islander people



EMPLOYMENT & INDUSTRY

- 6,730 Local jobs
- 1,379 Local businesses
- Tourism & hospitality industry accounts for 40.6% of local employment compared to 8% for state.



ECONOMIC

- 9,396 Rateable properties
- 73 Development applications received in 2018-2019 FY
- \$19m Value of building approvals in 2018-2019 FY

History of the Shire

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

European habitation in the Douglas Shire began in the 1870s as George Elphinstone Dalrymple led the first extensive exploration of the region. Dalrymple thought the country "surrounded by a panorama of great beauty ... a perfect picture of rich tropical country".

Within the decade gold miners supplied from Port Douglas, timber cutters logging the much-prized red cedar, and farmers of cattle, vegetables, maize and sugar had all begun to make their mark. Farming expanded along the coastal belt as extensive areas of lowland rainforest were cleared and settlements were established throughout the area.

Cultural diversity has been integral to the history of the Douglas Shire. According to the 1886 census almost two-thirds of the district's population were of Chinese heritage. By the 1890s, the Douglas sugar cane industry was dependent for its survival upon Chinese and South Sea Islander (Kanaka) labour. In the 1900s these populations grew and were joined by Hindu, Punjabi and Japanese migrants.

The Shire of Douglas existed as a Local Government entity from 1880 until 2008 when it was amalgamated with Cairns City to create the Cairns Regional Council. The merger was not popular with the community and lobbying from a local action group led the Queensland Minister for Local Government to grant residents a poll on 9 March 2013 in which a majority of electors (57.61%) voted in favour of de-amalgamation.

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

Elected representatives



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SWEET FUTURE SECURED FOR MOSSMAN MILL

Council made a significant investment to help sugarcane growers take over the Mossman Mill and transform the local industry. Council approved \$250,000 to help Far Northern Milling Pty Ltd cover costs of acquiring the Mill and support the grower's plans to create a Daintree Bio Precinct to tap into renewal energy opportunities.

REDUCING HERBICIDE IN PARKS

Crews were full steam ahead on a move to reduce its reliance on herbicides in the Douglas Shire through its year round steam weeding program. Playgrounds continued to be targeted under the environmentally responsible program. Weed steaming reduces chemicals that enter the shire's waterways as run off and are potentially harmful to people.

PAWS & CLAWS APPROVED

Council has re-affirmed its strong support for Paws and Claws by issuing a Development Permit for an animal refuge at Craiglie. The decision was a really pivotal moment for everyone who has been fighting hard for this animal refuge. Council has led advocacy to help find a suitable site since the previous Paws and Claws shelter was closed in 2016.

RECORDS TUMBLE AT PORT DOUGLAS CARNIVALE 25TH ANNIVERSARY

The 2019 Port Douglas Carnivale drew record crowds of over 20,000 people across 10 days festivities, injecting an estimated \$1.7million into the local economy. The huge attendance showed how much people love this long running festival.

- 21,500 people attended free events over the 10 days.
- 7,648 visitor nights generated in Port Douglas.
- About 2,124 visitors per day for the event.
- Average spend of \$75.45 per day.

MAJOR FLOODING, MONSOONAL CONDITIONS AND CYCLONE TREVOR

A \$17 million damage bill was tallied after a wet season soaking that saw Monsoonal rainfall and a record-breaking flood in Douglas Shire. The Daintree River reached its highest flood level in 118 years and more than 2.5 metres was recorded at Whyanbeel Valley.

Despite this, Douglas Shire Council was able to re-open all roads with the recovery work doubling the normal workload and putting added pressure on the civil crews. Creek crossing repairs were completed at China Camp Road, landslip works were completed at the Bloomfield Track and Syndicate Road, Cape Kimberley Road required repairs and a major landslip occurred on Alexandra Range with a number of other roads having various road repairs completed during the year.

The estimated cost for the seven disaster events that occurred in the past two years has reached \$22.8 million spread over 26 projects across Douglas Shire. Civil works crews were required to suspend normal duties for eight weeks last season to mitigate the impact of the disaster events

From February to August 2019, Council was also actively applying for disaster recovery funding and betterment funding to address damages caused to infrastructure and assets.

ROBUST COMMUNITY ENGAGEMENT FOR DAINTREE FERRY FUTURE

The Douglas community played a pivotal role in the future of the Daintree Ferry when widespread community engagement was held for the 2021 Daintree River Ferry Contract. Before preparing tender documents, Douglas Shire Council sought feedback from the community with regard to any enhancements to the ferry service they would like Council to consider. The tender documents were finalised by the end of the 2018 financial year.



Year in Review

NEW RESERVOIR BOOSTS WATER SECURITY

The new 20ML reservoir was the single largest ever capital works project completed by Douglas Shire Council.

At an estimated cost of \$13.5 million, the project included constructing five kilometres of dedicated inlet and outlet mains and a new 640 metre access road.

The reservoir is located on land in Craiglie off Ferrero Road which was purchased by Douglas Shire Council specifically for the water reservoir. The reservoir strengthens the resilience of Douglas Shire when natural disaster strikes.

The reservoir's storage is enough to sustain Port Douglas, Craiglie and Mowbray for up to three days when the Rex Creek Intake is impacted.

The Port Douglas Supply Reservoir Project was jointly funded by the Australian Government, Queensland Government and Douglas Shire Council.

WORLD FIRST CROCODILE-THEMED PUMP TRACK OPENS IN MOSSMAN

Local scooter riders and bike riders attended the opening of the world's first crocodile-themed pump track at George Davis Park in Mossman.

World Trail Designers and local skate park users fine-tuned the design.

The crocodile design was the winner in the 'Battle of the Reptiles', edging out the snake during consultation held in the previous school holiday period.

A pump track is a circuit that features humps and banked turns designed to be ridden completely by riders creating momentum by up and down body movements, rather than pedalling or pushing.

EASTERN KUKU YALANJI WOMEN CELEBRATED

A strong group of Eastern Kuku Yalanji women and the profound impact they have had on the Douglas Shire was recognised during the 2018 NAIDOC Week celebrations.

Yalanji women, Larissa Walker and Sheryl Burchill together with Douglas Shire Council teamed up to set up the "Because of Her, We Can" exhibition in the Mossman Council foyer.

FUNDING FOR 94KM WANGETTI TRAIL SECURED

Mountain bike riders and hikers are pumped up after the State Government's \$36 million announcement to fund the whole Wangetti Trail project.

The six-day walking or two-day riding track is expected to be an eco tourism masterstroke, creating up to 150 jobs and injecting up to \$300 million into the Tropical North Queensland economy.

A project-working group created by Douglas Shire Council completed an interim feasibility study that secured the funding commitment.

Once complete, the project is expected to create indigenous employment opportunities and new businesses in guided tours, accommodation, food venues and transport.

QUEENSLAND-FIRST FOR ADOPTING RESILIENT COAST STRATEGY

Douglas Shire Council formally adopted the Resilient Coast Strategic Plan, committing the organisation to 35 priority actions to reduce the impacts of coastal hazards on communities and natural assets.

Council was the first in Queensland to adopt a Resilient Coast Strategy.

The team of coastal scientists, engineers and economists, in partnership with Council, used the highest level of technical analysis and local feedback to develop the strategic plan.

Some actions include a shire-wide dune protection and maintenance program.

The strategic plan also includes new storm tide inundation mapping for the remote stretch of coastline from Cape Tribulation to Degarra, an area that was previously not included in existing mapping.



Assessment of Operating Performance 2018-2019

For 2018-2019, Council identified a broad range of projects that would benefit all communities across the Shire and continue to see firm strategic initiatives put in place to establish a sound foundation for the Shire's future.

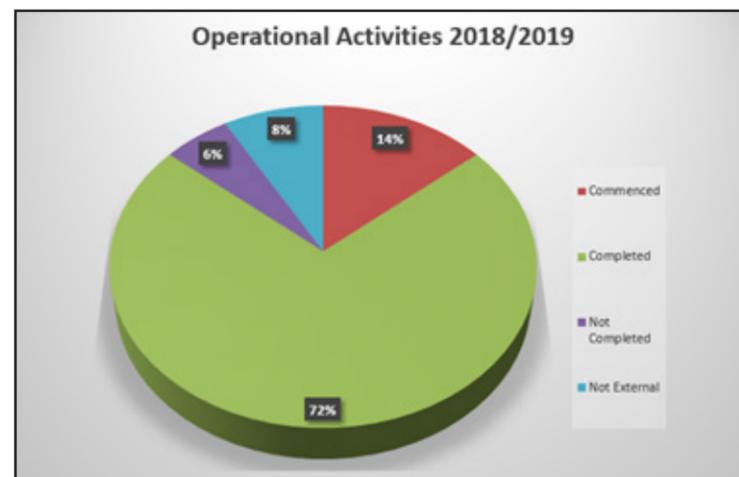
Council's Operational Plan 2018-2019 details the ongoing and recurring activities and major initiatives to be undertaken across Council. Success measures and timeframes were identified for the delivery of each initiative, and in recognising that most projects were completed by multidisciplinary teams, the Lead Unit was also identified. The Operational Plan links all projects to the Themes and Goals of the Corporate Plan, demonstrating the ongoing implementation of Council's strategic direction.

All programs and projects are fully funded through the Annual Budget 2018-2019. As in previous years, a public report detailing the progress of the Operational Plan will be submitted to Council each quarter.

In Council's 2018-2019 Operational Plan, 36 activities were identified to progress the completion and implementation of the Corporate Plan 2014-2019.

THEME OUTCOME SUMMARY

Theme Outcome	Commenced	Completed	Not Completed	Not Completed External Factors
Celebrating our Communities	1	3	0	1
Building a Sustainable Economic Base	3	6	0	0
Improve Environmental Performance	0	7	2	1
Engage, Plan and Partner	0	6	0	1
Governance	1	4	0	0



Theme 1: Celebrating our Communities

With a diverse range of communities throughout the region, we will value cultural identity, heritage and inclusiveness.

We will embrace opportunities to work in collaboration with our communities to celebrate our successes, talents and uniqueness.

5 Initiatives

3 completed
1 commenced
1 not completed

OUTCOMES

Goal #2 - To encourage and support our vulnerable and disadvantaged communities.

An operating model for a domestic violence refuge in Douglas Shire was developed in consultation with local DV and homelessness supported accommodation services. This document will be used to advocate to State and Federal Governments for funding.

Council's Local Laws held a 'Pat Your Pets' fun day at the Mossman

Gorge community. Half the dog population in the community is now registered with improved communication between Council officers and residents.

Goal #3 - To promote inclusiveness, through accessible programs, social infrastructure and facilities that meet the needs of our diverse communities and visitors.

A Regional Arts Summits Network was established and quarterly meetings held between regional Councils. Discussions were also held with the local

arts community. The group believed an arts summit was not required at this time.

Upgrades and improvements to Council's public facilities have been secured in the 2019-2020 capital works budget. A steering group was established and community assets were reviewed.

A draft Teamster's Park Masterplan was completed in March 2019 and workshopped with Councillors. A completed final masterplan was received.

Theme 2: Building a Sustainable Economic Base

Council recognises that its decisions regarding the services it delivers can have a positive impact on the region's economy.

The maintenance of infrastructure and the building of new infrastructure supports the region's workforce and provides employment opportunities. By adopting a practical approach to decision-making and by working collaboratively with the business community, new initiatives can be introduced to make the Shire more attractive to investors. Council's support for economic growth in a role as advocate, facilitator or part funder, will assist others to achieve complementary or common economic goals.

9 Initiatives

8 completed
1 commenced



OUTCOMES

Goal #1 - To develop a sustainable Capital Works program that generates local opportunities for employment.

Council conducted annual Digital Video Recording (DVR) to determine current status of the Shire's roads.

Additional water extraction site designed with ongoing investigations to determine preferred extraction option.

Asset Edge created Water and Wastewater databases. GIS data was updated into Council's mapping systems.

Goal #2 - To support the growth of local business and industry, and to encourage commercial investment in the Shire.

Preliminary concept plan was developed for the Port Douglas Waterfront South Precinct Stage 2 Plan. Public consultation was held and a masterplan is being developed.

Draft conference and events service directory has been researched and prepared.

Economic Development Strategy projects reviewed and prioritised. Awaiting development of new facilities before progressing.

Review of hosting conference has been completed. Council's role would be better fulfilled by hosting capacity building workshops to contribute to economic development in the Shire.

Goal #3 – To increase opportunities to promote the Shire as a destination of choice.

Funding submission lodged to develop Stage 1 of the Principal Cycle Network.

Audit of venues completed. Proposals developed for inclusion into the Capital Works Budget 2019-2024.

OUTCOMES

Goal #1 – To enhance and preserve cultural heritage, natural and built environments through sound planning and community involvement.

Draft Trade Waste Management Plan received. Project delayed due to staffing.

Council completed an environmental investigation into Newell Beach landfill and former sanitary depot to allow future removal of each site from the Environmental authority.

Waste and recycling education programs developed for schools and multiple unit dwellings in the Shire to increase recycling rates, reduce contamination and reduce waste to landfill.

New Safety Management System developed for all resource management operations.

Coconut Action Plan 2018-2019 developed, reported and implemented.

Six drain stencilling events conducted to raise awareness about the impact of litter and land run-off on waterways and the Great Barrier Reef.

Global Top 100 Sustainable Destination achieved and project plan for achieving Global Ecotourism Destination Certification accreditation in progress.

Pre-feasibility study into another Cassowary Research Centre deemed not viable and project ceased.

Goal #2 – To reduce the consumption of energy and other resources in all Council operations.

Council completed 17 out of 22 actions for the Corporate Sustainability Strategy 2017-2020, and partnerships progress well.

Solar feasibility study at Killaloe Transfer Station completed. Indicated solar project at wastewater treatment plant has great potential to lower Council's carbon footprint and achieve financial savings.

Theme 3: Improve Environmental Performance

Council has the opportunity to demonstrate leadership by Local Government in our diverse communities by implementing responsible environmental practices.

With 82% of the Shire included in the Wet Tropics World Heritage Area, the preservation of the natural environment will be supported by the implementation of location-specific management plans.

Council will also adopt measures to reduce consumption, more effectively managing waste, and will achieve a reduction in energy and fuel consumption through greater efficiencies in service delivery.

10 Initiatives

9 completed
1 not completed



Theme 4: Engage, Plan, Partner

Council will engage with the diverse communities of Douglas in accordance with clear policies, plans and techniques to ensure needs, issues, and concerns are appropriately considered in all decision-making.

Strategic planning and partnerships with regional, state, national and international stakeholders will be strengthened through focus on key goals, opportunities and positive outcomes.

7 Initiatives

6 completed
1 not completed



Theme 5: Governance

The new Douglas Shire provides an opportunity to build and deliver a solid platform for excellence and transparency in governance, service delivery, compliance and risk management.

The organisational culture will be one of enthusiasm, collaboration and innovation to confidently and productively support Council's direction.

5 Initiatives

3 completed
1 commenced
1 not completed

OUTCOMES

Goal #1 – To implement the Community Engagement Framework and Guidelines as adopted.

Community surveys conducted for 2020-2024 Corporate Plan which was adopted on 25 June 2019.

Completed stage 1 of the Daintree River Ferry Contract Renewal which focused on community/stakeholder engagement and feasibility studies on potential ferry operations expansion.

Goal #2 – To develop enhanced collaborative partnerships with all

stakeholders to achieve community outcomes.

Completed Phase 5-8 of the Coastal Hazard Adaptation Strategy (CHAS) under the QCoast2100 program.

Consultation with Eastern Kuku Yalanji elders completed for incorporating indigenous language into key tourism signage.

Removal of all wrecks from Dickson Inlet completed.

GBRMPA are no longer requesting annual Reef Guardian Action Plans from councils. More emphasis on large-scale projects.

Goal #3 – To ensure effective Disaster Management Planning to support Douglas Communities.

Predictive modelling for flooding in the Mossman River developed. Interface will form part of Douglas Dashboard.

OUTCOMES

Goal #1 – To develop financially sustainable organisation through sound strategic planning.

Costs of providing Council's Water, Sewerage and Cleansing activities were investigated and are being recovered via Council's Utility Charges.

Council developed the 2019-2020 Annual Budget which projects a budget surplus, achieving the financial sustainability strategy adopted in 2014.

Goal #2 – To demonstrate leadership in Local Government through

sound, transparent, accountable and equitable decision-making.

Council has started developing and implementing processes to ensure compliance and alignment with the new Planning Act and Planning Scheme for development applications.

Continuing to implement Council's adopted strategy of maintaining a watching brief on the Local Government industrial relations landscape.

An Information Technology (IT) Environment Study has been conducted to determine the most suitable

option for the future IT environment based on proven technology and risk assessment.

IDENTIFYING BENEFICIAL ENTERPRISES (s41)

A Local Government's Annual Report for each financial year must contain a list of all the beneficial enterprises that the Local Government conducted during the financial year. Douglas Shire does not conduct any beneficial enterprises.

IDENTIFYING SIGNIFICANT BUSINESS ACTIVITIES (s45)

A Local Government's Annual Report for each financial year must –

- (a) Contain a list of all the business activities that the Local Government conducted during the financial year, and
- (b) Identify the business activities that are significant business activities, and
- (c) State whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied, and
- (d) State whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.

The *Local Government Regulation 2012* (section 19) identifies the following expenditure thresholds for significant business activities:

- 10,000 or more premises being connected to a water service as at 30 June
- \$9.7M for another business activity

Council conducted the following business activities during the 2018-2019 financial year:

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

The Regulation also provides that a Local Government must use the financial information for the previous financial year that was presented to the Local Government's budget meeting to identify each new significant business activity for the financial year. None of the Council's business activities exceeded the threshold for a significant business activity for the 2018-2019 financial year. The business activities listed above were conducted by Council in the previous financial year (2017-2018), and no new business activities commenced in 2018-2019.

REMUNERATION PAYABLE TO SENIOR CONTRACT EMPLOYEES (s201)

The Annual Report of Local Government must state the total remuneration packages payable to senior contract employees and the number of employees in senior management during 2018-2019 financial year.

Number of Senior Management Staff	Band of Remuneration
10	\$100,000 - \$200,000

RESOLUTIONS (s185)

The Annual Report for a financial year must contain:

- (a) A copy of the resolutions made during the financial year under s250(1); and
- (b) A list of any resolutions made during the financial year under s206(2).

Councillor Expense Reimbursement Policy

In accordance with S250 of the *Local Government Regulation 2012*, Council must prepare and adopt by resolution an Expense Reimbursement Policy. The Expense Reimbursement for Elected Representatives General Policy was reviewed and adopted in August 2016. This Policy provides for the payment of reasonable expenses incurred, or to be incurred, by Councillors discharging their duties and responsibilities as Councillors whilst undertaking Council Business. The full Policy is available on Council's website.

Asset Capitalisation General Policy

There was one (1) resolution made during the year under s206 (2) of the *Local Government Regulation 2012*, which set the amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.

Minutes of the Ordinary Council Meeting, held on Tuesday, 18 June 2019

5.3. VARIOUS FINANCIAL POLICIES

Tara Killeen, Chief Financial Officer

Moved Cr Carey

Seconded Cr Zammataro

"That Council adopts the:

1. *Asset Capitalisation General Policy;*
2. *Debt Recovery General Policy;*
3. *Investment General Policy;*
4. *Rates Based Financial Assistance General Policy; and*
5. *Revaluation of Non-Current Assets General Policy."*

Carried Unanimously

Attachment 3.1.1
COUNCILLORS (s186)

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

Councillor Remuneration

The amount of remuneration paid to Local Government Councillors is determined by the *Local Government Remuneration and Discipline Tribunal (The Tribunal)*.

The Tribunal has determined that Douglas Shire Council is a Category 1 Council and the following annual remuneration amounts applied to Category 1 Councils during the period 1 July 2018 to 30 June 2019:

MAYOR	DEPUTY MAYOR	COUNCILLORS X 3
\$ 103,918	\$ 59,952	\$ 51,598 each

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2018 to 30 June 2019 is as follows:

Councillor	Remuneration *	Superannuation
Mayor Julia Leu	\$103,830.13	\$ 12,470.12
Deputy Mayor Abigail Noli	\$ 59,901.37	\$ 7,079.16
Cr David Carey **	\$ 37,925.26	\$ 4,556.39
Cr Michael Kerr	\$ 51,913.92	\$ 4,936.10
Cr Roy Zammataro	\$ 51,913.92	\$ 4,936.10

*Remuneration paid to Councillors were slightly lower than the remuneration figures determined by the Local Government Remuneration and Discipline Tribunal due to Council pay run schedule.

** Cr Carey took an absence without pay during the year.

Councillor Expenses

The expenses incurred by, and the facilities provided to, each councillor during the financial year under Council's "Councillor Expense Reimbursement Policy".

Councillor	Expense Reimbursement Amount
Mayor Julia Leu	\$ 14,010.24
Deputy Mayor Abigail Noli	\$ 7,251.65
Cr David Carey	\$ 1,303.78
Cr Michael Kerr	\$ 5,535.21
Cr Roy Zammataro	\$ 2,343.60

Mayor Julia Leu – Additional FTB \$6,994.31

Facilities

- Annual payment of \$600 per annum for home communication

Mayor

- Office accommodation with Administrative Support
- Fully maintained vehicle for use in Council duties with full unrestricted private use
- Hospitality fund to the value of \$1,000 for hospitality expenses

Deputy Mayor & Councillors

- Basic Administrative Support

Each Councillor provided with single standard laptop, iPad and mobile telephone.

Councillor Attendance

As required under s186 (d) of the *Local Government Regulation 2012*, the table below details the number of Local Government Meetings each Councillor attended during the 2018-2019 financial year.

Meetings Attended	Mayor Julia Leu	D/ Mayor Abigail Noli	Cr David Carey	Cr Michael Kerr	Cr Roy Zammataro
General Meetings (17 Held)	17	16	12	17	17
Special Meetings (6 Held)	6	5	5	6	6
Special Budget Meeting (1 Held)	1	1	1	1	1

Leave was granted for the meetings unattended by Councillor David Carey from 24 February 2019 to 30 May 2019.

For the period 1 July 2018 to December 2018 – the total number of the following during the financial year.

Description	Number
Orders and Recommendations made under s180(2) or (4) of the Act	0
Orders made under s181	0

For the period 3 December 2018 to 30 June 2019 – the total number of the following during the financial year.

Description	Number
Orders made under s150I(2) of the Act	0
Orders made under s150AH(1) of the Act	0
Decisions, orders and recommendation made under s150AR(1) of the Act	0

For the period 1 July 2018 to 2 December 2018 – the total number of the following during the financial year.

Description	Number
The name of each councillor for whom an order or recommendation was made under s180 of the Act or an order was made under s181 of the Act	n/a
A description of the misconduct or inappropriate conduct engaged in by each of the councillors	n/a
A summary of the order or recommendation made for each Councillor	n/a

For the period 3 December 2018 to 30 June 2019 – the total number of the following during the following year.

Description	Number
The name of each councillor for whom a decision, order or recommendation mentioned in table 2 was made	n/a
A description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors	n/a
A summary of the decision, order or recommendation made for each councillor	n/a

For the period 1 July 2018 to 2 December 2018 – the total number of the following during the financial year.

Description	Number
Complaints about the conduct or performance of Councillor for which no further action was taken under s176C(2) of the Act	1
Complaints referred to the department's chief executive under s176C (3) (a)(i) of the Act	0
Complaints referred to the mayor under s176C(a) (ii) or (b)(i) of the Act	0
Complaints referred to the departments chief executive under s176C(4)(a) of the Act	0
Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Commission Act	0
Complaints heard by a regional conduct review panel	0
Complaints heard by the tribunal	0
Complaints to which s176C(6) of the Act applied	0

For the period 3 December 2018 to 30 June 2019 – the total number of the following during the following year.

Description	Number
Complaints referred to the assessor under section 150P(2)(a) of the Act by the local government; a councillor of the local government and the chief executive officer of the local government	1
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	0
Notices given under section 150R(2) of the Act	0
Notices given under section 150S(2)(a) of the Act	0
Decisions made under section 150W(a),(b) and (d) of the Act	0
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	0
Occasions information was given under section 150AF(4)(a) of the Act	0
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor	0
Applications heard by the conduct tribunal about the alleged misconduct of a councillor	0

ADMINISTRATIVE ACTION COMPLAINTS (s187)

The Annual Report must contain a statement about Council's commitment to dealing fairly with Administrative Action complaints and how it has implemented the complaints process.

Administrative Action Complaints are processed in accordance with the provisions of the Council's Complaints Management Policy. The objectives of the policy are to ensure that the Council had an organised way of responding to, recording, reporting and using complaints to improve service to the community. The Complaints Management System has been established to ensure complaints are dealt with fairly, objectively, professionally, respectfully and subject to any legal requirements, in confidence.

Council:

- 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.

Douglas Shire Council adopted in November 2018 a reviewed Administrative Action Complaints Management 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 next year for all relevant staff.

The Manager Governance will report to the Management Team on a quarterly basis, with information including but limited to:

- Complaints received and outcomes determined;
- Time taken to resolve complaints;
- Comparisons with historical data and trend analysis;
- Identification of significant, emerging or recurring issues and recommendations for improvements;
- Status of the implementation of any previously identified improvements, and
- Compliance with this policy and relevant procedures.

In addition, the Governance Manager will review the Complaints Management System (CMS) annually for effectiveness. The scope of the review will include all major CMS elements, staff and customer CMS feedback, and an audit of finalised complaints for compliance and correctness of outcomes. The Management Team will review the report and approve the implementation of accepted recommendations.

Description	Total
(a)(i) Administrative action complaints made to the local government	9
(a)(ii) Administrative action complaints resolved by the local government under the complaints management process	9
(a)(iii) Administrative action complaints not resolved by the local government under the complaints management process	0
(b) The number of administrative action complaints under paragraph (a)(iii) that were made in a previous year	0

OVERSEAS TRAVEL (s188)

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

There was no overseas travel made by a Councillor or Local Government Employee in an official capacity during the financial year in 2018-2019.

GRANTS TO COMMUNITY ORGANISATIONS (s189)

The Annual Report must contain a summary on grants to Community Organisations and any Councillor discretionary funds.

Douglas Shire Council provides Grants, In-kind Support, Donations and Sponsorships or waive Council Fees to support initiatives which address community, economic, social and environmental outcomes.

Supporting organisations, groups and individuals with financial grants and non-financial assistance such as in-kind support and waiving of Council fees help develop and deliver programs, projects, activities and events that provide artistic, cultural, sporting, recreational, environmental, community, industry, social and economic benefits in the Douglas Shire Council.

Council awarded 66 individual Grants, Sponsorships, and In-Kind Assistance totalling \$127,721.81.

In-Kind Assistance

Organisation Name	Grant Awarded (ex GST)	Project Title
Port Douglas Basketball Club Inc.	\$ 3,960.00	Developing volunteer coaches and referees
Great Barrier Reef Legacy	\$ 5,000.00	Reef to Rainforest Virtual Reality education program
Douglas Shire Community Services Association Ltd.	\$ 4,939.00	Kuku Yalanji First Readers iBook Project
Port Douglas Community Service Network Inc.	\$ 1,300.00	PDCSN Men's Group - Male Bonding and Community Development
Bamanga Bubu Ngadimunku Aboriginal Community	\$ 4,729.00	Let's Get Active Now
Low Isles Preservation Society	\$ 3,350.00	Reef in a Box - educational tool kit
Douglas Netball Association	\$ 5,000.00	Umpire and Coach Development
Port Douglas Artists Association Inc	\$ 10,000.00	Call of the Running Tide - 10 day Environmental sculpture festival
Douglas Theatre Arts Group Inc	\$ 5,000.00	Ladies and Gentlemen - Choral Performance and Voice spectacular
Douglas Animal Welfare Group	\$ 10,000.00	Gala Fundraiser during Carnivale
	\$ 53,278.00	

Sponsorships

Organisation Name	Sponsorship (ex GST)	Project Title & Location of Project
Mossman State High	\$ 500.00	Annual Presentation Night
Douglas Shire Community Services Assoc / Lifestyle Support Connections	\$ 500.00	Christmas Day Lunch
Special Children's Christmas Parties	\$ 227.27	Special Children's Christmas Party 2019
Koori Kids Pty Ltd	\$ 450.00	2019 contribution to NAID Week school initiatives
Douglas Shire Community Services Assoc.	\$ 100.00	2018 Seniors Week - Bus Trip
Douglas Shire Community Services Assoc.	\$ 100.00	2018 Seniors Week - Men's Shed Morning Tea
Renewal	\$ 100.00	2018 Seniors Week - Diwan afternoon tea
Port Douglas Community Services	\$ 100.00	2018 Seniors Week
Douglas Shire Seniors Inc	\$ 100.00	2018 Seniors Week
Inspired Signs Pty Ltd	\$ 300.00	2 Toyah banners 5m x 1.5 m
	\$ 2,477.27	

Organisation Name	In Kind (ex GST)	Project	In Kind Type
PDCSN	\$ 992.68	TAI CHI	Waive fees for hire of PD Community Centre
PDCSN	\$ 324.09	Child Protection Week	Waive fees for Rex Smeal Park
Mossman Lions Club	\$ 120.91	Mossman Motoring Expo	Waive fees for Mossman Showground
Leukaemia Foundation Mossman District Branch	\$ 95.45	Lavender & Lace Afternoon Tea	Waive fees for Mossman Shire Hall
DSCSA	\$ 120.91	Child Protection Week	Waive fees for Mossman Show Grounds
Port Douglas Artists Inc	\$ 128.86	Call Of The Running Tide Workshop	Waive fees for PD Community Centre Hall
DSCSN Mossman Support Service	\$ 76.36	Disability Action Week Fun Day	Waive fees for George Davis Park
Blue Care, Mossman	\$ 1,080.00	Lawn Mowing	Provide mowing services to office grounds
Douglas Local Marine Advisory Committee	\$ 75.67	Reef Restoration Presentation	Waive fees for Port Douglas Community Centre hall
DSCSN Mossman Support Service	\$ 241.36	Disability Action Week Fun Day	Waive Prescribed Activity and Waste Fees
Kids In Need Donations Inc	\$ 302.72	Jungle Ride For Kind 2018	Waive Prescribed Activity Fees
Tourism Tropical North Qld	\$ 1,388.18	Sell TNQ 2018 Welcome function	Waive fees for Sugar Wharf - 1 day
DSCSA Mossman Support Services	\$ 124.09	Community Christmas Day Lunch	Waive fees for hire of Mossman Shire Hall
Terrain NRM	\$ 210.00	Walking The Landscape workshop	Waive fees for Port Douglas Community Centre hall - 2 days
Port Douglas Artists Inc	\$ 28.63	Call Of The Running Tide Workshop	Waive fees for PD Community Centre Hall
DSCSN Mossman Support Service	\$ 114.48	Indigenous Licensing Unit Program	Waive fees for Mossman Shire Hall
Port Douglas Yoga	\$ 1,388.00	Yoga 30 Year Anniversary	Waive fees for Sugar Wharf
Kids In Need Donations Inc	\$ 1,452.72	Jungle Ride For Kind 2019	Waive fees for Daintree ferry, prescribed activity and hire of PD Sports Complex
Mossman Pony Club	\$ 1,300.00	Mowing Services for Mossman Pony Club	Waive fees for Council to mow grounds and paddocks
Variety Children's Charity	\$ 324.09	Bondi to Bat Reef Dash	Waive fees for Rex Smeal Park
Croc Nash Hash 2019 Inc	\$ 2,000.00	Croc Nash Hash	Waive fees for activity, venue hire and waste
Cycle For Hope 2019	\$ 441.81	Cycle for Hope 2019	Waive application fees (sport & rec event)
St Augustine School	\$ 120.91	2019 Sports Carnival	Waive hire fee Coronation Park for Sports Carnival 17/5/19
Cow Bay Hotel	\$ 441.81	Charity Bike Ride	Waive Event/Activity fees
Rotary Club of Mossman	\$ 120.91	Youth Driver Awareness Program	Waive hire fees for Mossman Showground
Port Douglas Artists Inc	\$ 5,381.72	Call Of The Running Tide 2019 Event	Waive all event fees
Mossman and District Show Society Inc.	\$ 409.09	Mossman Show 2019	Waive waste disposal fees
Accor Hotels / Good2give Community Fund	\$ 120.91	TNQ Charity Cricket Day	Waive fees for PD Sports Complex
Douglas Hockey Association Inc	\$ 120.91	School Hockey Tournament	Waive fees for Mossman Showground
DSC / Mossman NAIDOC Committee	\$ 404.09	NAIDOC 2019 - Street Parade and Family Fun Day	Waive activity and hire fees
Port Douglas Football Club Inc	\$ 338.18	30th Anniversary Party	Waive fees for PD Community Centre
	\$ 19,789.54		

Attachment 3.1.1
RESOURCE AND PERFORMANCE AGREEMENT

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

Organisation Name	Purpose	Duration of Agreement	Funding Allocation	In-Kind Support	Actual Funding 2018-2019
Tourism Port Douglas Daintree	Provision of destination marketing and tourism for the Shire	01/07/2017-20/06/2020	488,404.59 Per Annum Plus 1.5% Ind		\$ 514,152.75
Knockout Events Australia Pty Ltd	Carnivale	15/01/2016-01/09/2018	\$ 50,000.00	Venue Hire	\$ 38,518.19
USM	Ironman		\$ 50,000.00	\$ 621.00	\$ 50,000.00
Port Douglas Event Management	Great Barrier Reef Marathon	01/08/2017 - 31/12/2020	\$ 20,000.00	\$ 1,5000.00	\$ 20,000.00
Mossman Show Society	Mossman Show	31/07/2019	\$ 11,637.34	\$ 11,637.34	\$ 11,637.34
Port Shorts Film Festival Inc	Port Shorts Film Festival	01/12/2015-31/12/2018	\$ 8,000.00	Venue Hire	\$ 8,000.00
Douglas Historical Society	Assistance with upkeep of museum		\$ 5,000.00		\$ 5,000.00
Douglas Theatre Arts Group - Clink	Carols in the Park 2018		\$ 8,000.00		\$ 8,000.00
Douglas Theatre Arts Group - Clink	Assistance with upkeep of theatre	14/11/2018 - 30/06/2019	\$ 5,000.00		\$ 5,000.00

REGIONAL ARTS DEVELOPMENT FUND (RADF)

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

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

Applicant	In Kind (ex GST)	Project	Project Description
Terry Johnson	\$ 1,609.00	CRT - 'Is This Reel?'	Design and produce a sculpture for 'Call of the Running Tide' event
Terry Johnson	\$ 2,068.00	Colour My Song	To host workshops culminating in a multi-arts event in Port Douglas in September 2019
Rosey Cummings	\$ 5,000.00	CRT - 'Get the Drift' & 'From The Deep'	Design and produce two artworks for 'Call of the Running Tide' event
Jill Chism	\$ 5,000.00	CRT - 'Running Out Of Time' & 'Going With The Flow'	Design and produce two artworks for 'Call of the Running Tide' event
Pam Willis Burden	\$,2,400.00	2019 Flooding Experiences	Document stories from people affected by flooding in Daintree region during January 2019
Bill Wilkie	\$ 3,818.00	Authors Website	Creation of a website with blog featuring authors works and research
Ross Cummings	\$ 5,000.00	CRT - 'Homage to Hokusai'	Creation of an animated video for 'Call of the Running Tide' event
Leanne Emmitt	\$ 4,821.00	CRT - 'Tread Lightly' & 'Preserve and Protect'	Design and produce two artworks for 'Call of the Running Tide' event
Jeannie Heynatz	\$ 4,000.00	CRT - 'Blowing In The Wind'	Design and produce a sculpture for 'Call of the Running Tide' event
Deirdre Whiteley	\$ 1,917.00	Barry Visits The Cane Farm	Professional assistance to edit and illustrate a children's book manuscript.
Deirdre Whiteley	\$ 2,850.00	CRT - 'Forever Changing' & 'To Love Or Not?'	Design and produce two artworks for 'Call of the Running Tide' event
Wonga Beach State School	\$ 4,350.00	Beautiful Our Community	Partnership with students and professional artists to create murals on the school premises
Port Douglas Community Services Network Inc	\$ 2,344.00	School Holiday Arts Program	4-day art program for primary school children
Jillian Bickford	\$ 4,150.00	Mossman Indigenous Family History Stories	Prepare for 2nd edition printing of 7 family histories, including language translations and audio CD
Whileaway Bookshop	\$ 2,850.00	Writers In The Rainforest	Author talks and workshops with two leading authors
	\$ 52,177.00		

OTHER CONTENTS (s190)

The Annual Report must contain the following information:

Councillor's Discretionary Fund

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

Action taken for, and expenditure on, a service, facility or activity

Council did not during the year take any action in relation to or expend funds on a service, facility or activity:

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

Changes to tenders

Under s228 (7) of the *Local Government Regulations 2012*, a Local Government may invite all tenderers to change their tenders to take account of a change in the tender specifications.

There were no invitations to change tender made during the 2018-2019 financial year.

List of key registers kept by the Local Government

Council maintains a number of register that are available to the public.

- Asbestos Register
- Asset Register
- Conflict of Interest / Material Personal Interest Declarations Register
- Corporate Risk Register
- Local Laws Register
- Register of Cost Recovery Fees
- Register of Interests Councillors
- Register of Delegations (including financial)
- Councillor Conduct Register
- Administrative Action Complaints Register

Summary concessions for rates and charges

CURRENT CONCESSIONS

- Pensioner Remission - The rebate is up to 40% of the General Rate to a maximum of \$1,350.00pa
- Rates Based Financial Assistance - is 100% General Rates and 50% sewerage.
- Conservation Rebate - 50% General Rates if over 50% of property is covered under Nature
- Conservation Rebate - 35% of General Rates if under 50% is covered under nature

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 - \$182.84 per unit on each rateable assessment that does not receive the Council kerbside waste and recyclables collection service.

INTERNAL AUDIT

In accordance with S207 of the *Local Government Regulation 2012*, each Council is required to establish an Internal Audit Function and formulate an Annual Internal Audit Plan. An effective Internal Audit Function is recognised as an integral part of the Council's Governance structure, and has defined reporting lines within Council and to the Management Team. The purpose of the Internal Audit function is to objectively evaluate the organisation's business processes, work practices and systems of internal control, report on opportunities for improvement, and to recommend enhancements to the effectiveness of internal controls and business practices.

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

The preliminary planning activities performed in October 2018 have resulted in a customised Annual Internal Audit Plan for the period to 30 June 2019. The 2019 Annual Internal Audit Plan directs internal audit effort to the areas where Management and Internal Audit see benefit in the short term to provide assurance over business fundamentals.

Pacifica Chartered Accountants were engaged to complete the annual Internal Audit Function and the projects and consulting activities that were performed in the period to 30 June 2019 were:

- Data Analytics
- Grants Application & Management Process
- Risk Assessment of changes to payroll function reporting lines

Competitive neutrality complaints

During the 2018-2019 financial year Council was not in receipt of any Queensland Productivity Commission notices of Investigation under s49 of the *Local Government Regulation 2012*. Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under s52 (3) of the *Local Government Regulation 2012*.

Public Sector Ethics Act

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

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

- a) Improving organisational efficiency and productivity through the selection and employment of staff on merit based principles;
- 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.

Community Financial Report

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

INTRODUCTION

Council's general purpose financial statements are for the period 1 July 2018 to 30 June 2019 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.

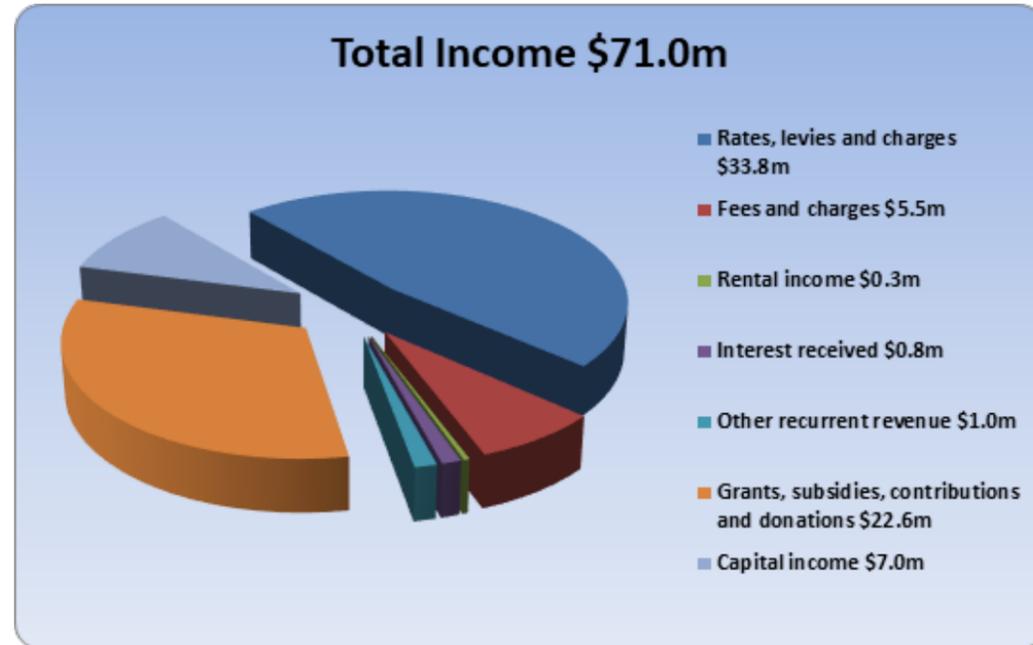
FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019 AT A GLANCE

Operating Revenue	\$45,445,678
Operating Expenses	(\$46,416,609)
Operating Position	(\$970,931)
Capital Revenue	\$25,590,145
Capital Expenses	(\$3,472,314)
Net Result	\$21,146,899
Current Assets	\$34,130,710
Non-Current Assets	\$377,234,806
Total Assets	\$411,365,516
Current Liabilities	\$7,500,807
Non-Current Liabilities	\$5,108,363
Total Liabilities	\$12,609,170
Net Community Assets (Equity)	\$398,756,346

STATEMENT OF COMPREHENSIVE INCOME

Income

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



Income by percentage	Percentage
Rates, levies and charges	47.64%
Fees and charges	7.72%
Rental income	0.36%
Interest received	1.16%
Other recurrent revenue	1.36%
Grants, subsidies, contributions and donations	31.92%
Capital income	9.84%
	100.00%

Grants, subsidies, contributions and donations

Includes capital grants, subsidies, contributions and donations of \$18.6 million of which \$8.4 million was for accepting ownership of Bloomfield River Bridge.

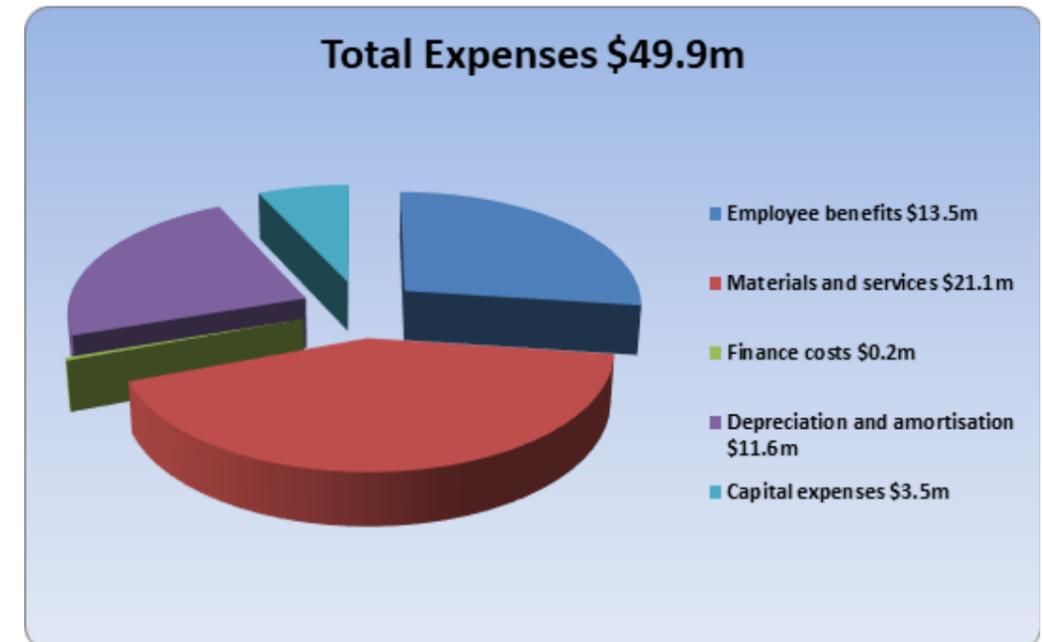
Other Capital Income

Includes an asset revaluation increase of \$6.9 million, which offsets a previous decrease.

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

Expenses

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



Expenses by Percentage

Employee benefits	27.09%
Materials and services	42.24%
Finance costs	0.41%
Depreciation and amortisation	23.30%
Capital expenses	6.96%
	100.00%

Capital Expenses

Includes a landfill provision adjustment of \$2.2 million and natural disaster asset write-off \$1.0 million

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

Attachment 3.1.1
Operating Position

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

It is determined by deducting operating expenses from operating revenue and shows an operating deficit of \$0.97 million, compared to a budgeted operating deficit of \$0.59 million.

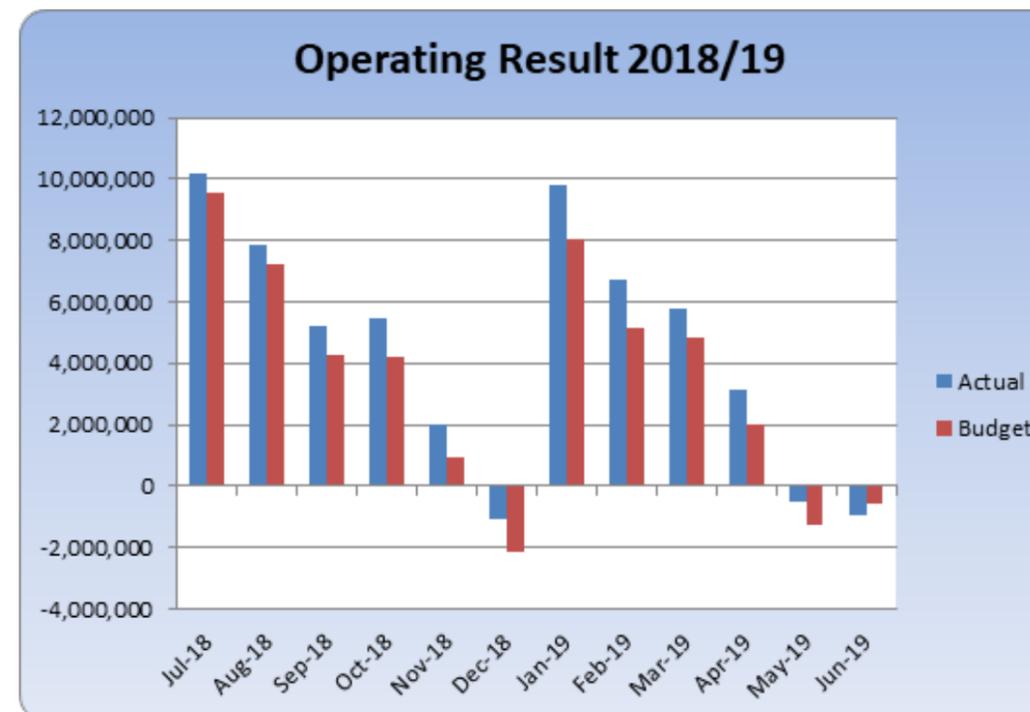
This variance of \$0.38 million is mainly due to a number of items of operating revenue and expenditure that were not anticipated when the budget was adopted, including:

- Net rates and utility charges are \$0.24 million under budget primarily due to less than anticipated revenue from water billing attributed to continued wet weather.
- Grants and subsidies \$1.5 million over budget primarily as result of additional NDRRA Emergent Funding \$0.41 million & Category D funding of \$1 million.
- Other recurrent income is \$0.34 million ahead of budget mainly due to timing of Council's Road Maintenance Performance Contract RMPC works.
- Employee benefits were below budget \$0.84 million, however this was offset by unbudgeted expenditure on temporary agency staff \$0.44 million (see Materials and Services below)
- Materials and services expenditure was above budget by \$3.2 million, which incorporated additional emergent works expenditure relating to four weather events \$1.66 million. Some of this expenditure has been recovered during 2018-2019 and additional funding is anticipated to be recovered under the Natural Disaster Relief and Recovery Arrangements (NDRRA). In addition to this, the Daintree River required additional dredging \$0.75 million.
- A reduction in depreciation expenditure \$0.5 million due to the delayed completion of some major capital works projects.
- Finance costs exceeded budget by \$0.12 million due to a change in value of Landfill sites

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

Douglas Shire Council	Budget	Actuals 18/19 Audited Financial Statements
Budget Vs Actuals		
For the 2018/2019 Financial Year	\$	\$
Operating Revenue		
Net rates and utility charges	34,088,347	33,840,069
Fees and charges	5,408,334	5,483,360
Grants and subsidies	2,580,696	4,078,584
Interest received	842,895	825,732
Other recurrent income	876,284	1,217,933
Total Operating Revenue	43,796,556	45,445,678
Operating Expenses		
Employee benefits	14,356,112	13,513,697
Materials and services	17,816,073	21,073,884
Depreciation	12,132,286	11,625,956
Finance costs	86,700	203,072
Total Recurrent Expenses	44,391,172	46,416,609
Operating Result	(594,616)	(970,931)

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



Net Result

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

The overall net result is a positive \$21.1 million.

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

- Developer contributions – cash contributions made by developers to fund future infrastructure assets have restrictions placed on their use and are constrained.
- Other constrained revenue – raised from other sources, for example grant funds provided for a specific purpose.

It also includes non-monetary values such as:

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

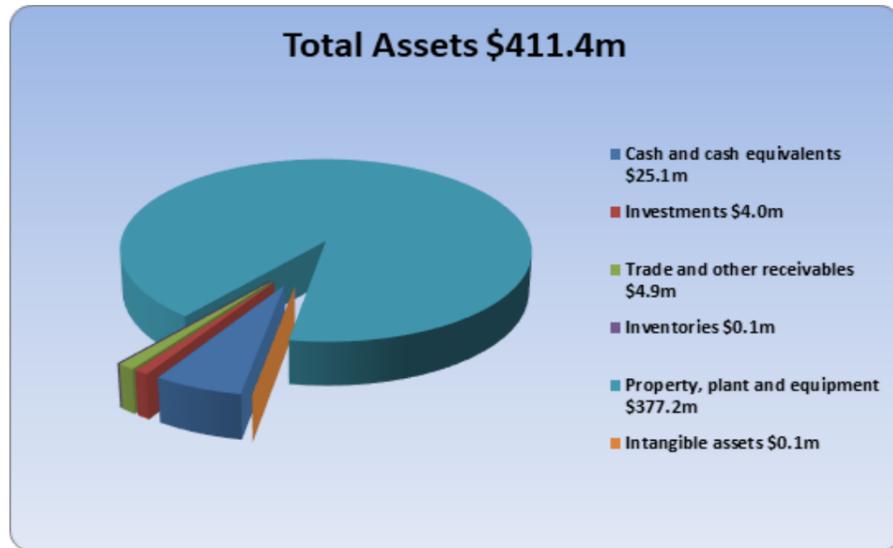
STATEMENT OF FINANCIAL POSITION

Assets

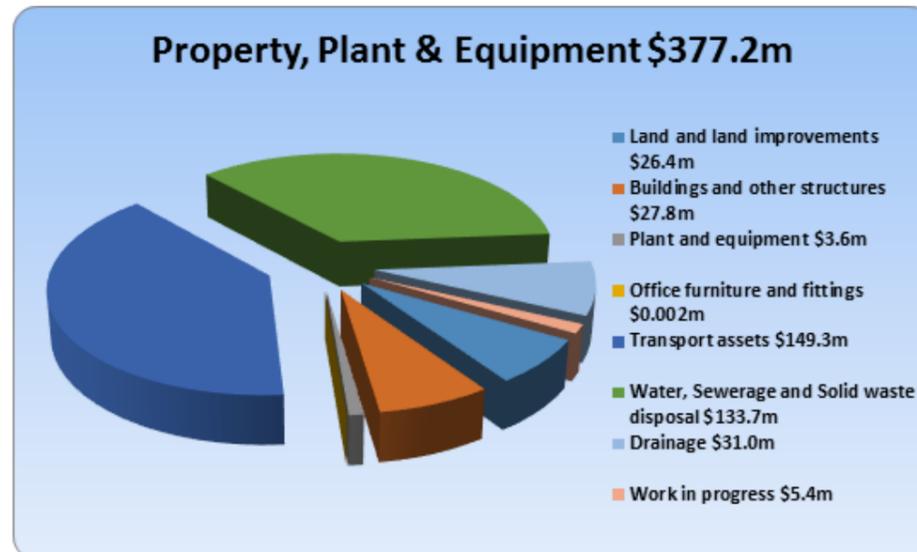
Council assets as at 30 June 2019 total \$411.4 million. This includes \$34.1 million of current assets (cash and other assets that are expected to be converted to cash or consumed within a year) and \$377.3 million of non-current assets. Property, plant and equipment makes up 92% of total assets.

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

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



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

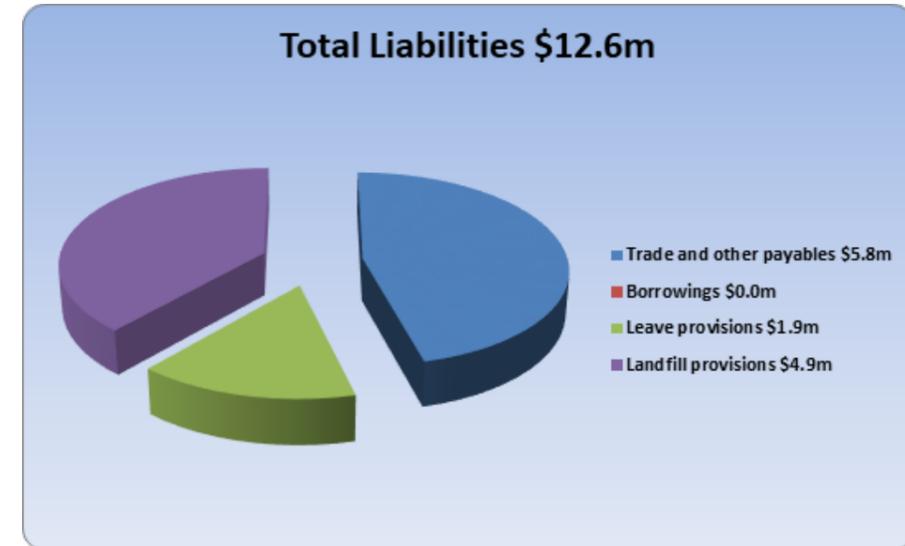


Further details can be located in notes 10 to 14 of the financial statements.

Liabilities

Total liabilities as at 30 June 2019 are \$12.6 million. This includes \$7.5 million of current liabilities (due to be settled within twelve months) and \$5.1 million of non-current liabilities. Liabilities mostly consist of amounts owing to suppliers, amounts owing to employees for leave entitlements and provision for the future cost of restoring landfills.

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



Further details can be found in notes 15 and 16 of the notes to the financial statements.

Community Equity

Council's total community equity as at 30 June 2019 is \$399 million and represents Council's asset revaluation surplus of \$40 million (increase in values of property, plant and equipment as a result of comprehensive revaluations) and retained surplus of \$359 million. This is determined by deducting the value of total liabilities from the value of total assets.

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

BORROWINGS AND REPAYMENTS

During the period Council did not apply for any new loans, therefore the loans balance as at 30 June 2019 is \$0 and Council's debt per rateable property is \$0.

MEASURES OF FINANCIAL SUSTAINABILITY

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

Ratio	What the ratio provides	How the ratio is calculated	Actual result	Target result
Operating surplus ratio	An indication of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2%	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.	84%	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)	-47%	not greater than 60%

The operating surplus ratio has declined slightly compared to the budgeted ratio of (1.75) as a result of the operating deficit being greater than the budgeted deficit, primarily due to the financial impact from adverse weather events.

The asset sustainability ratio is lower than the budgeted ratio of 99% due to a large capital works renewal project being delayed to the following year.

The net financial liabilities ratio has improved due to a greater than anticipated current assets balance.

This ratio indicates that Council is in a very healthy position to service its existing liabilities.

FURTHER INFORMATION

Further details can be found in Council's financial statements which are included at the end of this report.

DOUGLAS
SHIRE COUNCIL

FINANCIAL STATEMENTS 2018-2019

Attachment to the
Annual Report 2018-2019



Your ref:
Our ref: 2019-4039
Sri Narasimhan 3149 6208

11 October 2019

Mr M Stoermer
Chief Executive Officer
Douglas Shire Council
PO Box 723
MOSSMAN QLD 4873

Dear Mr Stoermer

General Purpose Financial Statements—2018–19
Current-year Financial Sustainability Statement—2018–19

- Douglas Shire Council

The certified General Purpose Financial Statements are enclosed. I have issued an unmodified opinion.

Also enclosed is the Current Year Financial Sustainability Statement. Consistent with prior years and with all other councils, I have included an emphasis of matter paragraph in my auditor's report to highlight the use of the special purpose basis of accounting.

A copy of the General Purpose Financial Statements and Current year Financial Sustainability Statement has also been forwarded to the Minister for Local Government.

Yours sincerely



Sri Narasimhan
Director

cc: Councillor J Leu, Mayor, Douglas Shire Council

Enc.



**Douglas Shire Council
Financial Statements
for the year ended 30 June 2019**

Douglas Shire Council

Financial statements

For the year ended 30 June 2019

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Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	33,840,069	32,309,812
Fees and charges	3(b)	5,483,360	5,299,191
Rental income		256,261	278,004
Interest received	3(c)	825,732	883,490
Other revenue	3(d)	961,672	1,530,090
Grants, subsidies, contributions and donations	4(a)	4,078,584	2,036,921
		<u>45,445,678</u>	<u>42,337,508</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	18,598,176	10,212,217
Other capital income	5	6,991,969	2,193,301
Total capital revenue		<u>25,590,145</u>	<u>12,405,518</u>
Total income		<u>71,035,822</u>	<u>54,743,026</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(13,513,697)	(12,812,702)
Materials and services	7	(21,073,884)	(19,303,433)
Finance costs	8	(203,072)	(147,930)
Depreciation and amortisation	13&14	(11,625,956)	(10,851,299)
		<u>(46,416,609)</u>	<u>(43,115,364)</u>
Capital expenses			
	9	(3,472,314)	(1,752,533)
Total expenses		<u>(49,888,923)</u>	<u>(44,867,897)</u>
Net result		<u>21,146,899</u>	<u>9,875,129</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	17	7,623,847	333,517
Total other comprehensive income for the year		<u>7,623,847</u>	<u>333,517</u>
Total comprehensive income for the year		<u>28,770,746</u>	<u>10,208,646</u>

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

Douglas Shire Council
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	10	25,114,863	13,589,280
Investments	11	4,000,000	10,000,000
Trade and other receivables	12	4,896,101	5,901,541
Inventories		119,745	101,271
Non-current assets held for sale		-	250,000
Total current assets		<u>34,130,710</u>	<u>29,842,093</u>
Non-current assets			
Property, plant and equipment	13	377,164,277	350,928,766
Intangible assets	14	70,530	140,888
Total non-current assets		<u>377,234,806</u>	<u>351,069,654</u>
Total assets		<u>411,365,516</u>	<u>380,911,746</u>
Current liabilities			
Trade and other payables	15	5,808,342	6,103,911
Provisions	16	1,692,465	2,650,676
Total current liabilities		<u>7,500,807</u>	<u>8,754,586</u>
Non-current liabilities			
Provisions	16	5,108,363	2,171,560
Total non-current liabilities		<u>5,108,363</u>	<u>2,171,560</u>
Total liabilities		<u>12,609,170</u>	<u>10,926,146</u>
Net community assets		<u>398,756,346</u>	<u>369,985,600</u>
Community equity			
Asset revaluation surplus	17	40,078,005	32,454,158
Retained surplus/(deficiency)		358,678,341	337,531,442
Total community equity		<u>398,756,346</u>	<u>369,985,600</u>

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2019

	Asset revaluation surplus	Retained Surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2018	32,454,158	337,531,442	369,985,600
Net result		21,146,899	21,146,899
Other comprehensive income for the year			
Increase in asset revaluation surplus	17 7,623,847		7,623,847
Total comprehensive income for the period	<u>7,623,847</u>	<u>21,146,899</u>	<u>28,770,746</u>
Balance as at 30 June 2019	<u>40,078,005</u>	<u>358,678,341</u>	<u>398,756,346</u>
Balance as at 1 July 2017	32,120,641	327,656,314	359,776,955
Net result		9,875,129	9,875,129
Other comprehensive income for the year			
Increase in asset revaluation surplus	17 333,517		333,517
Total comprehensive income for the period	<u>333,517</u>	<u>9,875,129</u>	<u>10,208,646</u>
Balance as at 30 June 2018	<u>32,454,158</u>	<u>337,531,442</u>	<u>369,985,600</u>

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

Douglas Shire Council
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		41,290,541	38,908,970
Payments to suppliers and employees		<u>(35,242,915)</u>	<u>(30,801,510)</u>
		6,047,626	8,107,459
Interest received		825,732	883,490
Rental income		256,261	278,004
Non capital grants and contributions		4,078,584	2,036,921
Borrowing costs		<u>(77,441)</u>	<u>(85,859)</u>
Net cash inflow (outflow) from operating activities	21	<u>11,130,762</u>	<u>11,220,015</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(16,318,832)	(26,111,585)
Payments for intangible assets		(35,172)	-
Proceeds from sale of property plant and equipment		626,698	251,871
(Purchase) / redemption of investments		6,000,000	5,000,000
Grants, subsidies, contributions and donations		10,059,459	8,718,508
Capital insurance proceeds		62,668	-
Net cash inflow (outflow) from investing activities		<u>394,821</u>	<u>(12,141,206)</u>
Net increase (decrease) in cash and cash equivalent held		<u>11,525,583</u>	<u>(921,190)</u>
Cash and cash equivalents at the beginning of the financial year		13,589,280	14,510,471
Cash and cash equivalents at end of the financial year	10	<u>25,114,863</u>	<u>13,589,280</u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

1 Significant accounting policies

1.1 Basis of preparation

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

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019. They are prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australian 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 where stated.

1.2 New and revised Accounting Standards

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

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses. Council does not have any material changes from this new standard and has not restated comparatives.

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 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant agreement. At present, such grants are recognised as revenue upfront.

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of \$1,013,857 due to deferral of grant funding and pre-paid rates revenue (based on the facts available to Council at the date of assessment).
- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- Net result would be lower on initial application as a result of decreased revenue.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements and determined that they will have no impact as Council does not generally lease its assets (other than some Deed of Grant in Trust Leases - i.e. peppercorn leases). Peppercorn leases are currently not recognised in Council's financial statements. Council does not intend to elect to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

However, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

1.3 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 and depreciation of property, plant and equipment - Note 13

Provisions - Note 1.10 (d), Note 1.11 and Note 16

Contingent liabilities - Note 19

1.4 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, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Council only receives grants, subsidies and contributions that are non-reciprocal in nature.

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

c) Non-cash contributions

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

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when 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 value 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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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.

g) **Share of proceeds from sale of operational trust land**

Share of proceeds from sale of operational trust land relates to Council's 50% share of revenue received by the Department of Natural Resources, Mines and Energy (DNRME) from the sale of operational trust land (exclusive of any DNRME costs in managing the disposal of the land), as per the DNRME Revenue Share Policy relating to such land.

h) **Contract and recoverable works revenue**

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

1.5 Cash and cash equivalents

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

Cash at bank and on hand at 30 June 2019 includes \$119,613 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

1.6 Receivables

Receivables are amounts owed to Council at 30 June. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as income.

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

1.7 Investments

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

1.8 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 14.

At the reporting date intangible assets consist of software only.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

1.9 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.

Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods.

The State government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which takes effect from 1 July 2019. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

1.10 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 15 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 15 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 20.

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 16 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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

1.11 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 16.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current Queensland Treasury Corporation ("QTC") lending rate is considered an appropriate rate.

Restoration on land not controlled by Council

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

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.

1.12 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.

1.13 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 2019

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 2019

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 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019							
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate and Community	1,710,702	16,463,009	186,726		18,360,437	(10,524,266)	192,416	(10,331,850)	7,649,445	8,028,587	62,240,862
Infrastructure	2,095,706	4,785,714	14,206,617	6,991,969	28,080,006	(20,494,718)	(1,300,153)	(21,794,871)	(13,613,298)	6,285,135	211,624,665
Development and Environment	246,948	713,627	-		960,575	(2,138,484)	-	(2,138,484)	(1,177,909)	(1,177,909)	-
Water and Waste	25,228	19,404,744	4,204,833		23,634,804	(13,259,141)	(2,364,578)	(15,623,718)	6,170,831	8,011,086	137,499,992
Total Council	4,078,584	41,367,093	18,598,176	6,991,969	71,035,823	(46,416,609)	(3,472,315)	(49,888,924)	(970,932)	21,146,899	411,365,519

Year ended 30 June 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018	2018	2018	2018							
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate and Community	1,565,079	16,565,109	61,141		18,191,329	(10,378,922)	75,466	(10,303,456)	7,751,266	7,887,873	58,464,667
Infrastructure	377,807	4,407,172	4,275,986	2,162,626	11,223,590	(18,620,104)	(1,313,849)	(19,933,952)	(13,835,126)	(8,710,362)	193,809,311
Development and Environment	94,036	746,578	-		840,613	(2,094,839)	-	(2,094,839)	(1,254,226)	(1,254,226)	-
Water and Waste	-	18,581,728	5,875,091	30,675	24,487,495	(12,021,498)	(514,150)	(12,535,649)	6,560,230	11,951,846	128,637,768
Total Council	2,036,921	40,300,587	10,212,218	2,193,301	54,743,027	(43,115,363)	(1,752,533)	(44,867,896)	(777,855)	9,875,131	380,911,746

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Note	2019	2018
	\$	\$
3 Revenue analysis		
(a) Rates, levies and charges		
General rates	15,706,225	14,977,519
Water	7,284,706	7,098,598
Sewerage	6,944,253	6,637,644
Waste	4,353,516	4,013,440
Less: Pensioner remissions & concessions	(448,631)	(417,389)
Net rates, levies and utility charges	<u>33,840,069</u>	<u>32,309,812</u>
(b) Fees and charges		
Building and property fees	267,086	345,505
Ferry	3,098,114	2,969,151
Communication towers	204,982	182,803
Permits, licences & registrations	497,870	463,380
Markets	306,865	295,038
Refuse & transfer stations	274,671	263,083
Water & sewerage applications	322,771	309,058
Other fees and charges	511,001	471,174
	<u>5,483,360</u>	<u>5,299,191</u>
(c) Interest received		
Investments	644,497	667,896
Overdue rates and utility charges	181,235	215,594
	<u>825,732</u>	<u>883,490</u>
(d) Other revenue		
Share of proceeds from sale of operational trust land	-	822,700
Contract and recoverable works	719,217	453,922
Commissions	33,136	33,008
Sundry revenue	209,319	220,459
	<u>961,672</u>	<u>1,530,090</u>
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
General purpose grants	1,563,777	1,395,420
State government subsidies and grants	2,514,807	641,501
	<u>4,078,584</u>	<u>2,036,921</u>
(b) Capital		
Government/statutory authority subsidies and grants	9,980,643	8,681,473
Contributions	78,816	37,035
Assets contributed by developers at fair value	8,538,717	1,493,709
	<u>18,598,176</u>	<u>10,212,217</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	1,112,374	907,844
	<u>1,112,374</u>	<u>907,844</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	907,844	3,777,297
	<u>907,844</u>	<u>3,777,297</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
5 Capital income		
Provision for restoration of land		
Decrease in restoration provision	16	30,675
	-	30,675
Revaluations		
Revaluation up of property, plant and equipment reversing previous revaluation expense	13	2,162,626
	6,929,301	2,162,626
Capital insurance proceeds		
Insurance proceeds	62,668	-
	62,668	-
Total capital income	6,991,969	2,193,301
6 Employee benefits		
Total staff wages and salaries	10,738,443	10,000,890
Councillors' remuneration	345,503	353,361
Annual, sick and long service leave entitlements	1,840,652	2,029,782
Superannuation	20	1,303,211
	14,310,633	13,687,244
Other employee related expenses	46,527	66,281
	14,357,160	13,753,525
Less: Capitalised employee expenses	(843,462)	(940,823)
	13,513,697	12,812,702
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	83	79
Depot and outdoors staff	86	84
Total full time equivalent employees	174	168
7 Materials and services		
Audit of annual financial statements by the Auditor-General of Queensland	106,500	106,500
Consultancy	762,724	1,170,610
Contractors	7,804,756	6,030,028
Communications and IT	759,723	689,488
Donations	919,872	664,945
Electricity	1,320,031	1,216,348
Insurances	670,081	722,085
Legal	279,263	152,129
Repairs and maintenance	6,747,239	6,718,091
Other materials and services	1,703,694	1,833,209
	21,073,884	19,303,433
8 Finance costs		
Bank charges	77,441	85,859
Landfill sites - change in present value over time	125,631	62,071
	203,072	147,930

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
9 Capital expenses			
Property restoration: Landfill sites			
Revaluation adjustment to refuse restoration provision - Killaloe	16	347,217	140,412
Post closure monitoring cost of Sanitary Depot	16	836,635	-
Adjustment to refuse restoration provision - Newell Beach	16	1,010,403	-
		<u>2,194,255</u>	<u>140,412</u>
Revaluation decrement			
Revaluation down of property, plant and equipment	13	51,261	-
Gain / Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		(188,361)	(78,274)
Less: Carrying value of property, plant and equipment disposed of		631,613	771,642
		<u>443,252</u>	<u>693,368</u>
Proceeds from the sale of land and land improvements		(438,337)	(173,597)
Less: Carrying value of land and land improvements sold		250,000	100,000
		<u>(188,337)</u>	<u>(73,597)</u>
Total gain/loss on disposal of non-current assets		<u>254,915</u>	<u>619,771</u>
Loss on write-off			
Loss on write-off of assets damaged by natural disaster	13	971,883	992,350
Total capital expenses		<u>3,472,314</u>	<u>1,752,533</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	6,114,863	8,588,280
Deposits at call	-	1,000
Term deposits	19,000,000	5,000,000
Balance per Statement of Cash Flows	<u>25,114,863</u>	<u>13,589,280</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	1,112,374	907,844
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Internally imposed expenditure restrictions at the reporting date:

Future capital works	4,000,000	4,000,000
Future constrained works	3,240,797	3,369,367
Future recurrent expenditure	41,945	41,945
Waste levy refund received in advance	119,613	-
Total unspent restricted cash	<u>8,514,729</u>	<u>8,319,156</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	641,833	503,642
	<u>641,833</u>	<u>503,642</u>

In accordance with the *Local Government Act 2009* & the *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by 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 2019

<u>Note</u>	<u>2019</u> <u>\$</u>	<u>2018</u> <u>\$</u>
11 Investments		
Current fixed short term investments		
Unrestricted	4,000,000	10,000,000
	<u>4,000,000</u>	<u>10,000,000</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	3,202,630	3,372,723
Other debtors	715,016	1,633,814
Less impairment	(46,211)	(68,291)
Accrued revenue	508,061	459,357
GST recoverable	287,488	351,942
Prepayments	229,118	151,996
	<u>4,896,101</u>	<u>5,901,541</u>

Interest is charged on outstanding rates (9.83% per annum from 1 July 2019, previously 11% per annum). No interest is charged on other debtors.

**Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019**

13 Property, plant and equipment

30 June 2019

	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	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Cost	Cost	Cost	
Basis of measurement	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2018	27,705,394	47,009,925	6,913,543	42,640	185,921,131	208,686,407	36,557,006	15,384,978	528,221,023								
Additions																	
Disposals	(55,337)	(394,500)	(801,964)	-	(229,189)	(1,203,768)			(2,484,758)								
Revaluation adjustment to other comprehensive income (asset revaluation surplus)						6,320,485			6,320,485								
Revaluation adjustment to expense (capital expense)																	
Revaluation adjustment to income (capital income)									9,866,015								9,866,015
Write-off assets damaged by natural disaster						(1,673,290)											(1,673,290)
Transfers between classes			(62,783)					(24,375)									(87,158)
Assets classified as held for sale																	-
Contributed assets								8,536,275	2,443							(8,538,718)	-
Internal transfers from work in progress	56,261	2,166,845	695,433		4,852,494	17,517,817	1,063,840	(26,352,690)									-
Closing gross value as at 30 June 2019	27,706,318	48,782,270	6,944,229	42,640	207,273,436	231,299,009	37,620,846	5,351,120	565,019,867								
Accumulated depreciation																	
Opening balance as at 1 July 2018	1,085,645	19,344,072	3,211,860	39,146	51,926,052	95,434,508	6,250,974		177,292,257								
Depreciation provided in period	182,342	1,373,045	664,139	1,560	3,882,112	4,979,271	408,969		11,491,438								
Depreciation on disposals	(614)	(199,994)	(486,997)		(132,091)	(1,033,446)			(1,853,142)								
Revaluation adjustment to other comprehensive income (asset revaluation surplus)		480,019				(1,783,381)			(1,303,362)								
Revaluation adjustment to income (capital income)									2,936,714								2,936,714
Revaluation adjustment to expense (capital expense)									51,261								51,261
Write-off assets damaged by natural disaster						(701,406)			(701,406)								(701,406)
Transfers between classes			(55,162)					(3,008)									(58,170)
Accumulated depreciation as at 30 June 2019	1,267,373	20,997,142	3,333,840	40,706	57,962,642	97,593,944	6,659,943	-	187,855,590								
Total written down value as at 30 June 2019	26,438,945	27,785,128	3,610,389	1,933	149,310,793	133,705,065	30,960,903	5,351,120	377,164,277								
Residual value	-	-	1,467,510	-	-	-	-	-	-								
Range of estimated useful life in years	3 - 100	5 - 60	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80										

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	-	-	-	-	-	-	9,559,417	9,559,417
Other additions	-	-	-	-	-	-	-	15,298,133	15,298,133
Total additions	-	24,857,550	24,857,550						

**Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019**

13 Property, plant and equipment

30 June 2018

	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	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost		
Basis of measurement	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2017	25,386,431	46,332,399	6,439,174	42,640	179,568,644	201,910,163	34,428,956	4,553,890	498,662,296								
Additions																	
Disposals	(100,000)	(315,300)	(313,274)		(265,390)	(839,392)			(1,833,356)								
Revaluation adjustment to other comprehensive income (asset revaluation surplus)		(131,076)				2,358,054			2,226,978								
Revaluation adjustment to expense (capital expense)																	
Impairment adjustment to asset revaluation surplus																	
Revaluation adjustment to income (capital income)						2,196,057		1,307,415	3,503,472								
Write-off assets damaged by natural disaster						(1,649,911)		(43,750)	(1,693,661)								
Transfers between classes																	
Assets classified as held for sale	(250,000)								(250,000)								
Contributed assets			33,870		536,850	380,048	609,893	(1,560,661)	-								
Internal transfers from work in progress	2,668,963	1,123,902	753,773		5,534,881	4,877,534	254,492	(15,213,545)	-								
Closing gross value as at 30 June 2018	27,705,394	47,009,925	6,913,543	42,640	185,921,131	208,686,407	36,557,006	15,384,978	528,221,023								

Accumulated depreciation

Opening balance as at 1 July 2017	940,641	18,171,454	2,691,435	34,467	48,069,848	90,085,482	5,439,262	-	165,432,589
Depreciation provided in period	144,968	1,336,297	750,579	4,679	3,744,121	4,234,964	384,560		10,600,168
Depreciation on disposals	(141,521)	(141,521)	(230,154)		(100,300)	(489,739)			(961,714)
Revaluation adjustment to other comprehensive income	36	(22,158)				1,603,801			1,581,679
Revaluation adjustment to income (capital income)					907,236		433,610		1,340,846
Revaluation adjustment to expense (capital expense)									-
Write-off assets damaged by natural disaster					(694,853)		(6,458)		(701,311)
Transfers between classes									-
Accumulated depreciation as at 30 June 2018	1,085,645	19,344,072	3,211,860	39,146	51,926,052	95,434,508	6,250,974	-	177,292,257

Total written down value as at 30 June 2018

26,619,749	27,665,853	3,701,683	3,493	133,995,078	113,251,899	30,306,032	15,384,978	350,928,766
-	-	1,424,524	-	-	-	-	-	-
3 - 100	5 - 60	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80		

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	-	-	-	-	-	11,181,501	11,181,501
Other additions	-	-	-	-	-	-	16,423,793	16,423,793
Total additions	-	-	-	-	-	-	27,605,294	27,605,294

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

13 Property, plant and equipment

a) Recognition

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

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

b) Measurement

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

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

c) Valuation

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

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

In the intervening years, management performs a desktop valuation on each asset class. A desktop valuation involves management assessing the condition and cost assumptions associated with each asset class and considering the movements in the Road and Bridge Construction Index and the Non-residential Building Construction Queensland Index as published by the Australian Bureau of Statistics (March rates of the relevant financial year have been used for 2019 indexation purposes). Together these are used to form the basis of the desktop valuation.

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

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

(i) Recognised fair value measurements

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

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

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

(ii) Valuation techniques used to derive fair values

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

Land and land improvements (level 2 and 3)

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.

For land no revaluation adjustment was made as at 30 June 2019 as the movement in sales data in the region between 2017 and 2019 was considered immaterial.

For land improvements no revaluation adjustment was made as at 30 June 2019 as the movement in the Non-Residential Building Construction Index (QLD) between 2017 and 2019 (1.74%) was considered immaterial.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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.

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.

No revaluation adjustment was made as at 30 June 2019 as the movement in the Non-Residential Building Construction Index (QLD) between 2017 and 2019 (1.74%) was considered immaterial.

Accumulated depreciation

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

Transport assets (level 3)

Current replacement cost

Road assets

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. Council categorises its road assets into geographical regions and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable).

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
- Rates from Rawlinson's Australian Construction Handbook

A review was undertaken as at 30 June 2019, based on the Road and Bridge Construction Index (QLD). The index increased by 6.68% since 2017. As the movement was considered material, a revaluation adjustment was provided for as at 30 June 2019.

Bridge assets

Bridge asset fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2016. Each bridge was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

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.

A review was undertaken as at 30 June 2018, based on the Road and Bridge Construction Index (QLD) and a revaluation adjustment of 7.45% was provided for as at 30 June 2018.

No revaluation adjustment was made as at 30 June 2019 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2019 (3.32%) was considered immaterial.

Bloomfield River Bridge

In 2014 the Department of Transport and Main Roads (the Department) completed construction of the Bloomfield River Bridge which is located within Council's local government area. The bridge was commenced prior to Council's de-amalgamation from Cairns Regional Council. The Department was expecting Council to take ownership of the bridge at the end of the twelve month defects liability period. However, in December 2015 Council passed a resolution to not take ownership of and ongoing operational responsibility for the bridge and outlined its reasons to the Department for making this decision. On 26 March 2019 Council resolved to accept ownership of the bridge.

Cardno was engaged to assist with determining the fair value of the bridge as at 1 July 2018. The valuation process involved the collection and review of asset information, application of adjustment factors as well as the review of asset useful and remaining useful lives. The fair value of the aggregate components of the bridge was determined to be \$8,459,171 and Council has recognised this value in its financial statements in the 2019 financial year (the year that Council took effective control of the asset).

Douglas Shire Council
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For the year ended 30 June 2019

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.

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.

A review was undertaken as at 30 June 2018, based on the Road and Bridge Construction Index (QLD) and a revaluation of 5.83% was provided for as at 30 June 2018.

No revaluation adjustment was made as at 30 June 2019 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2019 (3.32%) 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. Assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

Water, Sewerage and Solid Waste Disposal (level 3)

Water

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.

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.

A review was undertaken as at 30 June 2019, based on the Road and Bridge Construction Index (QLD). The index increased by 6.68% since 2017. As the movement was considered material, a revaluation adjustment was provided for as at 30 June 2019.

Accumulated depreciation

In determining the level of accumulated depreciation, water 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. Where site inspections were conducted, the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

Sewerage

Current replacement cost

Sewerage assets were comprehensively revalued by Cardno (QLD) Pty Ltd as at 30 June 2019. Current replacement cost for these assets was calculated based on expected replacement costs. Assets were disaggregated to significant 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.

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
- Rawlinson's rates for building and construction
- Supplier's quotations

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, assets were disaggregated into significant components which exhibited different useful lives.

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Solid waste disposal

Current replacement cost

Solid waste disposal fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. 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.

The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, 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
- Supplier's quotations

No revaluation adjustment was made at 30 June 2019 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2019 (3.32%) 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. Assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

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.

Drainage infrastructure (level 3)

Current replacement cost

Drainage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. 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.

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
- Supplier's quotations

No revaluation adjustment was made at 30 June 2019 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2019 (3.32%) 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. Assets were either subject to a site inspection or an aged based assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

d) 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 a 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.

e) Capital work in progress

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

f) Depreciation

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

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

Where assets have separately identifiable significant components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset 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 reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence. The condition assessments performed as part of the comprehensive revaluation process for assets measured at current replacement cost are used to estimate the remaining useful lives of these assets at each reporting date. Generally all above ground assets are individually inspected during a revaluation and a statistically significant sample of below ground assets are inspected in accordance with industry standards. Details of the range of estimated characteristic useful lives for each class of asset are shown in the table in Note 13.

g) Impairment of non-current assets

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

	2019	2018
	\$	\$
14 Intangible assets		
Software		
Opening gross carrying value	1,403,201	1,403,201
Additions	35,172	-
Transfers from Plant and Equipment	87,158	-
Disposals	(1,293,786)	-
Closing gross carrying value	<u>231,745</u>	<u>1,403,201</u>
Accumulated amortisation		
Opening balance	1,262,313	1,011,182
Amortisation in the period	134,518	251,131
Transfers from Plant and Equipment	58,170	-
Disposals	(1,293,786)	-
Closing balance	<u>161,215</u>	<u>1,262,313</u>
Net carrying value at end of financial year	<u><u>70,530</u></u>	<u><u>140,888</u></u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
15 Trade and other payables		
Current		
Creditors and accruals	3,591,559	4,081,231
Unearned Revenue	164,078	-
Waste levy refund received in advance	119,613	
Annual leave	1,624,740	1,725,624
Sick leave	235,843	244,966
Other entitlements	72,509	52,090
	<u>5,808,342</u>	<u>6,103,911</u>
16 Provisions		
Current		
Landfill restoration	-	826,000
Long service leave	1,692,465	1,824,676
	<u>1,692,465</u>	<u>2,650,676</u>
Non-current		
Landfill restoration	4,872,340	1,938,488
Long service leave	236,022	233,072
	<u>5,108,363</u>	<u>2,171,560</u>

Details of movements in provisions:

	2019	2018
	\$	\$
Property restoration: Landfill sites		
Balance at beginning of financial year	2,764,488	2,280,897
Increase in provision due to unwinding of discount	125,631	62,071
Increase / (decrease) in provision for future cost	2,194,255	421,520
Provision expended to date	(212,034)	-
Balance at end of financial year	<u>4,872,340</u>	<u>2,764,488</u>

Council has two active landfill sites located at Newell Beach and Killaloe. During the 2019FY the regulator also reinstated conditions on the restoration of the Sanitary Depot. The provision is stated at the present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions. The provision increased during the year as a result of the recognition of the Sanitary Depot site and a re-estimation of restoration costs at the Killaloe and Newell beach sites.

	2019	2018
	\$	\$
Long service leave		
Balance at beginning of financial year	2,057,748	2,021,805
Long service leave entitlement arising	224,502	320,523
Long Service entitlement paid	(353,763)	(284,580)
Balance at end of financial year	<u>1,928,487</u>	<u>2,057,748</u>

17 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	32,454,158	32,120,641
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and land improvements	-	(36)
Buildings and other structures	(480,019)	(108,918)
Water, Sewerage and Solid waste disposal	8,103,866	754,253
Change in value of restoration costs		
Landfill	-	(311,782)
Balance at end of financial year	<u>40,078,005</u>	<u>32,454,158</u>

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land and land improvements	466,753	466,753
Buildings and other structures	10,136,210	10,616,229
Water, Sewerage and Solid waste disposal	29,475,042	21,371,176
	<u>40,078,005</u>	<u>32,454,158</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

18 Commitments for expenditure

Operating expenditure

Not later than 1 year	5,828,836	6,034,781
Later than 1 year but not later than 5 years	5,604,080	9,811,815
Later than 5 years	1,565,936	2,324,347
	<u>12,998,852</u>	<u>18,170,943</u>

Capital expenditure

Not later than 1 year	3,688,464	4,332,229
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>3,688,464</u>	<u>4,332,229</u>

19 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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$313,187.

20 Superannuation

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

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

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Another actuarial investigation is being conducted as at 1 July 2021. At the time of signing these financial statements this investigation is still in progress.

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

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

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

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

	Note	2019 \$	2018 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,386,034	1,303,211
		2019 \$	2018 \$
21 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities			
Net result		21,146,899	9,875,129
Non-cash items:			
Depreciation and amortisation		11,625,956	10,851,299
Revaluation adjustments		(6,878,040)	(2,162,626)
Loss on asset write-off		971,883	992,350
Change in future rehabilitation and restoration costs		2,319,886	171,808
		<u>8,039,685</u>	<u>9,852,831</u>
Investing and development activities:			
Net profit or loss on disposal of non-current assets		254,915	619,771
Capital grants and contributions		(18,598,176)	(10,212,217)
Capital insurance proceeds		(62,668)	-
		<u>(18,405,929)</u>	<u>(9,592,446)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		1,005,440	(230,123)
(Increase)/decrease in inventory		(18,474)	(3,543)
Increase/(decrease) in payables		(507,602)	1,282,224
Increase/(decrease) in other provisions		(129,258)	35,943
		<u>350,106</u>	<u>1,084,501</u>
Net cash inflow from operating activities		<u><u>11,130,762</u></u>	<u><u>11,220,015</u></u>

22 Events after the reporting period

There were no material adjusting events after the balance date.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

23 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 Council's investments and receivables from customers.

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

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

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

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

	Note	2019	2018
		\$	\$
Financial assets			
Cash and cash equivalents	10	25,114,863	13,589,280
Receivables - rates	12	3,202,630	3,372,723
Receivables - other	12	1,693,472	2,528,819
Investments	11	4,000,000	10,000,000
Total financial assets		<u>34,010,965</u>	<u>29,490,821</u>

Cash and cash equivalents

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

Investments

Investments are term deposits held in accordance with the diversification and credit risk guidelines contained within Council's Investment Policy and the likelihood of a credit failure is assessed as remote (held in Westpac which is rated AA- based on rating agency ratings).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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.

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

	2019	2018
	\$	\$
Subject to impairment		
Not past due	238,968	162,531
Past due 31-60 days	9,960	12,772
Past due 61-90 days	10,716	73,829
More than 90 days	12,862	34,347
Total gross carrying amount	<u>272,506</u>	<u>283,479</u>
Loss allowance	<u>(46,211)</u>	<u>(68,291)</u>
	<u>226,295</u>	<u>215,188</u>
Not subject to impairment		
Rates and Charges	3,202,630	3,372,723
Grants	442,509	1,350,335
GST recoverable/prepayments/accrued income	1,024,667	963,295
	<u>4,669,806</u>	<u>5,686,353</u>
	<u>4,896,101</u>	<u>5,901,541</u>

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Council is exposed to liquidity risk through its normal course of business.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

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

Market risk

Market risk is the risk that changes in market 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.

Sensitivity

Interest rate sensitivity analysis evaluates the outcome on profit or loss if interest rates would change by +/- 1 percent from the year-end rates applicable to Council's financial assets and financial liabilities. With all other variables held constant, Council would have a surplus and equity increase/(decrease) of \$291,149 (2018: \$235,893).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2019

24 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. Note: Due to the restructure of the Executive Management Team, the number of staff that fit the definition of a KMP has increased in the 2019 financial year. The compensation paid to KMP comprises:

	2019	2018
	\$	\$
Short-term employee benefits	1,257,138	876,204
Post-employment benefits	136,103	94,172
Long-term benefits	42,957	20,622
Termination benefits	-	-
Total	1,436,198	990,998

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2019	2018
		\$	\$
Purchase of materials and services from entities controlled by key management personnel.	24(b)(i)	456,668	417,881

(i) Council purchased materials and services from Zammataro Plumbing Pty Ltd, an entity that is owned by a family member of Councillor Roy Zammataro. All purchases were at arm's length and were in the normal course of Council operations.

(ii) Council does not have any employees who are close family members of KMP.

(c) Outstanding balances

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

Receivables	Amounts owed by entities controlled by KMP	Amounts owed by entities controlled by KMP
	2019	2018
Current	\$ 7,304	\$ 9,531
Past due 31-60 days	\$ -	\$ -
Past due 61 - 90 days	\$ -	\$ -
More than 90 days overdue	\$ -	\$ -
Total owing	\$ 7,304	\$ 9,531

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

(d) Loans and guarantees to/from related parties

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

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

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

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

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

Douglas Shire Council
Financial statements
For the year ended 30 June 2019

Management Certificate
For the year ended 30 June 2019

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



Chief Executive Officer
Mark Stoermer

Date: 09 / 10 / 2019

Date: 09 / 10 / 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information 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 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 of the council.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- 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.



Sri Narasimhan
as delegate of the Auditor-General

11 October 2019

Queensland Audit Office
Brisbane

Douglas Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	84%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-47%	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 2019.

Certificate of Accuracy
For the year ended 30 June 2019

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



Chief Executive Officer
Mark Stoermer

Date: 09 / 10 / 2019

Date: 09 / 10 / 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Douglas Shire Council (the council) for the year ended 30 June 2019 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 2019 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 2019, 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 was the general purpose financial statements and the 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 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.



Sri Narasimhan
as delegate of the Auditor-General

11 October 2019

Queensland Audit Office
Brisbane

Douglas Shire Council
Long-Term Financial Sustainability Statement - Unaudited
Prepared as at 30 June 2019

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2019	Projected for the years ended								
				30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Council												
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-2%	0%	0%	0%	1%	1%	2%	2%	2%	3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	84%	90%	91%	91%	92%	92%	92%	92%	92%	92%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-47%	-28%	-27%	-27%	-26%	-26%	-26%	-28%	-28%	-28%

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 2019

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 Lew


 Chief Executive Officer
 Mark Stoermer

Date: 09 / 10 / 2019

Date: 09 / 10 / 2019