

5.2 ANNUAL REPORT FOR DOUGLAS SHIRE COUNCIL 1 JULY 2015 - 30 JUNE 2016

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DEPARTMENT: CEO Unit

RECOMMENDATION

That Council resolves to adopt the Annual Report for the period 1 July 2015 to 30 June 2016.

EXECUTIVE SUMMARY

The Annual Report provides an assessment of operations of Council for the 2015 - 2016 financial year.

BACKGROUND

In accordance with Section 182 of the *Local Government Regulation 2012*, Council is required to prepare and adopt its Annual Report within one month after the day the Queensland Audit Office provides its audit report about Council's financial statement for the financial year to Council. The audit report is dated 17 October 2016 and was provided to Council with the certified set of financial statement for 2015 – 2016 on 20 October 2016.

PROPOSAL

That Council resolves to adopt the Annual Report for the period of 1 July 2015 to 30 June 2016.

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

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Governance

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

ATTACHMENTS

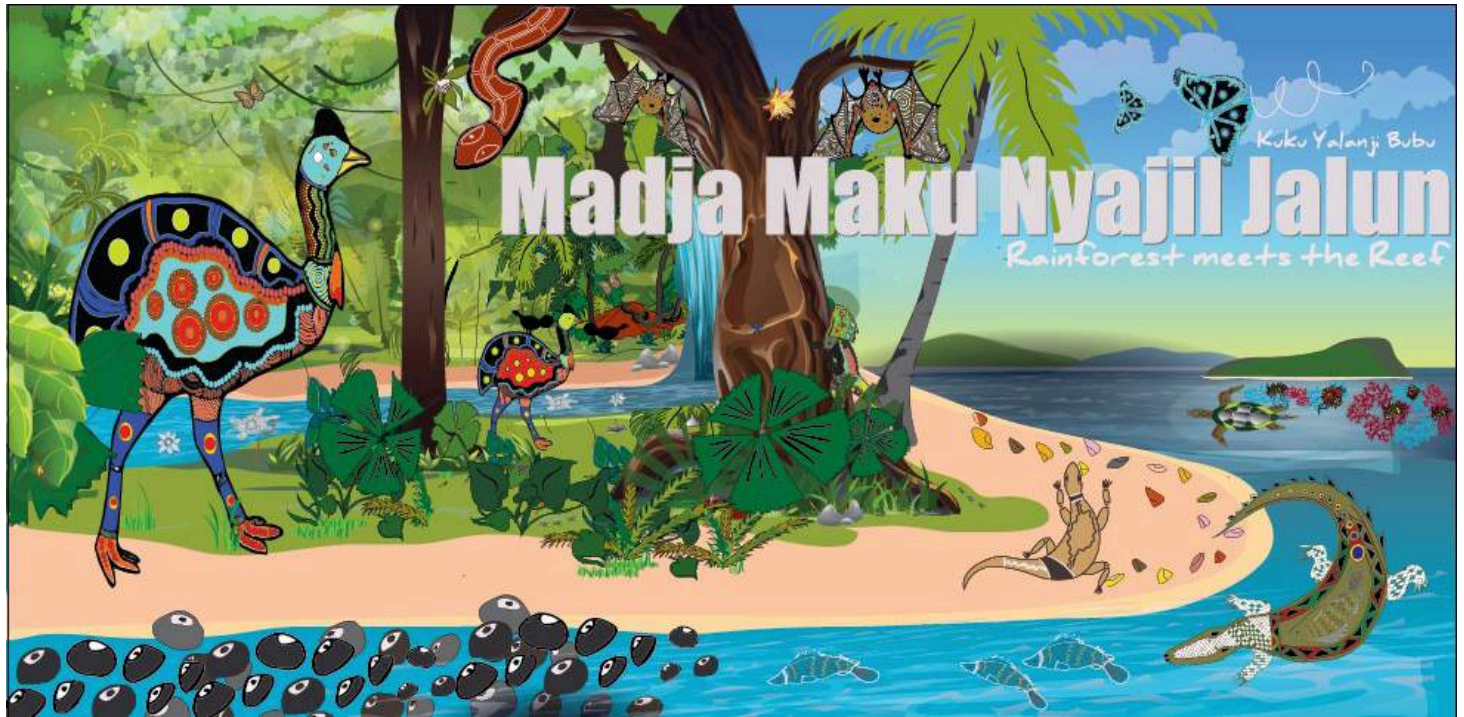
Attachment 1 - Douglas Shire Council Annual Report 2015 - 2016

ANNUAL REPORT

2015 - 2016

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





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



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

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

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

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

MESSAGE FROM THE MAYOR

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

I was thrilled to be re-elected as Mayor in March 2016, alongside Deputy Mayor, Abigail Noli and Councillor David Carey. We were joined by newly elected Councillors Roy Zammataro and Michael Kerr.

The achievement of the new Council in establishing the Douglas Shire's financial sustainability after de-amalgamation means the current Council is in an excellent position to capitalise on the Shire's bright prospects.

The platform that has been laid to establish our Shire's future, both in regards to our finances and logistics of creating a new Council, has paved the way for this Council, to further build on our economic and environmental initiatives, tourism, events, business, film location, arts and community programs. The second term will have a renewed focus on environmental sustainability, innovation, liveability and assisting the most vulnerable in our community.

In 2014 I announced Council's plan to achieve financial and community sustainability and a strategy to achieve a budget surplus by 2019/2020. The final operating result for the 2015/2016 financial year is over \$2 million and 56% better than budgeted. This is an excellent result for Council in its second full financial year since de-amalgamation.

Our financial position has been supported by a large number of milestone events and achievements that have been well received by the community. The Annual Report details a vast array of these achievements, which include the biggest capital works program ever in Douglas, hundreds of projects throughout the Shire, and more than \$20 million for disaster recovery works.

In 2015/2016, Council was successful in securing a record level of external grants. Funding highlights are the \$11.7 million for the new Port Douglas Water Reservoir, grants for the Mossman Aged Care Facility and Daintree Gateway. Council provided over \$700,000 to community organisations, which included \$451,500 to Tourism Port Douglas Daintree.

Community consultation and engagement are critical to Council's success. In 2015/2016 the Daintree Forums and the Daintree Joint Management Group were established and the inaugural Douglas Business Forum was held. Over 30 key projects have had specific consultation.

Finally, I want to thank and express my sincere appreciation to our CEO, Linda Cardew, the Executive Management Team, all staff and my fellow Councillors for their dedication and commitment to all aspects of Council's performance.

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MESSAGE FROM CHIEF EXECUTIVE OFFICER

The second full year of the operation of Douglas Shire Council has been one of consolidation, bringing together the learnings and experiences of a new Council, the refinement of many business processes and the continual improvement in the way we deliver services to our community. From the start of the new Council term the elected councillors have inspired the administration with their enthusiasm and strategic direction, and the Council's collaborative approach to developing a strong partnership with the administration for the betterment of the communities of Douglas as the shared goal.

Council continues to perform strongly in all areas of its business and remains on target to achieve a balanced budget by the 2019/2020 year. Council has achieved an operating result 56% lower than the budgeted result for the year.

Council's Operational Plan delivered a wide range of strategic initiatives and program and grant funding to strengthen the economy, drive tourism, support the arts and protect the environment. It delivered new regulatory programs, pest management and water and wastewater programs. Community and recreational infrastructure was audited with a particular

emphasison accessibility for all in our community. Continual improvement in service delivery and the implementation of digital and electronic initiatives both in our libraries and to achieve greater efficiencies in Council's corporate business functions was achieved.

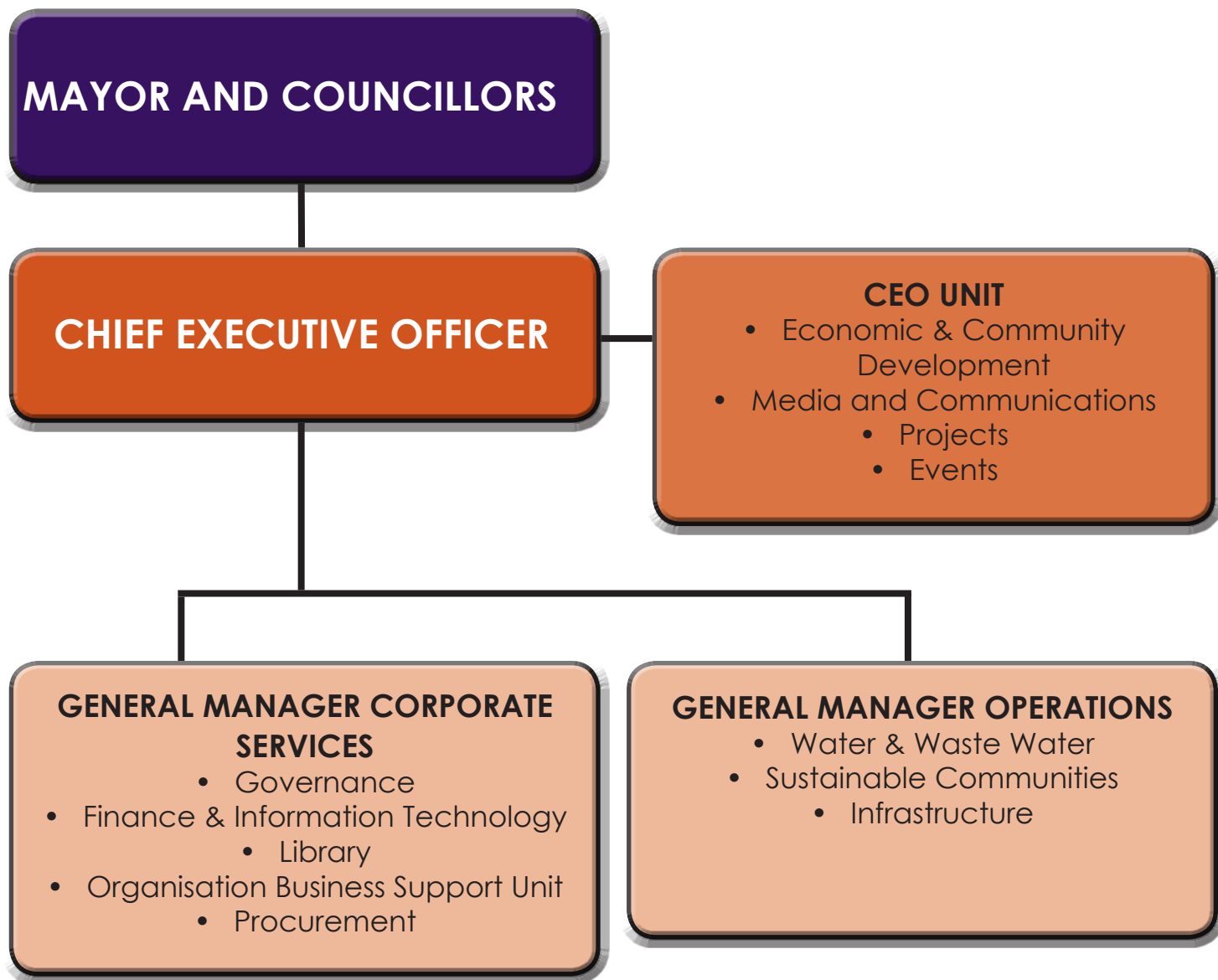
During the year Council completed in excess of \$20 million of disaster recovery works in addition to the completion of a multi-million dollar capital works program, resulting in the largest capital works program delivered by Douglas Shire Council. Savings on capital works expenditure in 2015/2016 exceeded \$1,083M. Asset condition assessments have been completed for much of Council's infrastructure, including roads, bridges and wastewater.

We have continued to focus on communications and service delivery, opening the customer service counter, The Hub, in Port Douglas, the establishment of SpacePort, a community co-working space in Port Douglas, and increased library services and programs including the provision of free Wi-Fi.

The administration recognises that Douglas' success comes from the strong partnership with the Mayor and Councillors and the exceptional teamwork of officers across Council, with contributions frequently above and beyond what would normally be expected. Again I extend my appreciation to all councillors and staff, for the contributions made by all to ensure Douglas is a strong and resilient Council, well equipped in all respects to meet the community's needs.



ORGANISATIONAL STRUCTURE





Attachment 5.2.1 34 of 208 **ELECTED REPRESENTATIVES**

Douglas Shire Council comprises a Mayor and four Councillors elected to represent the interests of the diverse communities that form the Shire. Formal Council meetings are held at the Mossman Administration Building every third Tuesday commencing at 10am, unless otherwise required. Meetings are open to the public unless Council resolves to move into a Closed Session under the relevant provisions of the *Local Government Regulation 2012*.

1 July 2015 to 1 April 2016



Cr Bruce Clarke	Cr Terry Melchert	Cr Julia Leu Mayor	Cr Abigail Noli Deputy Mayor	Cr David Carey
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ELECTED REPRESENTATIVES

4 April 2016 to 30 June 2016



*Cr
Roy Zammataro*

*Cr Abigail Noli
Deputy Mayor*

*Cr Julia Leu
Mayor*

*Cr
David Carey*

*Cr
Michael Kerr*



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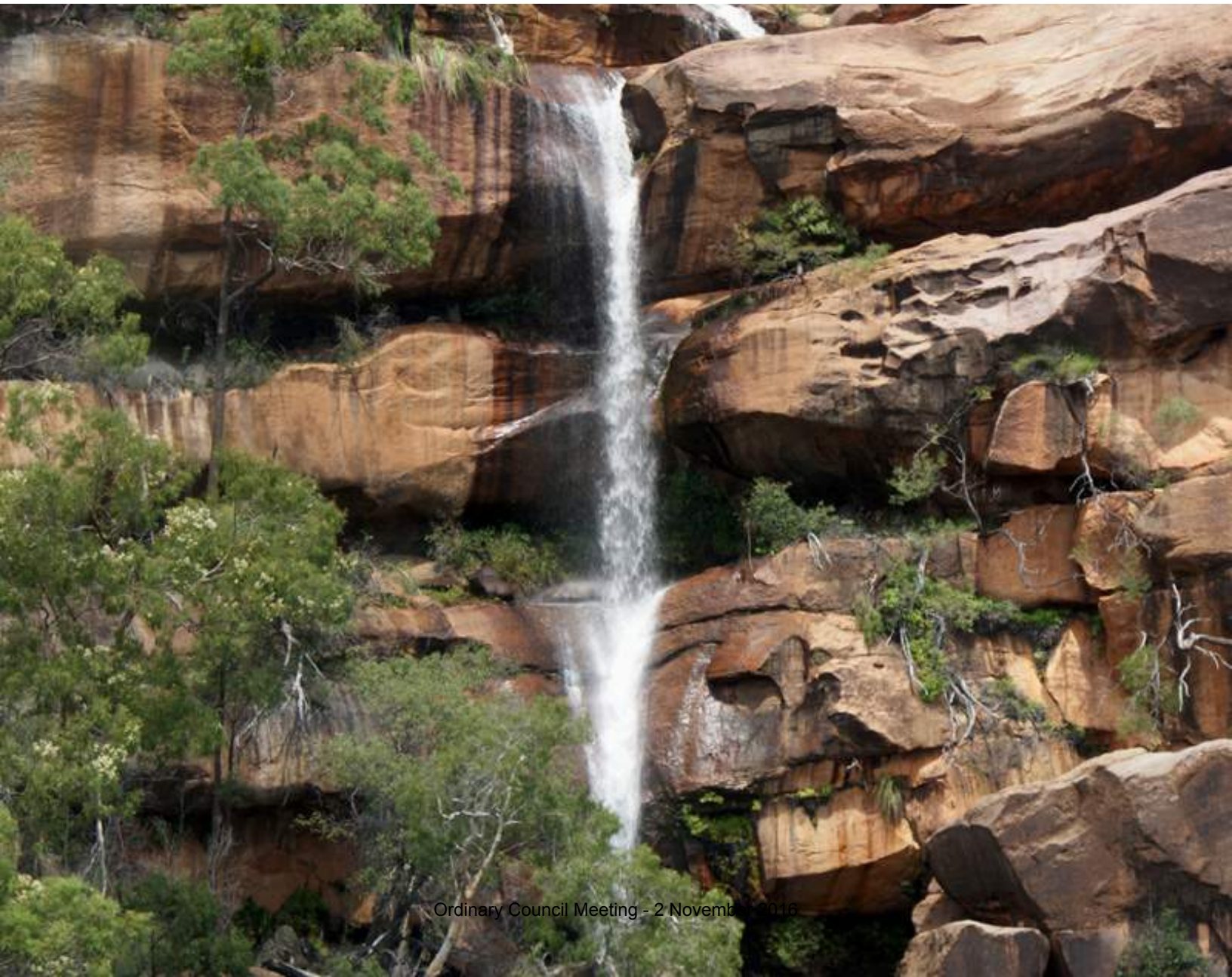
Section 250(1) of the *Local Government Act 2009* requires a Council to adopt an expenses reimbursement policy.

EXPENSES REIMBURSEMENT POLICY FOR ELECTED REPRESENTATIVES -
Adopted 09/08/2016

Moved Cr Noli **Seconded** Cr Carey

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

Carried Unanimously



Under Section 186 of the *Local Government Regulation 2012*, Council is required to report information relating to the total remuneration, total superannuation contributions, expenses incurred and the facilities provided to each Councillor under Council's Reimbursement and Expenses policy. A record of attendance by Councillors at Council meetings and details of complaints received against Councillors are also included.

Councillor Remuneration

The following table shows the total remuneration, including superannuation contributions, paid to each Councillor during the financial year 2015/2016.

The below table shows expenses incurred by and the facilities provided to each Councillor during the financial year 2015/2016 under the local government's Expenses Reimbursement Policy.

Councillor	Gross Salary	Super	Total Remuneration	Travel/ Expenses	Fringe Benefit Tax
Mayor Julia Leu	\$97,624.96	\$11,715.00	\$109,339.96	\$13,940.38	\$7,171.21
Deputy Mayor Abigail Noli	\$56,321.93	\$5,350.68	\$61,672.61	\$5,710.46	
Councillor David Carey	\$48,607.84	\$4,617.81	\$53,225.65	\$3,448.49	
Councillor Bruce Clarke	\$37,649.77	\$3,576.78	\$41,226.55	\$1,722.50	
Councillor Terrence Melchert	\$37,649.77	\$3,576.78	\$41,226.55	\$450.00	
Councillor Michael Kerr	\$10,958.07	\$1,041.03	\$11,999.10	\$1,029.50	
Councillor Roy Zammataro	\$10,958.07	\$1,041.03	\$11,999.10	\$1,188.75	



Councillor Facilities and Support

Mayor:

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

Deputy Mayor and other Councillors:

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

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

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



Attachment 5.2
The number of local government meetings that each Councillor attended during the financial year:

Julia Leu	Abigail Noli	David Carey	Bruce Clarke	Terry Melchert	Michael Kerr	Roy Zammataro
24	24	23	17	17	6	7

ITEM	TOTAL
Orders and recommendations made under section 180(2) or (4) of the Act	Nil
Orders made under section 181 of the Act	Nil
Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act	Nil
Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act	Nil
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	Nil
Complaints referred to the department's Chief Executive Officer under section 176C(4)(a) of the Act	1
Complaints assessed by the Chief Executive Officer as being about corrup conduct under the Crime and Corruption Act	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the tribunal	Nil
Complaints to which section 176C(6) of the Act applied	Nil

ADMINISTRATIVE ACTION COMPLAINTS

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

ITEM		RESULT
1(a)	A statement about the local government's commitment to dealing fairly with administrative action complaints	Douglas Shire Council is committed to a high level of service to the community and welcomes feedback, positive and negative. In dealing with administrative action complaints in a fair, timely and unbiased manner, Council can continue to improve its business standards and procedures.
1(b)	A statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints	<p>Douglas Shire Council has recently completed a review on the way administrative action complaints are handled. This includes a revised policy and a new procedure, in accordance with the <i>Local Government Act 2009</i>. Council is committed to dealing with complaints fairly, confidently, promptly and in a respectful manner.</p> <p>Once finalised, Council has implemented:</p> <ul style="list-style-type: none"> • Awareness training for all staff; • Extensive training for staff involved in complaint handling; • Policy, Procedure along with 'How to lodge a complaint' are available on Council's website and front office; and • Quarterly reports on complaint handling to the Management Team.
2(a)(i)	Administrative action complaints made to the local government	39
2(a)(ii)	Administrative action complaints resolved by the local government under the complaints management process	32
2(a)(iii)	Administrative action complaints not resolved by the local government under the complaints management process	7
2(b)	The number of administrative action complaints under paragraph (a)(iii) that were made in a previous year	Nil

OVERSEAS TRAVEL

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



EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS (s189)

Under Section 189 of the *Local Government Regulation 2012*, Council is required to report upon such contributions. During 2015-16, Douglas Shire Council provided financial assistance to the following organisations:

Event Funding

Organisation	Amount	Purpose
Port Douglas Daintree Tourism	\$451,500.00	Provision of destination marketing and tourism for the Shire.
Knockout Events	\$50,000.00	Delivery of Carnivale; 3 days of events that promote the Shire and offer the community exciting opportunities for inclusion.
Douglas Shire Historical Society	\$5,000.00	Upkeep of the facilities.
Douglas Theatre Arts Group	\$5,000.00	Upkeep of the facilities.
USM Events	\$46,060.00	Funding towards Ironman event as agreed prior to de-amalgamation.
World Wide Sports Agency	\$10,000.00	Delivery of the Croc Trophy event in the Shire.
Port Douglas Chamber of Commerce - New Year Eve fireworks	\$6,000.00	Delivery of New Year's Eve fireworks.
Douglas Shire Community Services Association	\$5,000.00	Funding provided for Xmas community event in George Davis Park.
Port Douglas Event Management	\$5,000.00	Funding towards the Great Barrier Reef Marathon.
Port Shorts	\$8,000.00	Delivery of a short film festival.
TOTAL	\$591,560.00	

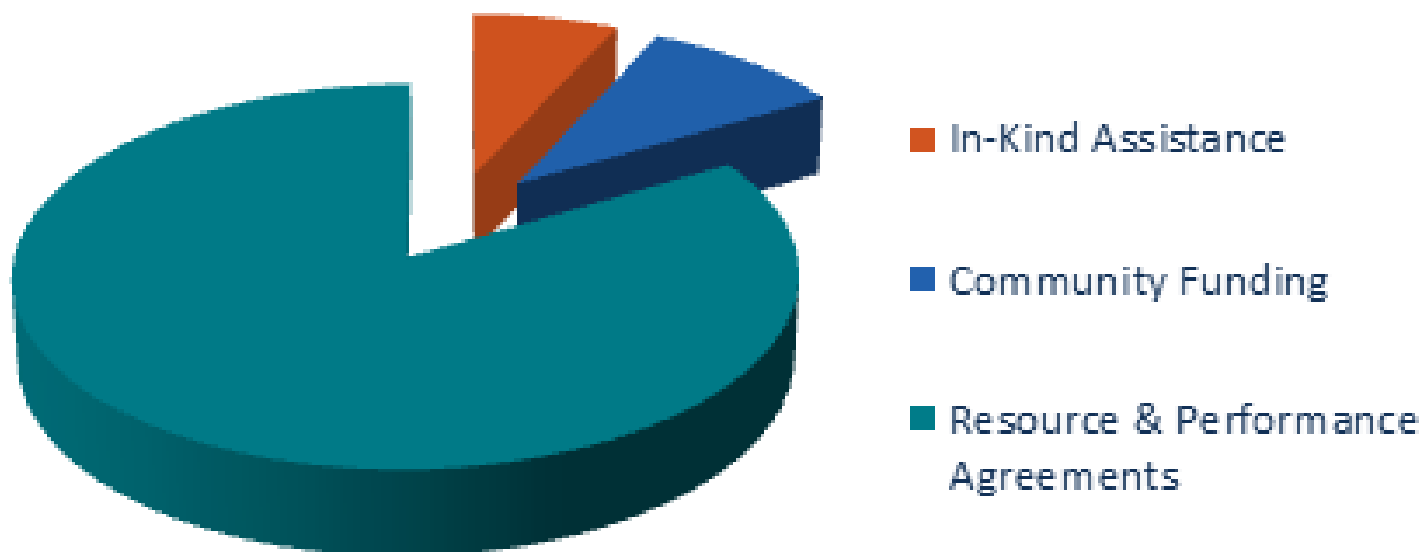
Funding Type	Amount	Purpose
Regional Arts Development Fund (RADF)	\$16,437.00	Funding provided for various community arts and cultural projects in the Douglas Shire that engaged a professional or emerging artist.
Business Development Fund	\$7,500.00	Support growth, innovation, diversification within the business sector.
Event Funding Program	\$23,297.00	Funding for one-off events in the community.
Community Support Program	\$20,553.00	Funding provided for delivery of programs to the community.
In-kind assistance	\$48,581.28	Assistance towards community events and activities.
TOTAL	\$116,368.28	

TOTAL OF EVENT AND COMMUNITY SUPPORT FOR 2015-2016:

\$707,928.28

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TOTAL COMMUNITY GRANTS FUNDING



Community Support Program Recipients

**Four Mile Beach,
Port Douglas**

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OTHER CONTENTS (s190)

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Corporate and Operational Plans

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

Council's 2015-2016 Operational Plan included sixty four major initiatives across all areas of Council, an increase of 28% from the previous year. At the end of the financial year 72% were completed, with the remaining initiatives to be finalised in the following year. Of those remaining five were the result of external factors beyond Council's control.

In our second full year Council has made substantial progress with the implementation of strategic goals set out in Council's 2014-2019 Corporate Plan. Support for our communities is ongoing, with an extensive schedule of programs, events, funding and information introduced throughout the year.

Economic development initiatives have been implemented throughout the Shire through a substantial capital works program and the completion of over \$22 million of works required for the restoration of essential public assets following the declared disaster events.

Substantial progress has been made towards the development of an Aged Care Facility in Mossman. In September 2015 Council resolved to transfer the ownership of the land to The Salvation Army on the completion of the facility and State Government funding of \$544,000 for the construction of the enabling infrastructure works was awarded to Council under the Building Our Regions program. In February 2015, the Aged Care Development Application was approved.

The long term security of the Port Douglas water supply has also been confirmed by securing State Government funding of \$5 million towards the cost of a new reservoir. Stage 2 of the Mossman town centre upgrade was completed with landscaping and new street furniture. Major works for the upgrade of Council's water and wastewater systems have been planned and budgets for those works adopted by Council. The recycle shop – the Scrap Shack opened at Killaloe Transfer Station. The community was invited to submit comments for consideration as part of the Local Laws review. A very successful educational anti-dumping and illegal camping program was delivered to the community with positive results. The Drinking Water Quality Management Plan was reviewed, amended and approved by the statutory authority. The Coconut Management Action Plan was adopted by Council.



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Council continues to utilise a wide variety of media in its engagement with the community, with social media proving to be highly effective, reaching an increasingly large audience. The Daintree Joint Management Group was formed, comprising local business stakeholders, tourism operators, state government agencies, Jabalbina Yalanji Aboriginal Corporation and Council. Two meetings were held in 2015-2016 with successful outcomes. Two Daintree Forums were held, engaging communities north of the river in a dialogue about local issues. The inaugural Douglas Business Forum held in November 2015 was highly successful with over 100 delegates in attendance. Officers worked effectively with the state agencies in disaster preparation.

The Local Government elections held in March 2016 began the second term of the Douglas Shire Council and the new Council was welcomed with an extensive induction.

Prudent financial management delivered an exceptional operating position at the end of the 2015-2016 year, with Council again receiving an unmodified audit from QAO. Review of all Council policies, the introduction of electronic services for our customers, and the transparent reporting of a very wide range of operational activities at every second Council meeting through the CEO's report were just several of the strategic governance goals implemented further to the direction provided in the Corporate Plan.



Celebrating our Communities

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- To celebrate and share the culture, lifestyle and diversity of Douglas communities through community events and programs.
 - To encourage and support our vulnerable and disadvantaged communities.
 - To promote inclusiveness, through accessible programs, social infrastructure and facilities that meet the needs of our diverse communities and visitors.
-
- The Shark's Clubhouse is located at the Mossman Show Grounds and caters for two sporting clubs and public events when hired out by the club. The building suffered from severe wood rot on the rear right hand side. This was also hampered by asbestos sheeting covering the effected area. Local contractors were engaged to remove the asbestos in both the external wall and ladies bathroom. The wall was repaired and the bathroom re-fitted out with new materials.



Rotten Timber in Wall



New bathroom after fit-out





- The Black Spot Towers, located in Mossman, Daintree and the Alexander Range were recently upgraded to allow remote access for the resetting and monitoring of each facility. This upgrade provides a quicker response time for dealing with faults when they arise, the ability to re-boot the equipment remotely and reduce the outage time where a fault can be easily rectified by the remote log-in. It also provides substantial saving to Council in traveling costs for Technicians having to travel to site for small outages.



Right: Daintree Modem for remote access

- Port Douglas Sports complex has been a gathering point for local and visiting sports enthusiasts. Over the years the roof has suffered from the harsh ocean weather and was corroding in various areas. A contractor was engaged to repair all the corroded areas of the roof, replace all the roofing screws and apply a fresh coat of roof paint that would protect the roof structure from the harsh elements while reducing the effects of the hot sun substantially.

- Early in 2016 the Port Douglas Sports Complex change rooms experienced a large section of ceiling collapse due to a chemical reaction between the glue and the steel battens. As a result the ceilings in the two change rooms were removed, timber battens installed and the Gyprock Ceiling was replaced with Hardiflex sheeting. New lights were also fitted to the two change rooms.

- Celebrated local authors Craig Ward and Tim Hawkes launched their book entitled 'The Wet Tropics: endemic terrestrial vertebrates of Australia's wet tropics' at Mossman Library.



Engaged and supported 3898 people from our local community via story times, outreach and children's activities.

- 'Our dreaming: animating country' travelling exhibition showcased Aboriginal and Torres Strait Islander cultures and stories as they are retold through animation.



- Celebrated St. Augustine's Primary School 'Connecting to Country Art Exhibition' with a launch at Mossman Library.

- In late 2015 a lease was signed for an Indian Restaurant to utilise the space of shop one and two in the Shire Hall Building. This required upgrades both to the shop space and to the grease trap located outside. Installation was also required for four new fire hoses for the facility, to make it compliant with current fire codes. All these works were required to be completed through the month of November and were successfully carried out.

- Late in 2015 the mechanical pool cleaner at the Mossman pool stopped working after many years of having to extract endless amounts of dust particles, from the Mossman Mill, out of the pool. Funds from the grouting were re-directed to replace the pool cleaner with a new Wave 300. Later on in the year Council requested that new pool ropes also be supplied for the pool for use by the swimming club.



Skate Park Street Art - 55 young people took part in the aerosol art workshop conducted over 5 days in July. The Port Douglas workshop was completed between 30 September - 2 October 2015.



- On Australia Day, Council in partnership with Queensland Government and National Australia Day Council hosted the Great Australian Bites at Rex Smeal Park.



- 'Welcome to Douglas' guide was developed and letters were sent out to 795 new residents. Real estate agents also provided letters in their new tenants packs. As a result, this contributed to the guide being viewed on Council's website over 7,500 times.

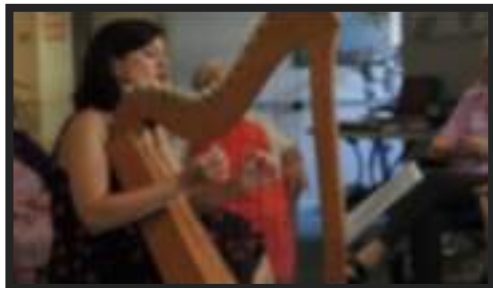
- 'If only disaster resilience oral history project' campaign involved collecting a series of video-interviews with local residents about their experiences of severe weather events in the Douglas region. The interviews were edited into clips for dissemination through internet and social media. The goal was to tackle complacency about the consequence of severe weather events by sharing lived experiences.

- Douglas Shire Council's Facebook page is one of the most effective means for Council to communicate with our communities. It has more than 3000 followers, which equates to more than 25% of the Douglas Shire's population. It is a great way for Council to let our communities know about upcoming local events and activities and inform locals and visitors about Council projects and initiatives.



- A Attachment 5.2 opportunity was available for residents in the Douglas Shire to develop their grant writing skills through the Department of National Parks, Sport and Racing's Building Active Communities Workshop at Port Douglas Community Hall on 5 August.

- Seniors Week was celebrated in the Douglas Shire with many activities including morning teas, musical performances, tai chi and a Seniors Expo.



- Funding from Council and the State Government enabled Women of Douglas Get Out Get Active program with a series of come and try activities. Classes included tai chi, yoga and high energy exercise. Activities were offered over an eight-week period with consistent participant numbers at each activity. Successful tai chi classes in Port Douglas have continued with the support of Port Douglas Neighbourhood Centre and Douglas Shire Council.



The Mayor's Christmas Appeal was launched 13 October 2015 by the Mayor with representatives from Jawunkarra, CWA, Mossman Community Centre and Port Douglas Neighbourhood Centre in attendance.



- 2016 Australia Day Nominations opened on 13 October for Citizen, Young Citizen and Volunteer of the Year. The awards were presented at the Australia Day Awards ceremony at Port Douglas Community Hall.
- Council partnered with Port Douglas Neighbourhood Centre Teddy Bear's Picnic held on 27 October to celebrate National Children's Week. Approximately 55 people attended the event.
- Women of Douglas Get Out Get Active! Directory was released in January, with information on female friendly sport and recreational clubs, businesses, Council facilities and useful websites.



Building a Sustainable Economic Base

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

- The Inaugural Business Forum was held in Port Douglas, with over 100 attendees sharing their knowledge, experience and innovative practices.
- The Business Development Fund was established to support and encourage growth, innovation and diversification of individual businesses, industries and business sectors within the region.
- Replaced Bell's Park playground and shade sail.
- A shade sail was installed at Cape Tribulation playground and Wonga skate park.
- To support the staff located at the Mossman Library a staff shower was installed in the rear car parking area. The shower was designed to allow for wheel chair access.



- Attachment 5.2: The old boat shed named "Dixie Shed" was marked for demolition late in 2015. At the request of the Historical society the shed was relocated to its new home in Rex Smeal Park to under go a refurbishment to bring it up to current cyclone standards. Works to install the Shed were in progress by BAMA Pty Ltd, a company supporting the use of Indigenous workers.



Disaster Management has continued to build its network of flood water warning and monitoring infrastructure with the installation of the Foxton Bridge Flood Water Camera located next to Rotary Park, Mossman. Images are taken periodically from the camera and automatically sent to the Disaster Management Control Network. Monitoring of flood waters crossing the Captain Cook Highway can be monitored remotely by the Local Disaster Management Coordinate Team and the community via Councils website.



- Mossman Nursery Shed and driveway - to accommodate the open space vehicles, providing under cover parking for both the vehicles and the equipment stored on them, a large storage shed was built with drive way access.



- An information session was held at Mossman State High School with Year 11 TAFE Hospitality students focusing on food safety and the role of Environmental Health at Council. Students were educated on their roles in food safety in a practical setting, rather than a classroom setting.



- The Attachment 5.2.1 Resilience Program has continued to improve the ability of the community and emergency agencies to gain access to areas previously isolated for extended periods of time during flooding events, with the construction of the Banabilla Road Causeway Upgrade Project. Access to Degarra is now available through all tidal events and joins the communities of Douglas and Wujal Wujal through a coordinated regional infrastructure upgrades program.

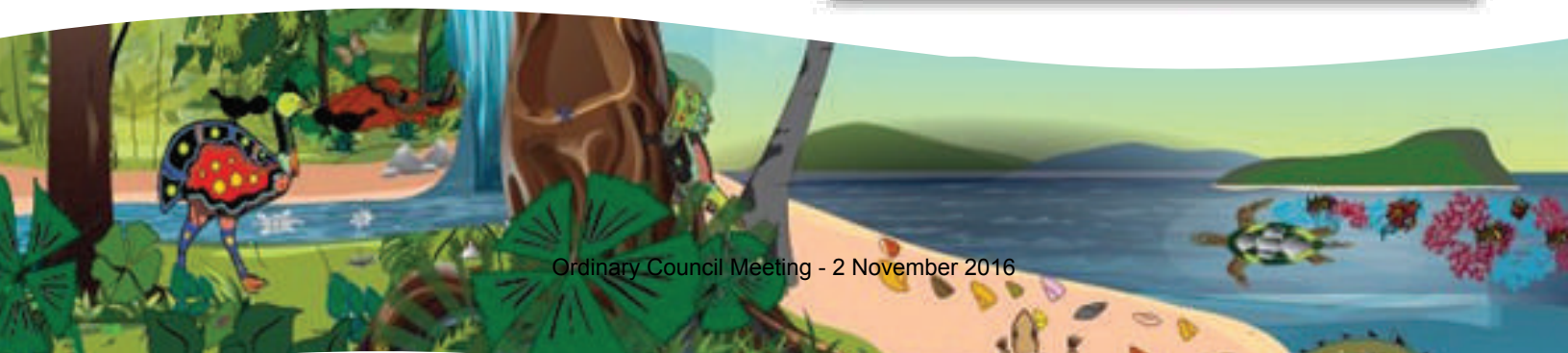
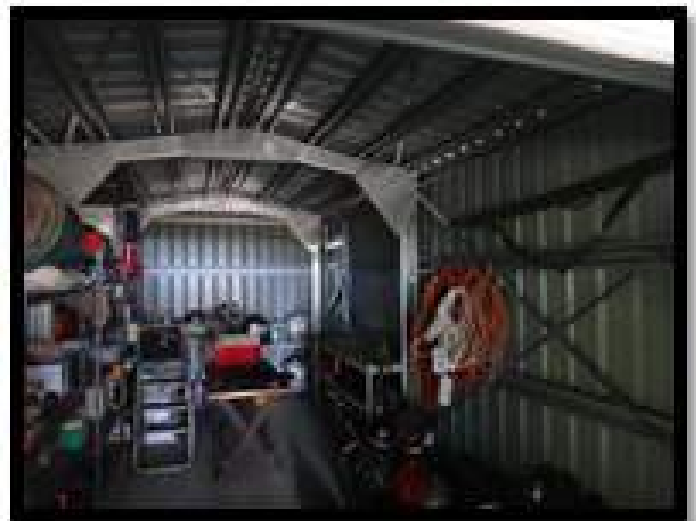


The wash down bay at the Mossman Depot has been used to hold mulch, but required two bays for the different types. The new mulch storage bay was then designed and installed to accommodate this.



- Macrossan Street bins were replaced with new bins with a contemporary design.
- Front Street Upgrade - replaced street furniture, installed street trees in custom planter boxes and resurfaced the traffic island.
- To provide secure storage at the Port Douglas Depot a Three Bay Shed was installed. The shed was built using ultra sheeting to prolong the life of the structure.

- The Wonga van park storage area consisted of two 3m x 3m garden sheds that were badly rusted. These were replaced with a new 6m x 3m shed using ultra sheeting to cope with the harsh beach environment.



Improve Environmental Performance

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

- As part of the Gateway project a multi use toilet facility was installed at the Daintree Ferry information site. This facility required several pump-outs per week to remove the waste water from site. To eliminate the pump out cost and to process the waste water on site, a secondary advanced treatment system was installed that allowed for the treatment of all waste water.



- Due to the age of the Diwan public toilet, the septic trenches were no longer working effectively and the system required regular pump-outs. A new septic tank and trenches were installed.

- To improve functionality of the Mossman Waste Water Treatment plant, the Building Facility unit assisted with the renovation of the Main office and the storage shed.



- Staff conducted 6083 man hours treating 105 hectares of invasive pest plants.
- Council's nursery produced 19575 native plants this year. 10233 of these were provided to the community, landcare groups, schools and council restoration projects.
- Chemical Free Steam weeding was trialled.



- Stage 1 of operator training in work safe with liquefied chlorine gas has been completed by Simmonds and Bristow. The OHS risk assessment registers and standard operating procedures for both of the chlorine plants were completed. All safeguards are in place and are being tested on daily and weekly schedules by the operators.



Above: Staff targeting Miconia for eradication

- Stage 2 of operator training in work safe with liquefied chlorine gas has been completed by Simmonds and Bristow. The OHS risk assessment registers and standard operating procedures for both of the chlorine plants were completed. All safeguards are in place and are being tested on daily and weekly schedules by the operators.

Drinking Water Quality Management Plan (DWQMP), Risk Assessment Workshop: After an internal audit by a qualified water auditor it became evident that it was necessary to amend the Douglas Shire Council DWQMP to include capital improvements and Douglas Shire work procedures. Water staff participated in a risk assessment workshop on 15 & 16 July to replace the previous risk assessment framework from 2011. The outcome of the workshop is a more user friendly DWQMP that will provide regulatory guidance to water staff members on a daily basis. The new DWQMP was approved in March 2016 by the Water Supply Regulator.

- Waterways Biological Impact Monitoring: Conducted biological impact monitoring programs in the Mossman River and Dickson Inlet to determine the impact of the effluent from the wastewater treatment plant. The results of the macro-invertebrate studies are to complement environmental sampling undertaken by DSC to monitor the health of these water ways and determine whether there are any impacts.

- Newell Beach reticulation upgrade, Cr Newell Beach Road & Scommozzon Road, was completed, with 600 meters of 150mm Blue Brute water main laid. This interconnects the Mossman and Whyanbeel schemes and provides for improved water security.



- The final commissioning of the chlorination buildings at Craiglie Reservoir and Mossman Wastewater Plant were completed on 25th July 2015.



Programmable Logic Controller upgrade commenced early December at Port Douglas WWTP. The upgrade of the PLC (basically the “brain” running the wastewater plant and pump systems) was fully completed by 18 December 2015. During the two week installation period, the water operators took some extraordinary measures to ensure that the plant remained operational and monitored daily to ensure compliance with licence conditions. Water operators were formally trained beforehand to empower them to handle any event during the installation period.

- Newell Beach Esplanade mains upgrade was completed, with 32 new 20mm copper water service connections, 5 new fire hydrants and 2 new sluice valves. A total of 520 meters of 150mm blue brute water main was installed, replacing the age 100mm asbestos-cement water main. The new 150mm main will improve water quality and increases the water flow to fire hydrants and to residents of Newell Beach. There were no water quality complaints during the commissioning of this new water main.
- The interconnection on the corner Syndicate Road & Miallo-Bamboo Creek Road intersection was completed and has secured supply to the Syndicate area.
- The Daintree intake mains upgrade was also completed and is assisting with maintenance and flushing of the Daintree intake main.
- The sewer relining contractor made great progress during May and most of the identified 300 and 375mm pipelines were successfully relined in Mossman and Port Douglas. Smaller pipelines (150mm) were also relined in Port Douglas.
- The odour control project at Port Douglas wastewater treatment plant implemented several steps e.g. replacement of fan and seals. The project also included the refurbishment of the odour abstraction unit after severe corrosion was discovered. The project has minimised odours emanating from mainly the inlet works at Port Douglas.



- Council held a student poster competition for 'Love where you live: Keep Douglas Clean and Green' litter and illegal dumping campaign, with the concept of 'what messages would you like to tell other people about rubbish and our environment'. These entries were incorporated into Council's stall at the Mossman Show.

- The 'Love where you live' community survey closed with over 100 surveys completed, giving Council a realistic and statistically significant understanding of community attitudes and motives for behaviour around waste, recycling and illegal dumping upon which to base future strategies.

- For National Science Week in August, Council partnered with Tangaroa Blue to deliver a workshop on Marine Debris Source Reduction Plans to interested members of the community. The session at the Port Douglas Community Centre was well attended and useful source reduction plans developed.

- In February, Council adopted an Illegal Dumping Strategy as part of a commitment to environmental stewardship and community leadership and a zero tolerance approach to litter and illegal dumping. The strategy details the impacts of illegal dumping, a need for local situational awareness, and an overview of best practice direction for Council's campaign to reduce both the incidence and impact of illegal dumping in our region.

Council, the Great Barrier Reef Marine Park Authority and Tangaroa Blue Foundation held a Source Reduction Plan workshop with key stakeholders to identify and prioritise litter problems in the region. Representatives from Council's Public Spaces and Resource Management teams, Tangaroa Blue and Douglas Shire Sustainability Group attended. Two resulting source reduction plans were identified for high priority targets; cigarette butts in Macrossan Street and litter in waterways associated with drinking/picnics.

- The Great Barrier Reef Marine Park Authority (GBRMPA) funded Reef Guardian Councils to tackle marine debris as part of the Reef Guardian Marine Debris Public Art project. Awareness in the community was increased through a public art and education display made from recycled and marine debris materials. Council partnered with Mossman Community Centre, Port Douglas Neighbourhood Centre and Mossman Gorge Wellbeing Centre, to hold a series of public workshops with The Junk Weavers, teaching participants to turn litter into art and recycled plastic into items of use.



- ECO Week 5/2/16 was held in the first week of June, to coincide with World Environment Day and is a time when communities across North Qld collaborate to build awareness, promote participation and enhance political action around our natural environment and its role in community wellbeing and economic prosperity. As well as promoting participation by environmental groups and businesses in the region, Council utilises the reach of ECO week to promote our environmental priorities, by developing our own initiatives as part of the week. Council partnered with the Chamber of Commerce and Industry Queensland to offer a free eco-efficiency workshop to businesses to save them thousands of dollars across their energy, water and waste bills.

The Scrap Shack was opened in Killaloe Transfer Station in June 2016, increasing resource recovery and land fill diversion rates in accordance with Council's Waste Reduction and Recycling Plan.



- A cardboard baler was installed at Killaloe Transfer Station. The baling process has not only reduced transport costs for Council, but it has increased volumes of cardboard exported off site for recycling in accordance with Council's Waste Reduction and Recycling Plan.

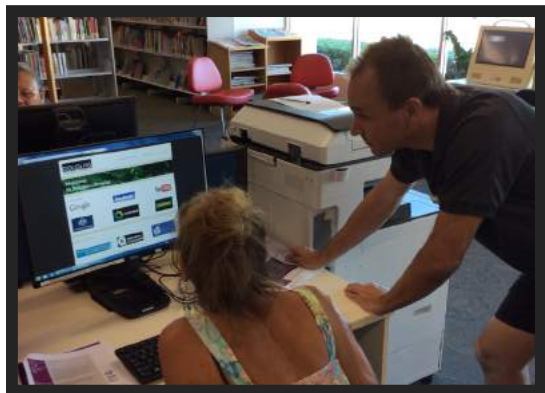


Engage, Plan, Partner

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

- Council installed software called Guardian, to replace the paper based systems used in the Disaster Coordination Centre (DCC). The DCC is operated by Council during cyclones, flooding and other similar events affecting the community. The system initially manages the incoming phone calls for assistance, incoming information from the various assistance agencies (eg. Police, SES) and provides this information in a form that allows for the best allocation of resources. Council worked to make some of this information available direct from the DCC, via Council's website, including a map showing roads that are closed and bridges flooded, to keep the public up to date.

- Council partnered with the State Library of Qld and Telstra to deliver 'Tech Savvy Seniors Qld' to 169 community members.



- Partnered with State Library of Qld via 'Ozobot grant' to introduce coding and robotics to community members.



- 'Douglas Libraries Fun Palace' was enjoyed by 400 people and was hosted in partnership with State Library of Qld.

- Launch of 'First5forever' family literacy program, in conjunction with State Library of Qld. Council partnered with Mossman Multi-purpose Health Service and local playgroups to support this program within the community.



- Worked closely with Mossman Meals on Wheels during the changeover of coordinator and committee.

- Plastic Free Douglas (PFD) launched the 'Keep Paradise Plastic Free Campaign', attended by 80 people. The PFD working group comprises representatives from Douglas Shire Sustainability Group, Douglas Shire Council, Tangaroa Blue, Cairns and Far North Environment Centre, Bendigo Bank and Low Isles Preservation Society, and aims to reduce the use and impact of disposable plastic shopping bags in the Douglas environment. In the Keep Paradise Plastic Free campaign PFD asked retailers in the local government area to commit to being or becoming disposable plastic bag free and registering as an ambassador by displaying the logo and taking part in publicity for the campaign. PFD asked shoppers to register for the challenge of a 'July without using disposable plastic bags'. 'Modele' fashion parade drew pre-launch attention to the campaign with a Keep Paradise Plastic Free reusable bag for every attendee.



Improved operations from the remotely located SES shed in Diwan, a solar power system was install to run a small fridge and charge hand held radios for use during emergencies.



- In partnership with the National Parks and in consultation with the local community and local indigenous groups Douglas Shire Council installed a new toilet block to the Cow Bay esplanade for use by tourists and locals.



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

- To help improve security in and around the Mossman Admin Building, a number of security cameras were installed.



- Chief Executive Officer and Staff Delegations were reviewed and adopted.
- All staff were provided with Code of Conduct in the Workplace and Public Interest Disclosure training.
- The new Council undertook a comprehensive induction post Local Government elections held in March 2016.
- Standing Orders for Council meetings were reviewed.
- The staff Corporate Induction was rolled out to all staff.
- New agenda and minutes software was implemented, improving related administration efficiencies.

- Land Management Plan for Coronation Park was finalised and adopted.
- All Council leased properties underwent an inspection.
- Public toilets at Thornton Beach Cafe were upgraded and opened.
- Three trainees were engaged across Council in Administration, Facilities and Water & Waste.
- Development of a proposed Planning Scheme for the Shire commenced, covering all themes in our Corporate Plan.
- To assist with improving privacy for meetings with the members of the public, particularly when sensitive issues like funerals are being discussed and privacy is required, the meeting room located in the foyer area was closed in.



CURRENT CONCESSIONS

Attachment 5.2.11

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

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

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

CURRENT SPECIAL CHARGES

Rural Fire Brigades (per rateable assessment per financial year)

Mowbray Valley Rural Fire Brigade	\$40.00
Daintree Rural Fire Brigade	\$15.00
Thorton Peak Rural Fire Brigade	\$8.00
Wonga Rural Fire Brigade	\$35.00
Bloomfield River Rural Fire Brigade	\$25.00

Refuse Disposal - \$169.36 per unit on each rateable assessment, with an improvement, that does not receive the Council kerbside waste and recyclables collection service.



NUMBER OF INVITATIONS TO CHANGE TENDERS DURING FINANCIAL YEAR

Under Section 228(7) of the *Local Government Regulation 2012*, there were no instances during the 2015/2016 financial year where persons who had submitted a tender to Council were invited to change their tenders.



LIST OF KEY REGISTERS KEPT BY THE LOCAL GOVERNMENT

The following registers are held by Council:

- Administrative Action Complaints Register
- Asbestos Register
- Asset Register
- Conflict of Interest/Material Personal Interest Declarations Register
- Corporate Risk Register (being established)
- Councillor Complaints Register
- Local Laws Register
- Vulnerable Residents Evacuation & Recovery Register
- Register of Cost Recovery Fees
- Register of Council Meeting Minutes
- Register of Interests Senior Contract Employees' Related Persons
- Register of Delegations (including financial)
- Register of Council's approved procurement arrangements
- Register of Interests Chief Executive Officer
- Register of Interests Chief Executive Officer's Related Persons
- Register of Interests Councillors
- Register of Interests Senior Contract Employees
- Register of Resource and Agreements for Fundings
- Road Map and Register
- Record of Declaration of Interest
- Record of Written Complaints about Councillor Conduct
- Record of Administrative Action Complaints
- Record of Taking of Declaration of Office
- Land Record
- Gift Register



Attachment 5.2.1 67 of 208

REMUNERATION PACKAGES

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

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



Attachment 5.2.1 68 of 208

Community Financial Report

Council's general purpose financial statements are for the period 1 July 2015 to 30 June 2016 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.



FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2016 AT A GLANCE

Operating Revenue	\$37,674,636
Operating Expenses	(\$39,263,665)
Operating Position	(\$1,589,029)
Capital Revenue	\$16,195,035
Capital Income	\$4,866,328
Capital Expenses	(\$5,327,974)
Net Results	\$14,144,360

Current Assets	\$29,293,046
Non-Current Liabilities	\$316,557,513
Total Assets	\$345,850,559
Current Liabilities	\$7,613,156
Non-Current Liabilities	\$4,800,536
Total Liabilities	\$12,413,692
Net Community Assets (Equity)	\$333,436,867

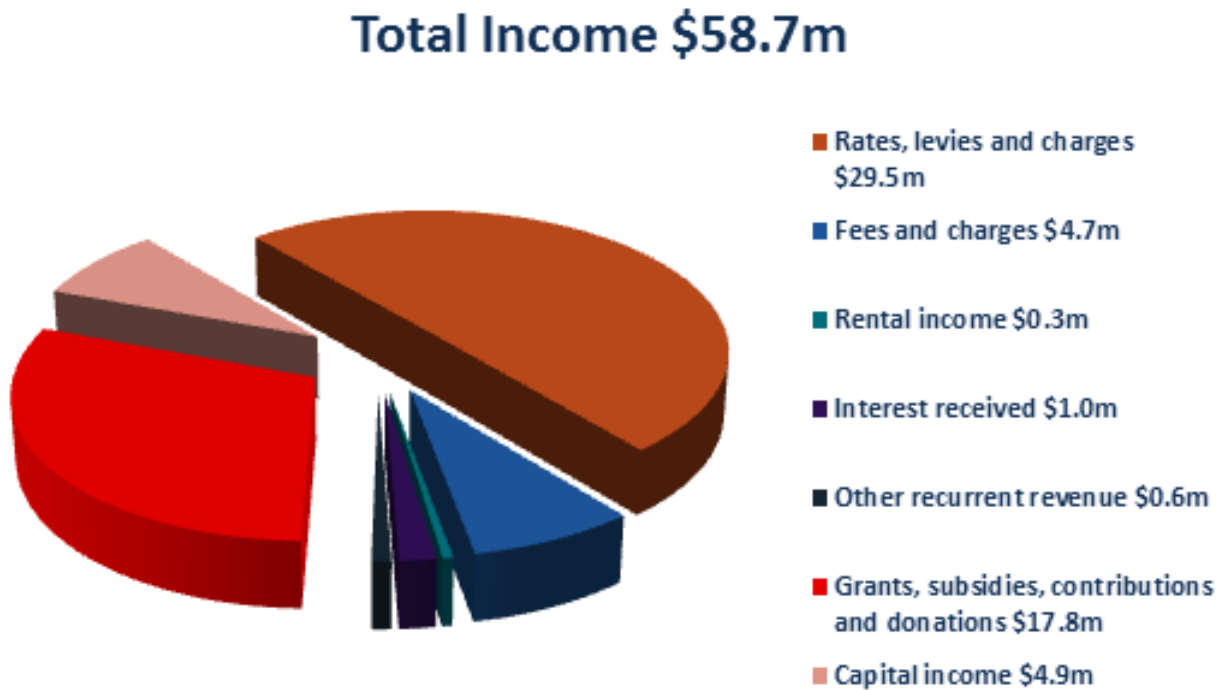


Attachment 5.2.1 7 of 306

STATEMENT OF COMPREHENSIVE INCOME

Income

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



Income by percentage

Rates, levies and charges	50.18%
Fees and charges	8.04%
Rental income	0.50%
Interest received	1.77%
Other recurrent revenue	0.95%
Grants, subsidies, contributions and donations	30.27%
Capital income	8.29%
	<hr/>
	100.00%

Grants, subsidies, contributions and donations

Includes capital grants, subsidies and contributions of \$16.2 million.

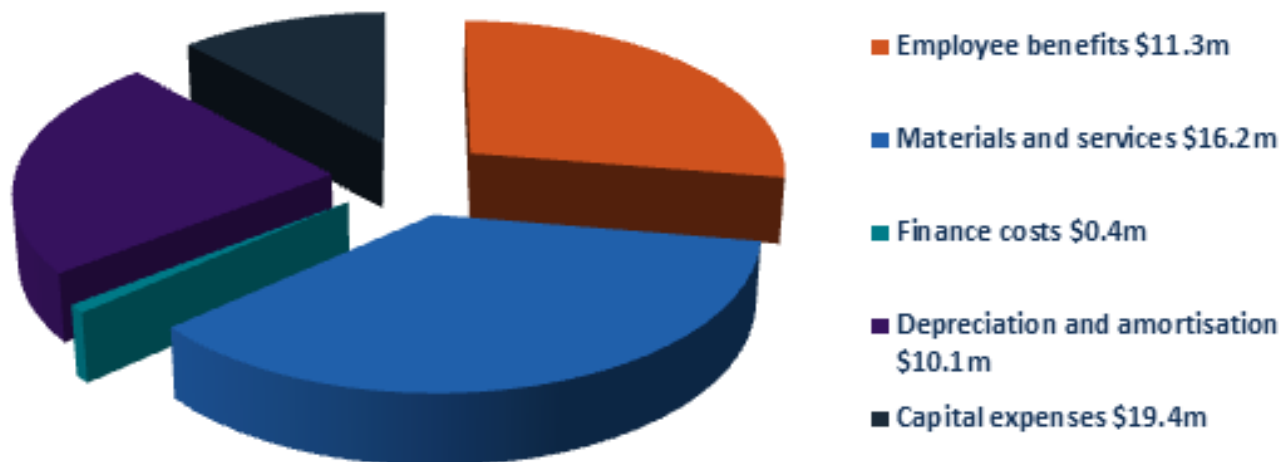
Capital Income

Includes a decrease in the landfill restoration provision of \$2.5 million and revaluation increments to property, plant and equipment (road assets) and the landfill restoration provision reversing previous revaluation decrements of \$2.4 million.

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

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

Total Expenses \$44.6m



Expenses by percentage

Employee benefits	27.61%
Materials and services	35.95%
Financial costs	0.90%
Depreciation and amortisation	23.60%
Capital expenses	11.94%
	<u>100.00%</u>

Capital Expenses

Includes a revaluation decrement to property, plant and equipment (bridge assets) of \$4.5 million and a loss on disposal/write-off on assets of \$0.8 million.

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



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

It is determined by deducting operating expenses from operating revenue and shows an operating deficit of \$1.6 million, compared to a budgeted operating deficit of \$3.6 million.

This variance of \$2 million is mainly due to:

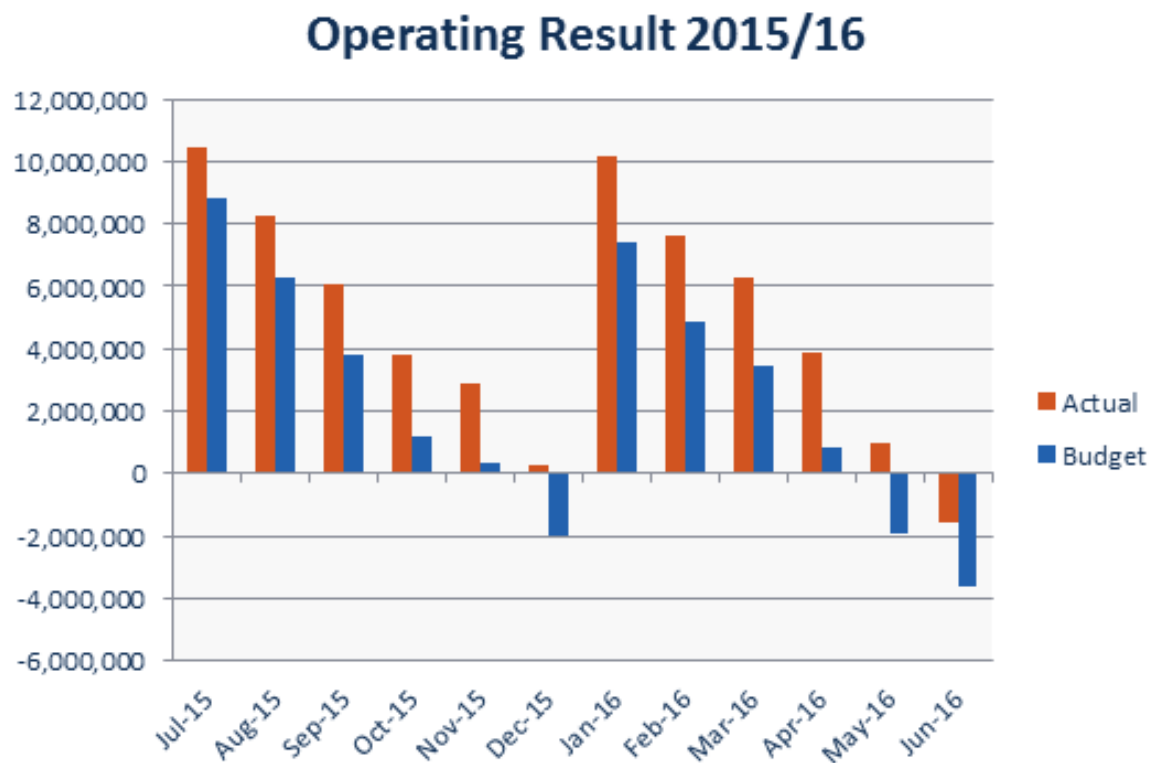
- Greater than anticipated operating revenue for the period, mainly relating to rates and utility charges (\$0.3 million) and fees and charges (\$0.5 million)
- Less than anticipated operating expenditure, mainly relating to salaries and wages (-\$0.3 million) and materials and services (-\$0.7 million)

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

Budget vs Actuals For the 2015/16 Financial Year	Adopted Budget \$	Actuals 15/16 Audited Financial Statements \$
Operating Revenue		
Net rates and utility charges	29,149,838	29,471,466
Fees and charges	4,198,518	4,724,559
Grants, subsidies, contributions and donations	1,415,891	1,587,259
Interest received	934,220	1,037,587
Other recurrent income	624,832	853,766
Total Operating Revenue	36,323,299	37,674,636
Operating Expenses		
Employee benefits	12,646,644	12,310,033
Materials and services	16,764,742	16,030,724
Depreciation	10,295,283	10,523,693
Finance costs	238,000	399,215
Total Recurrent Expenses	39,944,669	39,263,665
Operating Result	(3,621,370)	(1,589,029)



Attachment 5.2.1
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.



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 \$14 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 many non-monetary values such as:

- Non-monetary revenue – infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue which is not available for Council operations or future capital expenditure.
- Gain/loss on disposal of non-current assets
- Decreases in the value of Council's landfill restoration provision - as a result of a re-estimation of the future cost to restore the landfill sites
- Non-current asset revaluation decrements – which occur when asset values are adjusted downwards as part of an independent revaluation



Statement of Financial Position

Assets

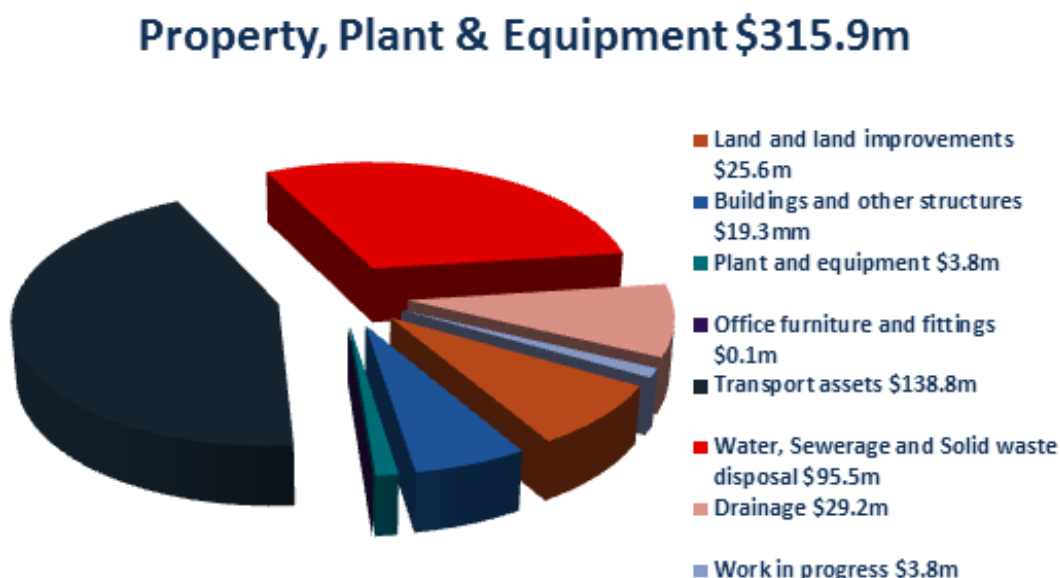
Council assets as at 30 June 2016 total \$345.9 million. This includes \$29.3 million of current assets (cash and other assets that are expected to be converted to cash or consumed within a year) and \$316.6 million of non-current assets. Property, plant and equipment makes up 91% of total assets.

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

The following graphs show the composition of Council's assets.



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

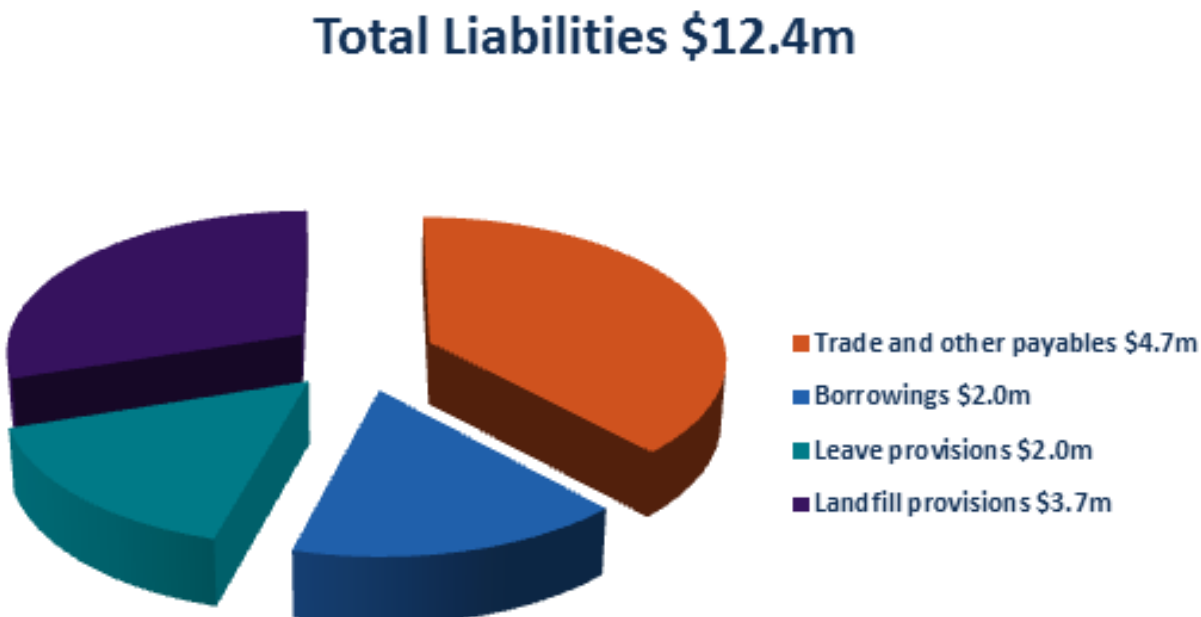


Further details can be found in notes 10 to 14 of the notes to the financial statements.

Liabilities

Total liabilities as at 30 June 2016 are \$12.4 million. This includes \$7.6 million of current liabilities (due to be settled within twelve months) and \$4.8 million of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers, amounts owing to employees for leave entitlements and provision for the future cost of restoring landfills.

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



Further details can be found in notes 16 to 18 of the notes to the financial statements.

Community Equity

Council's total community equity as at 30 June 2016 is \$333 million and represents Council's asset revaluation surplus of \$6 million (increase in values of property, plant and equipment as a result of revaluations) and retained surplus of \$327 million. This is determined by deducting the value of total liabilities from the value of total assets.

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

Borrowings and Repayments

During the period Council did not apply for any new loans, however made principal repayments of \$119,653 and interest payments of \$141,608 in accordance with the terms and conditions set by Queensland Treasury Corporation. The loans balance as at 30 June 2015 is \$2 million and Council's debt per rateable property is \$214.



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)	-4%	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.	235%	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)	-45%	not greater than 60%

The Operating surplus ratio shows an improvement over the budgeted ratio as a result of a reduced operating deficit. The Asset sustainability ratio is well ahead of the target result due to the large amount of NDRRA asset restoration work that was undertaken by Council during the financial year. The Net financial liabilities ratio has also improved and indicates that Council is in a very healthy position to service its existing liabilities.

FURTHER INFORMATION

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

Financial Statements for the year ended 30 June 2016



Douglas Shire Council

Financial statements

For the year ended 30 June 2016

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Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	29,471,466	28,122,320
Fees and charges	3(b)	4,724,559	4,655,890
Rental income		296,420	272,314
Interest received	3(c)	1,037,587	1,123,392
Other recurrent revenue		557,346	576,585
Grants, subsidies, contributions and donations	4(a)	1,587,259	2,178,788
		<u>37,674,636</u>	<u>36,929,289</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	16,195,035	8,476,780
Total revenue		<u>53,869,671</u>	<u>45,406,069</u>
Capital income	5	4,866,328	1,978,162
Total income		<u>58,735,999</u>	<u>47,384,231</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(12,310,033)	(11,338,883)
Materials and services	7	(16,030,724)	(16,137,571)
Finance costs	8	(399,215)	(429,645)
Depreciation and amortisation	13&15	(10,523,693)	(10,122,645)
		<u>(39,263,665)</u>	<u>(38,028,744)</u>
Capital expenses	9	(5,327,974)	(19,387,331)
Total expenses		<u>(44,591,640)</u>	<u>(57,416,075)</u>
Net result		<u>14,144,360</u>	<u>(10,031,844)</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	19	939,568	5,063,936
Total other comprehensive income for the year		<u>939,568</u>	<u>5,063,936</u>
Total comprehensive income for the period		<u>15,083,928</u>	<u>(4,967,908)</u>

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

**Douglas Shire Council
Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	10	16,896,812	21,835,031
Investments	11	8,000,000	5,000,000
Trade and other receivables	12	4,309,829	3,905,977
Inventories		86,405	104,441
Total current assets		<u>29,293,046</u>	<u>30,845,449</u>
Non-current assets			
Property, plant and equipment	13	315,900,347	303,724,129
Intangible assets	15	657,166	949,643
Total non-current assets		<u>316,557,513</u>	<u>304,673,772</u>
Total assets		<u>345,850,559</u>	<u>335,519,221</u>
Current liabilities			
Trade and other payables	16	4,730,965	4,975,683
Borrowings	17	127,143	115,061
Provisions	18	2,755,049	3,170,140
Total current liabilities		<u>7,613,156</u>	<u>8,260,884</u>
Non-current liabilities			
Borrowings	17	1,872,051	2,003,785
Provisions	18	2,928,484	6,901,611
Total non-current liabilities		<u>4,800,536</u>	<u>8,905,397</u>
Total liabilities		<u>12,413,692</u>	<u>17,166,280</u>
Net community assets		<u>333,436,867</u>	<u>318,352,940</u>
Community equity			
Asset revaluation surplus	19	6,003,504	5,063,936
Retained surplus/(deficiency)		327,433,361	313,289,001
Total community equity		<u>333,436,865</u>	<u>318,352,937</u>

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2016

		Asset revaluation surplus 19	Retained Surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2015		5,063,936	313,289,001	318,352,937
Net operating result			14,144,360	14,144,360
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	939,568		939,568
Total comprehensive income for the period		<u>939,568</u>	<u>14,144,360</u>	<u>15,083,928</u>
Balance as at 30 June 2016		<u>6,003,504</u>	<u>327,433,361</u>	<u>333,436,865</u>
Balance as at 1 July 2014		-	323,320,845	323,320,845
Net operating result			(10,031,844)	(10,031,844)
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	5,063,936		5,063,936
Total comprehensive income for the period		<u>5,063,936</u>	<u>(10,031,844)</u>	<u>(4,967,908)</u>
Balance as at 30 June 2015		<u>5,063,936</u>	<u>313,289,001</u>	<u>318,352,937</u>

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

Douglas Shire Council
Statement of Cash Flows
For the year ended 30 June 2016

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
Cash flows from operating activities			
Receipts from customers		34,349,519	36,376,664
Payments to suppliers and employees		(28,567,553)	(27,173,867)
		<u>5,781,966</u>	<u>9,202,797</u>
Interest received		1,037,587	1,123,392
Rental income		296,420	272,314
Non capital grants and contributions		1,587,259	2,178,788
Borrowing costs		(214,701)	(212,889)
Net cash inflow (outflow) from operating activities	24	<u>8,488,530</u>	<u>12,564,402</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(26,499,425)	(10,233,525)
Payments for intangible assets		-	(74,185)
Proceeds from sale of property plant and equipment		29,232	61,936
Net movement in investments		(3,000,000)	(3,000,000)
Grants, subsidies, contributions and donations		16,163,097	6,566,159
Net cash inflow (outflow) from investing activities		<u>(13,307,096)</u>	<u>(6,679,616)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(119,653)	(111,940)
Net cash inflow (outflow) from financing activities		<u>(119,653)</u>	<u>(111,940)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(4,938,219)</u>	<u>5,772,847</u>
Cash and cash equivalents at the beginning of the financial year		21,835,032	16,062,185
Cash and cash equivalents at end of the financial year	10	<u>16,896,812</u>	<u>21,835,032</u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and comparative information is for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

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

Comparative information has been re-classified where necessary, to be consistent with disclosures in the current reporting period.

1.2 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the AASB that are relevant to Council's operations and effective for the current reporting period. As Council is a not-for-profit entity and the accounting standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS) then, to the extent these inconsistencies are applied, these financial 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.

1.3 Adoption of new and revised Accounting Standards

In the current period, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were issued but not yet effective.

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. The extent of the impact of AASB 9 has not yet been determined.

AASB 15 Revenue from Contracts with Customers (effective 1 January 2017)

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers. Council is still to determine whether it will have any material impact.

AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, AASB 124 & AASB 1049) (effective 1 July 2016)

The applicability of this standard to Council may mean the disclosure of more information about related parties and transactions with those parties. Related parties will include the Mayor, Councillors and some Council staff. In addition, close family members of those people and any organisations that they control or are associated with will be classified as related parties.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Valuation of property, plant and equipment - Note 1.9(c), Note 1.9(e) and Note 14
- Impairment - Property, plant and equipment - Note 1.11 and Note 13, Receivables - Note 1.7 and Note 12
- Restoration provision - Note 1.15 and Note 18
- Annual leave - Note 1.13(a) and Note 16
- Long service leave - Note 1.13(c) and Note 18
- Contingent liabilities - Note 21

1.5 Revenue Recognition

a) Rates and levies

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

b) Grants and subsidies

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

c) Non-cash contributions

Non-cash contributions with a value in excess of the asset capitalisation recognition thresholds, as per Note 1.9, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

d) Cash Contributions

Developers pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 'Transfer of Assets from Customers' because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

e) Interest

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

f) Fees and Charges

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

1.6 Cash and cash equivalents

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

1.7 Receivables

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.

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

1.8 Investments

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

1.9 Property, plant and equipment

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

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

a) Acquisition of assets

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

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

b) Capital and operating expenditure

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

c) Valuation

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

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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

In the intervening years, management performs a desktop valuation on each asset class. A desktop valuation involves management assessing the condition and cost assumptions associated with each asset class and considering the movements in the Road and Bridge Construction Index and the Non-residential Building Construction Queensland Index as published by the Australian Bureau of Statistics. Together these are used to form the basis of the desktop valuation.

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

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

d) Capital work in progress

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

e) Depreciation

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

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are generally reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence. The condition assessments and subsequent estimation of remaining useful lives performed as part of the independent revaluation process for assets measured at depreciated current replacement cost are used to estimate the characteristic and remaining useful lives of these assets at the reporting date when the revaluation is undertaken. Generally all above ground assets are individually inspected at a comprehensive revaluation and a statistically significant sample of below ground assets are inspected in accordance with industry standards. Details of the range of estimated characteristic useful lives for each class of asset are shown in Note 13.

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

1.10 Intangible assets

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

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

At the reporting date intangible assets consist of software only.

1.11 Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually.

1.12 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.13 Liabilities - employee benefits

a) Annual leave

A liability for annual leave is recognised and is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability represents an accrued expense and is reported in Note 17 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) 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 23.

c) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.

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

1.14 Borrowings and borrowing costs

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

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

1.15 Restoration provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. Further details can be found in Note 18.

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

Restoration on land not controlled by Council

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

Restoration on land controlled by Council

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

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

1.16 Asset revaluation surplus

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

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

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

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

1.17 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST').

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

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 2016

- 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 2016

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									
	2016	2016	2016	2016									
	\$	\$	\$	\$	\$	\$	2016	2016	2016	2016	2016	\$	
Corporate and Community	1,473,217	14,702,604			16,175,820	(9,952,326)	(354,419)	(10,306,745)	6,223,494	5,869,075	58,532,559		
Infrastructure	114,042	4,070,758	16,169,423	1,233,278	21,587,500	(16,358,003)	(4,651,752)	(21,009,755)	(12,173,203)	577,745	189,937,091		
Development and Environment		663,339			663,339	(1,684,116)		(1,684,116)	(1,020,778)	(1,020,778)	17,563		
Water and Waste		16,650,677	25,612	3,633,050	20,309,340	(11,269,220)	(321,803)	(11,591,023)	5,381,457	8,718,317	97,363,346		
Total Council	1,587,259	36,087,377	16,195,035	4,866,328	58,735,999	(39,263,665)	(5,327,974)	(44,591,639)	(1,589,029)	14,144,360	345,850,559		

Period ended 30 June 2015

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								
	2015	2015	\$	2015	2015	\$							
Corporate and Community Infrastructure	1,408,023	14,095,712				2,203	15,505,938	(8,952,272)		(8,952,272)	6,551,463	6,553,666	58,361,759
Development and Environment	770,765	3,907,609		6,704,939		28,496	11,411,809	(16,344,076)	(18,631,800)	(34,975,876)	(11,665,702)	(23,564,067)	175,075,939
Water and Waste		871,064					871,064	(2,013,207)		(2,013,207)	(1,142,143)	(1,142,143)	
		15,876,117		1,771,841		1,970,712	19,618,670	(10,719,188)	(778,780)	(11,497,968)	5,156,929	8,120,702	99,975,823
Total Council	2,178,788	34,750,502		8,476,780		2,001,411	47,407,481	(38,028,743)	(19,410,580)	(57,439,323)	(1,099,453)	(10,031,842)	333,413,521

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
3 Revenue analysis			
(a) Rates, levies and charges			
Rates		13,890,298	13,227,410
Water		6,355,314	6,104,040
Sewerage		6,114,858	5,823,073
Waste		3,496,910	3,321,138
Less: Pensioner remissions		(385,914)	(353,341)
Net rates and utility charges		<u>29,471,466</u>	<u>28,122,320</u>
(b) Fees and charges			
Building and property fees		295,329	518,281
Ferry		2,784,121	2,542,487
Other fees and charges		1,645,109	1,595,122
		<u>4,724,559</u>	<u>4,655,890</u>
(c) Interest received			
Investments		760,800	801,196
Overdue rates and utility charges		276,787	322,196
		<u>1,037,587</u>	<u>1,123,392</u>
4 Grants, subsidies, contributions and donations			
(a) Recurrent - grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		1,307,167	1,340,794
State government subsidies and grants		280,092	837,994
		<u>1,587,259</u>	<u>2,178,788</u>
(b) Capital – grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		16,122,485	5,586,564
Contributions		40,612	979,595
		<u>16,163,097</u>	<u>6,566,159</u>
(ii) Non-monetary revenue received:			
Assets contributed by developers at fair value		31,938	1,910,621
		<u>16,195,035</u>	<u>8,476,780</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	-	1,611,322
	-	<u>1,611,322</u>

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

Non-reciprocal grants for expenditure on infrastructure	1,611,322	238,818
	<u>1,611,322</u>	<u>238,818</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
5 Capital income			
Provision for restoration of landfill			
Decrease in restoration provision	18	2,477,825	-
		<u>2,477,825</u>	<u>-</u>
Revaluations			
Revaluation up of property, plant and equipment reversing previous revaluation expense	13	1,233,278	1,978,162
Revaluation of Landfill restoration provision reversing previous revaluation expense		1,155,225	-
		<u>2,388,503</u>	<u>1,978,162</u>
Total capital income		<u>4,866,328</u>	<u>1,978,162</u>

6 Employee benefits

Total staff wages and salaries		9,589,031	8,705,057
Councillors' remuneration		332,249	322,884
Annual, sick and long service leave entitlements		1,811,294	1,630,508
Superannuation	22	1,232,655	1,097,156
		<u>12,965,230</u>	<u>11,755,605</u>
Other employee related expenses		60,268	48,159
		<u>13,025,498</u>	<u>11,803,764</u>
Less: Capitalised employee expenses		(715,465)	(464,881)
		<u>12,310,033</u>	<u>11,338,883</u>

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

Total Council employees at the reporting date:

	No. employees	No. employees
Elected members	5	5
Administration staff	72	64
Depot and outdoors staff	84	82
Total full time equivalent employees	<u>161</u>	<u>151</u>

7 Materials and services

Audit of annual financial statements by the Auditor-General of Queensland	95,000	98,000
Consultancy	762,439	739,725
Contractors	4,630,296	4,912,580
Communications and IT	559,341	610,803
Donations	702,439	720,954
Electricity	1,017,503	1,124,825
Insurances	710,426	711,757
Legal	187,387	458,054
Repairs and maintenance	5,659,411	5,038,197
Other materials and services	1,706,483	1,722,676
	<u>16,030,724</u>	<u>16,137,571</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
8 Finance costs			
Bank charges		73,093	69,885
Finance costs charged by the Queensland Treasury Corporation		141,608	143,004
Landfill sites - change in present value over time		184,514	216,756
		<u>399,215</u>	<u>429,645</u>

9 Capital expenses

Property restoration: Landfill sites	18		
Discount rate adjustment to refuse restoration provision		-	778,780
		<u>-</u>	<u>778,780</u>

The discount rate adjustment to the landfill restoration liability was adjusted against expenses as there was an insufficient asset revaluation surplus in the relevant asset class.

Revaluation decrement

Revaluation down of property, plant and equipment	13	4,493,835	18,631,800
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Gain / Loss on disposal of non-current assets

Proceeds from the sale of property, plant and equipment		(29,232)	(61,936)
Less: Book value of property, plant and equipment disposed of		790,863	38,687
		<u>761,631</u>	<u>(23,249)</u>

Loss on write-off

Loss on write-off of assets damaged by natural disaster	13	72,509	-
Total capital expenses		<u>5,327,974</u>	<u>19,387,331</u>

The loss on write-off of assets classified as transport assets relates to damage caused by Tropical Cyclone Nathan in 2015. 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	246,812	535,031
Deposits at call	1,650,000	6,300,000
Term deposits	15,000,000	15,000,000
Balance per Statement of Cash Flows	<u>16,896,812</u>	<u>21,835,031</u>

Councils 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	-	1,611,322
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Internally imposed expenditure restrictions at the reporting date:

Future capital works	4,207,598	3,407,583
Future constrained works	4,858,772	5,852,448
Future recurrent expenditure	41,945	41,945

Total unspent restricted cash	<u>9,108,315</u>	<u>10,913,298</u>
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Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
11 Investments		
Current fixed short term investments		
Unrestricted	8,000,000	5,000,000
	<u>8,000,000</u>	<u>5,000,000</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	3,086,608	3,181,823
Other debtors	442,105	245,870
Less impairment	(131,589)	(132,834)
Accrued revenue	336,605	315,847
GST recoverable	247,639	248,777
Prepayments	328,462	46,494
	<u>4,309,829</u>	<u>3,905,977</u>

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

Douglas Shire Council
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13 Property, plant and equipment

Basis of measurement Asset values	30 June 2016										Note
	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, sewerage and solid waste disposal	Drainage	Other assets	Work in progress	Total	
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Cost	Cost		
Opening gross value as at 1 July 2015	25,618,611	22,871,825	5,288,355	50,969	149,139,338	130,799,666	34,302,506	184,792	5,488,758	373,754,820	
Additions	635,482	443,142	502,696	-	-	-	-	-	24,918,105	26,499,425	
Disposals	(246,050)	(51,404)	(54,678)	(8,329)	(72,078)	(588,535)	-	(184,792)	-	(1,206,864)	
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to expense (capital expense)	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to income (capital income)	-	-	-	-	2,356,819	-	-	-	-	2,356,819	
Write-off assets damaged by natural disaster	-	-	-	-	(711,138)	-	-	-	-	(711,138)	
Transfers between classes	(31,810)	-	-	-	(95,340)	-	-	-	-	(95,340)	
Transfer to intangible assets	-	-	-	-	31,810	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	
Internal transfers from work in progress	-	-	-	-	31,938	-	-	-	-	31,938	
Closing gross value as at 30 June 2016	25,976,233	23,263,563	5,746,374	42,640	175,554,183	132,024,359	34,302,506	0	(26,687,060)	400,629,659	

Accumulated depreciation and impairment

Opening balance as at 1 July 2015	246,454	2,407,861	1,140,935	22,305	28,543,148	32,882,584	4,723,869	63,534	-	70,030,681
Depreciation provided in period	115,420	1,613,354	825,476	10,297	3,399,788	3,909,608	357,167	105	-	10,231,216
Depreciation on disposals	(2,762)	(10,081)	(31,353)	(6,654)	(34,369)	(267,142)	-	(63,639)	-	(416,001)
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to income (capital income)	-	-	-	-	1,123,541	-	-	-	-	1,123,541
Revaluation adjustment to expense (capital expense)	-	-	-	-	3,782,697	-	-	-	-	3,782,697
Write-off assets damaged by natural disaster	(2,757)	-	-	-	(22,831)	-	-	-	-	(22,831)
Transfers between classes	-	-	-	-	2,757	-	-	-	-	-
Accumulated depreciation as at 30 June 2016	356,354	4,011,134	1,935,058	25,949	36,794,731	36,525,050	5,081,036	0	-	84,729,312

Total written down value as at 30 June 2016

Residual value	25,619,879	19,252,429	3,811,316	16,690	138,759,451	95,499,309	29,221,470	0	3,719,802	315,900,347
Range of estimated useful life in years	3 - 100	5 - 60	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80	7	-	-

Additions comprise:

Renewals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions	101,779	440,026	502,696	-	-	-	-	-	21,392,434	22,436,935
Total additions	533,703	3,115	-	-	-	-	-	-	3,525,671	4,062,489
	635,482	443,142	502,696	-	-	-	-	-	24,918,105	26,499,425

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13 Property, plant and equipment

Basis of measurement Asset values	30 June 2015										Note
	Land and land improvements Fair Value	Buildings and other structures Fair Value	Plant and equipment Cost	Office furniture and fittings Cost	Transport assets Fair Value	Water, Sewerage and Solid waste Fair Value	Drainage Fair Value	Other assets Cost	Work in Progress Cost	Total	
Opening gross value as at 1 July 2014	23,898,672	20,688,624	4,516,602	50,969	138,906,974	106,896,899	33,765,982	184,792	2,547,466	331,458,980	
Additions	168,280	638,227	803,521						8,623,497	10,233,525	
Disposals			(36,838)		(7,011)	20,193,254				(43,849)	
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	1,551,659	1,473,031								23,217,944	
Revaluation adjustment to expense (capital expense)					4,999,437					4,999,437	
Revaluation adjustment to income (capital income)						1,978,162					
Write-off assets damaged by natural disaster											
Transfers between classes											
Transfer to intangible assets											
Contributed assets					643,689	820,419	446,513			1,910,621	
Internal transfers from work in progress		71,943	15,070		4,596,249	908,932	90,011		(5,682,205)		
Closing gross value as at 30 June 2015	25,618,611	22,871,825	5,298,355	50,969	149,139,338	130,799,686	34,302,506	184,792	5,488,758	373,764,820	
Accumulated depreciation and impairment											
Opening balance as at 1 July 2014	78,261	758,260	354,167	7,676	1,667,195	11,156,919	4,371,548	21,253	-	18,417,279	
Depreciation provided in period	151,848	1,491,249	790,529	14,630	3,246,120	3,744,355	352,321	42,281		9,833,333	
Depreciation on disposals			(3,761)		(1,404)					(5,165)	
Revaluation adjustment to asset revaluation surplus	16,345	158,362				17,979,310				18,154,007	
Revaluation adjustment to expense (capital expense)					23,631,237					23,631,237	
Write-off assets damaged by natural disaster											
Transfers between classes											
Accumulated depreciation as at 30 June 2015	246,454	2,407,861	1,140,935	22,306	28,543,148	32,882,584	4,723,869	63,534	-	70,030,661	
Total written down value as at 30 June 2015											
Residual value	25,372,157	20,463,964	4,157,420	28,663	120,596,191	97,917,082	29,578,637	121,258	5,488,758	303,724,129	
Range of estimated useful life in years	3 - 100	5 - 60	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80	7			
Additions comprise:											
Renewals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Other additions	62,537	393,591	729,812		-	-	-	-	5,433,532	6,619,472	
	105,743	244,636	73,709						3,189,965	3,614,063	
Total additions	168,280	638,227	803,521	-	-	-	-	-	8,623,497	10,233,525	

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

14 Fair Value Measurements

(i) Recognised fair value measurements

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

Property, plant and equipment

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

Council does not measure any liabilities at fair value on a recurring basis.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 18 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

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

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

The table presents Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

At 30 June 2016	Note	Level 2 (Significant other observable inputs) \$	Level 3 (Significant unobservable inputs) \$	Total \$
Recurring fair value measurements				
Land	13	23,922,433		23,922,433
Land improvements	13		1,697,446	1,697,446
Residential buildings	13	34,420		34,420
Other buildings and other structures	13		19,218,009	19,218,009
Transport assets	13		138,759,451	138,759,451
Water, Sewerage and Solid waste disposal	13		95,499,309	95,499,309
Drainage	13		29,221,470	29,221,470
		<u>23,956,853</u>	<u>284,395,685</u>	<u>308,352,538</u>

Douglas Shire Council
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At 30 June 2015	Note	Level 2 (Significant other observable inputs) \$	Level 3 (Significant unobservable inputs) \$	Total \$
Recurring fair value measurements				
Land	13	23,602,970		23,602,970
Land improvements	13		1,769,187	1,769,187
Residential buildings	13	36,435		36,435
Other buildings and other structures	13		20,427,529	20,427,529
Transport assets	13		120,596,191	120,596,191
Water, Sewerage and Solid waste disposal	13		97,917,082	97,917,082
Drainage	13		29,578,637	29,578,637
		<u>23,639,405</u>	<u>270,288,626</u>	<u>293,928,030</u>

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 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 for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Land and land improvements (level 2 and 3)

Current replacement cost

Land fair values were determined by Council on 1 January 2014 upon de-amalgamation. Fair value was derived by reference to market based evidence including observable historical sales data for properties of similar nature and specification within the Douglas region.

A review was undertaken as at 30 June 2015 and as the movement in the relevant index was considered material, a revaluation adjustment was provided for as at 30 June 2015.

For the reporting period land improvements have been categorised as level 3 as it is considered that one or more significant inputs required to determine fair value for this class of assets is not based on observable market data.

No revaluation adjustment was made as at 30 June 2016 as a review undertaken by the State Valuation Service indicated that the movement in values between 1 July 2015 and 30 June 2016 was considered immaterial.

An independent valuation of land assets and land improvements is scheduled for 2017.

Buildings and other structures (level 2 and 3)

Current replacement cost

The fair value of buildings was determined by Council on 1 January 2014 upon de-amalgamation. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

A review was undertaken as at 30 June 2015 and as the movement in the relevant index was considered material, a revaluation adjustment was provided for as at 30 June 2015.

For the reporting period Council has only one residential building that is considered to have all of the observable attributes required to determine fair value and therefore all other buildings and structures have been categorised as level 3.

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 July 2015 and 30 June 2016 was considered immaterial.

An independent valuation of buildings and other structures is scheduled for 2017.

Accumulated depreciation

In determining the level of accumulated depreciation, estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 13.

Douglas Shire Council
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Transport assets (level 3)

Current replacement cost

Road asset fair values (excluding footpaths) were 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. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.

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

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

Valuation unit rates (replacement costs) were increased by 20% to allow for Council project overheads including survey, environmental and investigation (6%), engineering design (5%), engineering supervision (3%) and project management (6%).

The movement in the relevant index between 1 July 2015 and 30 June 2016 was considered immaterial, however a revaluation adjustment was made during the period to offset a prior period decrement as a result of a correction to the road assets revaluation that was undertaken during the prior period.

Bridge assets

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

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

The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.

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

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

Valuation unit rates (replacement costs) were increased by 20% to allow for Council project overheads including survey, environmental and investigation (6%), engineering design (5%), engineering supervision (3%) and project management (6%).

Other transport assets

The fair value of footpath assets was determined by Council on 1 January 2014 upon de-amalgamation. The fair value of footpath assets is measured using the depreciated replacement cost method.

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 January 2014 and 30 June 2016 was considered immaterial.

An independent valuation of footpath assets is scheduled for 2017.

Accumulated depreciation

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

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

Estimated useful lives are disclosed in note 13.

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Water

Current replacement cost

The fair value of water assets was determined by Council on 1 January 2014 upon de-amalgamation. The fair value of water assets is measured using the depreciated replacement cost method.

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 January 2014 and 30 June 2016 was considered immaterial.

An independent valuation of water assets is scheduled for 2017.

Accumulated depreciation

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

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

Estimated useful lives are disclosed in note 13.

Sewerage and Other Infrastructure

Current replacement cost

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

The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.

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

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

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

Valuation unit rates (replacement costs) were increased by 20% to allow for Council project overheads including planning, survey, environmental and investigation (6%), engineering design (6%), procurement and project management (8%).

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 July 2015 and 30 June 2016 was considered immaterial.

Accumulated depreciation

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

In determining the level of accumulated depreciation, pump station assets were disaggregated into significant components which exhibited different useful lives. Useful lives are as follows:

Asset Category	Useful Life
Structure	80
Mechanical	20
Electrical	20
Pipework	50
Metalwork	50
Telemetry	10
Buildings	50
Siteworks	150
Generators	20
Odour control	20
Overflow system	50
Fencing and Landscaping	20
Roads and Drainage	20

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In determining the level of accumulated depreciation, repeater station assets were disaggregated into significant components which exhibited different useful lives. Useful lives are as follows:

Asset Category	Useful Life
Telemetry	10
Electrical	20
Mechanical	20
Pipework	50
Generators	20
Tools	10
Fencing and Landscaping	20
Roads and Drainage	20

In determining accumulated depreciation, 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, which was used to estimate remaining useful life. Condition scoring explanations and effect on the remaining useful life are as follows:

Condition Rating	Condition Name	Description	Remaining Useful Life %
1	Excellent	Asset is in 'as new' condition	95%
2	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75%
3	Fair	Asset is reliable and operates as intended but early stages of deterioration are evident.	50%
4	Poor	Asset still operates but does not meet intended duty or does not appear sound.	25%
5	Unserviceable	Asset not functioning/needs immediate attention.	5%

Development factors

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

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

Estimated useful lives are disclosed in note 13.

Other sewerage assets

Sewerage treatment plant assets were comprehensively reviewed by Cardno (QLD) Pty Ltd as at 30 June 2014. A review was undertaken as at 30 June 2015 based on the Road and Bridge Construction Queensland Index. This index decreased by 0.65% since 30 June 2014. As the movement was not material, no revaluation adjustments have been provided for as at 30 June 2015.

Solid waste disposal

Current replacement cost

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

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 July 2014 and 30 June 2016 was considered immaterial.

Accumulated depreciation

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

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

Estimated useful lives are disclosed in note 13.

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Drainage infrastructure

Current replacement cost

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

The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.

No revaluation adjustment was made as at 30 June 2016 as the movement in the relevant index between 1 July 2014 and 30 June 2016 was considered immaterial.

Accumulated depreciation

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

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

Estimated useful lives are disclosed in note 13.

	2016 \$	2015 \$
15 Intangible assets		
Software		
Opening gross carrying value	1,378,102	1,303,917
Transfer from work in progress	-	-
Additions	-	74,185
Closing gross carrying value	1,378,102	1,378,102
Accumulated amortisation		
Opening balance	428,459	139,147
Amortisation in the period	292,477	289,312
Closing balance	720,936	428,459
Net carrying value at end of financial year	657,166	949,643

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

16 Trade and other payables

Current

Creditors and accruals	2,758,724	3,026,949
Annual leave	1,688,828	1,696,517
Other entitlements	283,414	252,217
	4,730,965	4,975,683

Douglas Shire Council
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	2016 \$	2015 \$
17 Borrowings		
Current		
Loans - Queensland Treasury Corporation	127,143	115,061
	<u>127,143</u>	<u>115,061</u>
Non-current		
Loans - Queensland Treasury Corporation	1,872,051	2,003,785
	<u>1,872,051</u>	<u>2,003,785</u>
Loans - Queensland Treasury Corporation		
Opening balance	2,118,847	2,230,787
Principal repayments	(119,653)	(111,940)
Book value at end of financial year	<u>1,999,194</u>	<u>2,118,847</u>

The QTC loan market value at the reporting date was \$2,520,186. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current reporting period. Expected final repayment dates vary from 30 September 2026 to 31 March 2028. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made monthly in arrears.

18 Provisions

Current		
Landfill restoration	963,001	1,589,500
Long service leave	1,792,048	1,580,639
	<u>2,755,049</u>	<u>3,170,140</u>
Non-current		
Landfill restoration	2,765,125	6,728,095
Long service leave	163,359	173,516
	<u>2,928,484</u>	<u>6,901,611</u>

Details of movements in provisions:

	2016 \$
Property restoration: Landfill sites	
Balance at beginning of financial year	8,317,595
Increase in provision due to unwinding of discount	184,514
Increase / (decrease) in provision for future cost	(4,773,984)
Balance at end of financial year	<u>3,728,125</u>

Council has two landfill sites located at Newell Beach and Killaloe. The provision is stated at the present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions.

Long service leave	
Balance at beginning of financial year	1,754,155
Long service leave entitlement arising	226,987
Long Service entitlement paid	(25,734)
Balance at end of financial year	<u>1,955,408</u>

Douglas Shire Council
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	2016 \$	2015 \$
19 Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	5,063,936	-
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and land improvements	-	1,535,315
Buildings and other structures	-	1,314,678
Water, Sewerage and Solid waste Disposal	-	2,213,943
Change in value of restoration costs		
Landfill	939,568	-
Balance at end of financial year	<u>6,003,504</u>	<u>5,063,936</u>
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and land improvements	1,535,315	1,535,315
Buildings and other structures	1,314,678	1,314,678
Water, Sewerage and Solid waste Disposal	3,153,511	2,213,943
	<u>6,003,504</u>	<u>5,063,936</u>
20 Commitments for expenditure		
Operating expenditure		
Not later than 1 year	4,204,346	3,932,441
Later than 1 year but not later than 5 years	9,076,100	9,442,498
Later than 5 years	3,800,000	5,800,651
	<u>17,080,446</u>	<u>19,175,590</u>
Capital expenditure		
Not later than 1 year	1,164,989	11,067,951
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>1,164,989</u>	<u>11,067,951</u>
21 Contingent liabilities		

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

Local Government Mutual

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

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$224,737.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

22 Superannuation

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

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

The scheme has two elements referred to as:

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

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

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

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

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

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

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

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

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

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Douglas Shire Council made less than 4% of the total contributions to the plan in the 2015/16 financial year.

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

	Note	2016 \$	2015 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,232,655	1,097,156

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

	2016 \$	2015 \$
23 Trust funds		
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	525,090	638,692
	<u>525,090</u>	<u>638,692</u>
Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by Council. Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes they are not considered revenue nor brought to account in these financial statements and are disclosed for information purposes only.		
24 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities		
Net result	14,144,360	(10,031,844)
Non-cash items:		
Depreciation and amortisation	10,523,693	10,122,645
Revaluation adjustments	2,105,331	16,653,637
Loss on asset write-off	72,509	-
Change in future rehabilitation and restoration costs	(2,293,311)	995,536
	<u>10,408,222</u>	<u>27,771,818</u>
Investing and development activities:		
Net profit or loss on disposal of non-current assets	761,631	(23,249)
Capital grants and contributions	(16,195,035)	(8,476,780)
	<u>(15,433,404)</u>	<u>(8,500,029)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(403,852)	3,021,869
(Increase)/decrease in inventory	18,036	(39,185)
Increase/(decrease) in payables	(244,718)	191,123
Increase/(decrease) in liabilities	-	-
Increase/(decrease) in other provisions	(113)	150,649
	<u>(630,648)</u>	<u>3,324,456</u>
Net cash inflow from operating activities	<u>8,488,530</u>	<u>12,564,402</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

25 Financial instruments

Financial risk management

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

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

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

Council does not enter into derivatives.

Credit risk

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

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

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

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

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

	Note	2016	2015
Financial assets		\$	\$
Cash and cash equivalents	10	16,896,812	21,835,031
Receivables - rates	12	3,086,608	3,181,823
Receivables - other	12	1,223,221	724,154
Other financial assets	11	8,000,000	5,000,000
Total financial assets		29,206,641	30,741,008

Cash and cash equivalents

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

Other financial assets

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

Trade and other receivables

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

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

	2016	2015
	\$	\$
Not past due	2,832,037	3,043,561
Past due 31-60 days	36,206	16,772
Past due 61-90 days	5,061	(14,113)
More than 90 days	1,568,115	992,591
Impaired	(131,589)	(132,834)
Total	<u>4,309,829</u>	<u>3,905,977</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 and through its borrowings with QTC.

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2016					
Trade and other payables	2,758,724	-	-	2,758,724	2,758,724
Loans - QTC	265,185	1,060,740	1,550,179	2,876,104	2,137,236
	<u>3,023,909</u>	<u>1,060,740</u>	<u>1,550,179</u>	<u>5,634,828</u>	<u>4,895,960</u>
2015					
Trade and other payables	3,026,949	-	-	3,026,949	3,026,949
Loans - QTC	254,944	1,019,777	1,838,736	3,113,457	2,258,729
	<u>3,281,893</u>	<u>1,019,777</u>	<u>1,838,736</u>	<u>6,140,406</u>	<u>5,285,678</u>

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

Market risk

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2016

Interest rate risk

Council is exposed to interest rate risk through borrowings with QTC and investments with other financial institutions.

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

Sensitivity

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

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

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2016					
Deposits at call	1,650,000	16,500	(16,500)	16,500	(16,500)
Short term deposits	23,000,000	230,000	(230,000)	230,000	(230,000)
Loans - QTC*	(1,999,194)	(19,992)	19,992	(19,992)	19,992
Net total	22,650,806	226,508	(226,508)	226,508	(226,508)
2015					
Deposits at call	6,300,000	63,000	(63,000)	63,000	(63,000)
Short term deposits	20,000,000	200,000	(200,000)	200,000	(200,000)
Loans - QTC*	(2,118,847)	(21,188)	21,188	(21,188)	21,188
Net total	24,181,153	241,812	(241,812)	241,812	(241,812)

In relation to the QTC loans held by the Council, the following has been applied:

*QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Douglas Shire Council
Financial statements
For the year ended 30 June 2016

Management Certificate
For the year ended 30 June 2016

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

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

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



Mayor
Julia Leu

Date: 14, 10, 16



Chief Executive Officer
Linda Cardew

Date: 14, 10, 16

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Douglas Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Douglas Shire Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Douglas Shire Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


D A STOLZF CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

**Douglas Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2016**

Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio			
Asset sustainability ratio			
Net financial liabilities ratio			
	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-4%	between 0% and 10%
	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	235%	greater than 90%
	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-45%	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 2016.

Certificate of Accuracy
For the period ended 30 June 2016

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

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


Mayor
Julia Leu

Date: 14/10/16


Chief Executive Officer
Linda Cardew

Date: 14/10/16

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Douglas Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Douglas Shire Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility 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 Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Douglas Shire Council, for the year ended 30 June 2016, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


D A STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Douglas Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2016



Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2016	Projected for the years ended									
				30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	
Council													
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-4%	-5%	-3%	-2%	0%	1%	2%	2%	3%	4%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	235%	56%	69%	78%	90%	91%	91%	91%	91%	91%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-45%	-20%	-19%	-20%	-20%	-24%	-25%	-25%	-25%	-26%	

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 2016

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



 Mayor
Julia Leu
 Chief Executive Officer
Linda Cardew
 Date: 14, 10, 16. Date: 14, 10, 16.