

Annual Report 2019–2020





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Acknowledgement

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

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

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

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

Introduction

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

This Annual Report is the first against our Corporate Plan 2019-2024. This reports also includes a summary of the performance against Council's 2019/20 Operation Plan

Douglas Shire - Regional Profile

Shire Profile

The Douglas Shire covers an area of 2,445km from north of Ellis Beach in the south to the Bloomfield River in the north. The economy of the Shire depends mainly on tourism, with 1.2 million visitors annually exploring our many natural wonders and agriculture of sugar cane farming and processing. Douglas is home to around 12,200 residents. Approximately 70% of residents live in the two main population centres of Port Douglas, the main tourist focus and Mossman, the administration, service, agricultural and industrial hub of the region.

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

History of the Shire

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

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

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

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

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

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





A Message from the Mayor

It is fair to say the second half of the 2019-20 financial year has been a rocky road for the Douglas Shire community, but I believe the future is bright.

The global pandemic has affected our region in a way not seen since the 1989 pilots' strikes, only more disruptive, uncertain and damaging to our local economy. When coronavirus reached our shores in the third quarter, a swift response was required from all levels of government to help communities pivot with the changing social and economic dynamics spurred on by the crisis.

Council served up relief measures for businesses such as waiving some fees and interest payments to cushion the impact, while boosting local business confidence through the 'Buy Douglas: Build Douglas' campaign to encourage people to 'Do It In Douglas'.

A greater emphasis on using local contractors was unveiled through the roll out of our Vendor Panel platform.

The assistance measures, along with reduced travel across the Daintree Ferry, led to a \$1.3 million effect on Council's operating result, leaving Council finish the year with an \$828,353 deficit, compared to the projected \$86,915 surplus.

The 2019/20 Annual Report details Douglas Shire Council's efforts to get on with the job and help the community through changes, disruptions and challenges. As the new Mayor, I set out to execute the will of the people by taking Douglas Shire in a new direction where transparency, sensible investment and a stronger economy is paramount.

After the local government elections, my fellow Councillors and I did this by kicking off investigations into a safe-swimming option for Port Douglas, backing a micro grid in the Daintree Rainforest, bringing more transparency around the costs involved with the future of Daintree River crossing and prioritising beautification projects in our towns. The new direction built on the hard work of Council staff in the preceding months, which saw \$24.97M spent across its capital works program and \$17.75M on materials and services.

In critical infrastructure, \$1.5M was invested in our parks and open spaces, \$6.8M in civil works including \$859,000 on our road reseal program, and about \$5.36M on improvements to the water and sewerage networks. Other highlights include a \$388,000 investment in the

Davidson Street cycle and footpath, \$589,000 on the Warner Street drainage upgrade, \$743,000 on the Poletti's Bridge renewal and a further \$571,000 on playground renewals.

Local jobs were created under the Kubirri Aged Care Centre in Mossman in preparation for its first residents, marking the end of a 24-year fight to bring improved aged care services to the town.

Council also took on the Mossman Pool and Caravan Park and was quick to try new things such as Dive in Movies, Aqua Fit and Learn-to-Swim programs to activate the site. The Active8 Free Fitness program was a huge success, with more than 14,000 people taking part in Tai Chi, Aqua Fit, boot camps, Zumba classes and an Australian-first Senior's Parkour program. I am happy to say these programs will continue through to the end of 2020.

We improved recognition of our Traditional Owners by working with Jabalbina to install new place signs featuring Kuku Yalanji language, and started the process of transferring the Blue Pools, located in the Daintree Rainforest, back to Traditional Owners.

While the full impact of COVID-19 won't be known for some time, ratepayers can feel at ease knowing there is a hard-working team steeled for whatever comes our way. Now is the time for creating jobs, repairing infrastructure and ensuring our economy becomes stronger in the post-COVID era.

Finally, I want to thank my fellow Councillors, including our two newly elected members, Chief Executive Officer Mark Stoermer and all staff for their agility and leadership in the 2019-20 financial year.



Michael Kerr
Mayor

Message from the Chief Executive Officer

I can only begin with what is now an obvious, clichéd but necessary comment: What a year it has been! Following elections, our new Council faced a global pandemic with massive local economic and social consequences but that did not stop staff from persevering, adapting and continuing to deliver projects and services.

Mayor Kerr has highlighted some of the achievements of the Council in his message and this report adds to that. So I would like to make a few brief comments on the organisation that is responsible for delivering on the Council's objectives.

While the last financial year saw many staff changes with many vacancies, this year has seen relative stability and a full complement of staff. This has meant that officers can get on with the business of Council and deliver the many capital projects, operational initiatives, and day-to-day services on which the community relies. Council's Operational Plan had 45 actions and despite the disruption of Covid-19, staff delivered on most of these.

When COVID-19 began to make its impact felt, staff were quick to adapt. Social and economic recovery groups were formed and plans were put into place. Campaigns such as '40 Days 40 Ways' and 'Do it In Douglas' were big

morale boosters and were put together literally overnight. While there was a period of time where we had to close Council sites such as the very popular Mossman Pool and the Mossman Library, staff came up with alternatives: the Active8 Program so that people could continue to be active, and on-line books services so that people could continue to read. I commend all of the staff who showed determination and innovation to keep services going.

From the start of the financial year and through the Pandemic, our civil and open spaces crews patched roads, improved drains, laid footpaths, planted new gardens, built new playgrounds, fought invasive species and generally kept the Shire looking beautiful. And might I add – enchanted with some beautiful light displays in Port Douglas and Mossman. I continue to emphasise the importance of the basics as this is what our community has told us they value. The crews have taken this up with excellent results.

It was of course sad this year that we could not hold Port Douglas Carnivale as well as several other events, but these events will be back better than ever next year and we cannot wait to welcome everyone back.

I would be remiss if I did not specifically acknowledge the work of our Finance Team led by our CFO, Tara Killeen. The budget has been extremely challenging but Council has been able to offer support to the community as Mayor Kerr has highlighted. The work behind the scenes to make this happen and to build a budget for the new financial year is enviable. I am pleased with the positive annual audit results.

While this Annual Report covers Council's statutory reporting obligations, I invite and encourage you to read the quarterly CEO reports. These reports detail many of the day-to-day activities that officers manage. In addition to commentary, the reports are full of images of these activities and showcase our beautiful Shire and amazing community.

Finally, I have many thanks to make. First, I would like to thank all staff for staying focussed, professional and dedicated in trying times. I would like to thank the previous Council for their support in delivering the Operational Plan and in helping officers pivot during the onset of the Pandemic. I would like to congratulate and thank the new Council for supporting officers in

completing the 2019/20 Operational Plan, preparing the Plan for the new financial year, and for continuing to support officers in managing the on-going Pandemic crisis. I would like to thank all of our suppliers and partners who are vital to everything that we do. Finally, I would like to thank the community and all of our visitors (those who have been here and those who cannot wait to get here when they can) for their patience during the crisis as well as on-going support and patronage. While we are not perfect – we will always try to do our best for you.

Yours sincerely,



Mark Stoermer
CEO

Elected Representatives

Douglas Shire Council's new Mayor was officially sworn in on 12 April 2020. Mayor Kerr officially became the Douglas Shire's 21st Mayor. The newly elected Representatives were officially sworn into office at a ceremony held under strict circumstances due to COVID-19 pandemic social distancing rule on the 16

April 2020. More than 670 viewers watched the live streaming of the ceremony on Council's Facebook page. Cr Scomazzon and Cr McKeown join incumbent's Cr Noli and Cr Zammataro.



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Cr **Roy Zammataro**

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Organisational Structure

MAYOR AND COUNCILLORS

CHIEF EXECUTIVE OFFICER

MANAGER GOVERNANCE

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

CHIEF FINANCIAL OFFICER

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

MANAGER PEOPLE AND COMMUNITY SERVICES

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

MANAGER ENVIRONMENT AND PLANNING

- * Resource Management
- * Local Laws
- * Environmental Health
- * Planning
- * Organisational Sustainability
- * Disaster Management

MANAGER INFRASTRUCTURE

- * Civil Operations
- * Public Spaces
- * Maintenance & Construction
- * Biosecurity
- * Fleet
- * Building Facilities

MANAGER WATER AND WASTEWATER

- * Sewerage Treatment
- * Water Quality
- * Water Reticulation

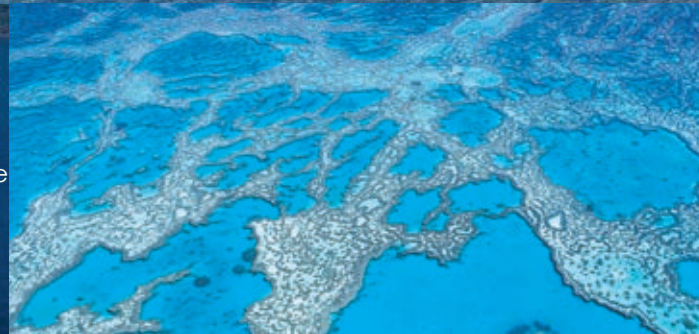
MANAGER PROJECT OFFICE

- * Project Management
- * Contracts Administration
- * Disaster Infrastructure Repairs

2019-2020 Highlights

GRB LEGACY

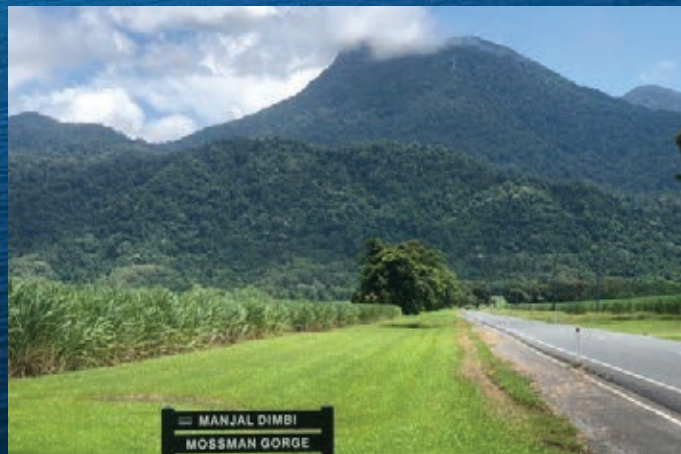
Douglas Shire Council supports Australian non-profit organisation GBR Legacy's announcement that it will safeguard the biodiversity of all known hard coral species by creating the world's first Living Coral Biobank Project. The Project will also use public aquariums and home aquarium collectors to hold and maintain backup fragments all over the world, creating the largest collaborative preservation network of corals.



COUNCIL 'PLACE' SIGNS FOR KUKU YALANJI AREAS – 24 REGIONS, 33 SIGNS

In 2020, installation of the 'Place' signs commenced across Eastern Kuku Yalanji Country, and is expected to be completed by the end of the year. Delays due to COVID-19 lockdown of communities were experienced; currently signs are installed up to Kulki (Cape Tribulation), and the rest scheduled for November.

The 'Welcome to Country Signs' are ready to be installed by Council staff. We are waiting approval for the 'Town Entry' signs after designs were finalised, and applications submitted to TMR in June 2020.



ALEXANDRA RANGE REPAIRS FINISHED

The completion of landslip repairs to Cape Tribulation Rd at the Alexandra Range marked a big step forward on the road to recovery. A section of the road washed away when a landslip occurred during the monsoon trough in early 2019. Douglas Shire Council crews and contractors worked hard to fix multiple damaged sites, many involving complex geotechnical engineering and civil works resources to complete. Council managed almost \$23 million worth of disaster recovery projects.



DOUGLAS BUSINESS EXPO 2020

Local business owners and key industry players swarmed the Port Douglas Community Hall for the Douglas Business Expo 2020. More than 100 people attended the Douglas Chamber of Commerce and Douglas Shire Council collaboration. The expo brought key government and industry representatives together to exchange knowledge and ideas for regional business.



NEW DECORATIVE LIGHTING ON MACROSSAN STREET

The lighting project was completed by Decorative Lighting & Display Ltd worked with local company Bellerio Electrical Services and featured 28,000 globes and about 2.4km of cables.



REX RANGE PIONEER

71 YEARS after its opening, a lookout on the Rex Range has been named in honour of Charles May, the original instigator of the connection between Mossman and Julatten. At a touching ceremony held on-site, descendants of Charles May travelled from all over Australia to unveil the memorial named in his honour. Coordinated by the Douglas Shire Historical Society, the project was jointly-funded by the Douglas Shire Council and Mareeba Shire Council with the support of the Department of Transport and Main Roads.

COVID-19

A LOCAL recovery group monitored the impacts of COVID-19 and investigated ways to provide relief to businesses and residents in Douglas Shire. The Douglas Local Disaster Management Group (LDMG) approved the development of the Local Recovery Group. The group included two committees – Economic Recovery Group; and Social and Human Recovery Group – with the view of providing a safety net for people impacted by the COVID-19 pandemic. Douglas Shire Council provides immediate relief to ratepayers by freezing interest on rates and working on further relief packages after the 2020 Local Government Elections.

Through its two COVID-19 recovery group committees – the Economic Recovery Group; and Social and Human Recovery Group – Council is backing the community and its local businesses with the launch of the 'Do It In Douglas' Campaign. The campaign encourages the community to think before they buy and support local businesses while also sharing creative ways to connect with each other through social distancing. 40 Days in 40 Ways kicked off on Good Friday encouraging residents to get involved for the long weekend.



FREE TRAVEL ON DAINTREE RIVER

DAY-TRIPPERS will get free travel on the Daintree Ferry when Douglas Shire Council lifts visitor travel restrictions on Saturday, May 16. Council will waive the usual ferry fees until June 30 and multi-day passes that were due to expire on June 30 have been extended to December 31 this year. Council is also supporting tourism by providing free ferry travel for commercial tour operators.

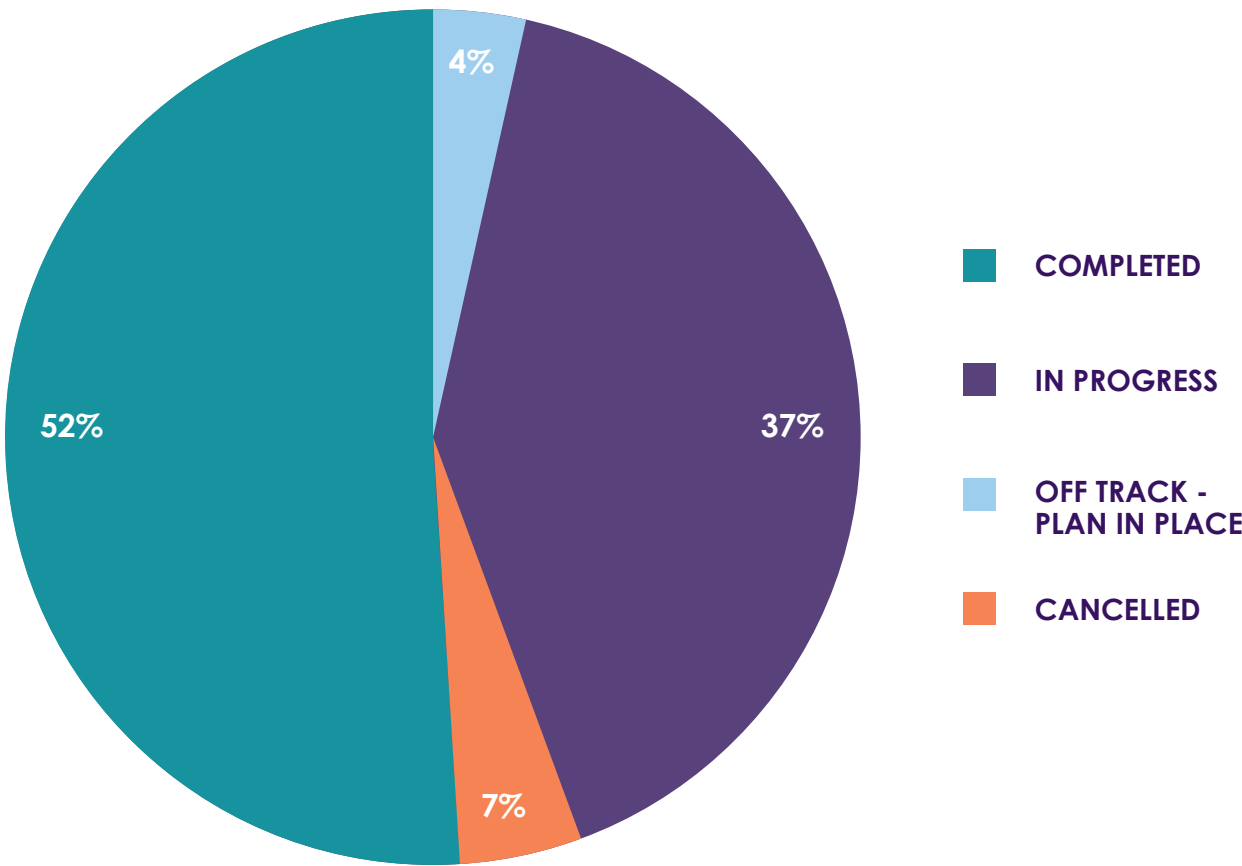
Assessment Of Operational Performance 2019/20

Council had identified a broad range of projects that would benefit all communities across the Shire and continue to see firm strategic initiatives put in place to establish a sound foundation for the Shire's future. Council's Operational Plan 2019/20 detailed the ongoing and recurring activities and major initiatives to be undertaken across Council. Success measures and timeframes were identified for the delivery of each initiative, and in recognising that most projects were completed by multidisciplinary teams, the Lead Unit was also identified. The Operational Plan links all

projects to the Themes and Goals of the Corporate Plan, demonstrating the ongoing implementation of Council's strategic direction.

All programs and projects are fully funded through the Annual Budget 2019/20. As in previous years, a public report detailing the progress of the Operational Plan has been submitted to Council each quarter. In Council's 2019/20 Operational Plan, 46 activities were identified to progress the completion and implementation of the Corporate Plan 2019-2024.

Activities for 2019-2020



Theme 1

Celebrating our Communities

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

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

1.1.1.- Implement the Community Facilities Revitalisation Program – In Progress

This project continued to include improvements to the Port Douglas Community Hall, Mossman Shire Hall, Sugar Wharf and Thornton Beach Café.

1.1.2 - Continue to implement the Indigenous Signage Program – In Progress

Bi-lingual road signage comprising 'Welcome to Country' signs and 'Town Entry Signs' for Main Roads, and 'Place Marker' signs and 'Story Place' signs for council roads and areas, in Eastern Kuku Yalanji and Yirrganydji languages.

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

1.2.1 - Develop open spaces principles and guidelines – In Progress

To ensure that the investment in the Open Spaces program is maximised, Council required a set of design principles and an open space palette that is consistent with the inherent natural beauty of the Shire and is appropriate for the region. Finalisation of the guideline will be completed in-house during Q1 2020/21

1.2.2 - Implement the Open Spaces Renewal and Revitalisation plan – Completed

Open spaces and beautification are high priorities in the Shire. This project complemented by a significant increase in expenditure to improve streetscapes, parks and gardens enabled planned park improvements to be completed.

1.2.3 - Council developed and implemented "Butt it Bin it" program

Council improved the amenity of the Shire by providing more cigarette butt bins. Tangaroa Blue and Council launched one event in late 2019.

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

1.3.1 - Continue to seek existing and alternative funding including philanthropic opportunities to design and construct a domestic and family violence refuge facility in the region - Completed

An Operational model was adopted by Council in August 2019. A business case was developed to present to philanthropic and government agencies.

1.3.2 - Develop a Sports and Recreation Strategy - Completed

Sports and recreation is growing in the Shire. An active lifestyle is important for health and well-being. Local sporting and recreational clubs have been engaged, finalised mapping of needs and aspirations of clubs and the community. First engagement sessions occurred in March 2020 and a final draft strategy developed in conjunction with the Sports Master Plan was adopted in June 2020.

1.3.3 - Investigate and map appropriate bike friendly paths and programs to encourage bicycle participation across the Shire – In Progress

Interactive maps of the Shire's bicycle paths, bike repair stations installed in well utilised bike paths and programs implemented in the community and schools to encourage uptake of bicycle pathways in the Shire. Due to COVID-19 there have been delays in this project. This is now being included in the 2020-2021 Operational Plan as a larger scale project.

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

1.4.1 - Develop an annual sponsor prospectus for Council supported events and programs - Completed

Events are an important part of the tourism offer in the Shire. This initiative seeks to attract sponsors of events to the region to help offset costs. The prospectus was adopted by Council in March 2020.

9 INITIATIVES / 5 COMPLETED / 4 COMMENCED

Theme 2

Fostering Sustainable Economic Growth

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

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

2.1.1 - Partner with State government to deliver Phase 1 of the Wangetti Trail – In Progress

Stage 1 of the Wangetti Trail (Mowbray to Port Douglas) significantly progressed on the construction front with construction activities associated with the pedestrian bridge and crocodile viewing platform at the Mowbray River continuing and nearing completion. During the period a tender was released for the construction of a dual hiking and mountain biking section from Palm Cove to Wangetti. The initiative continues in the 2020-21 Operational Plan.

2.1.2 – Award Daintree Ferry Contract and begin planning infrastructure improvement works. Initiate short term improvements – In Progress

Council resolved to suspend contract negotiations for the two-ferry preferred tenderer in April 2020 and redirect the focus onto exploring bridge options and preparation for community consultation on the ferry and bridge options including costs. Short term improvements completed include boom gates, new signage, and installation of a northern side ticket booth

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

2.2.1 - Undertake actions in the Eco-Destination Accreditation Program – Completed

This was an important part of the Shire's brand to be the leading sustainable tropical destination. The Nature level of the Eco-Destination Accreditation was achieved in December 2019.

2.2.2 – Develop a short-term accommodation policy and strategy – In Progress

Douglas Shire is a leading tourist destination. Tourism accounts for nearly 80% of the region's economy. With the advent of AirBnB and other apps that allow tourists to book accommodation in what has traditionally been residential neighbourhoods, Council has seen an increase in noise complaints. Council needs to develop a strategy that balances short term accommodation with residential amenity. Discussions at a regional level are continuing.

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

2.3.1 - Review and revise the Economic Strategy – In Progress

The Economic Strategic Review Committee (ESRC) met over six sessions and developed a set of strategic themes and actions. Although Covid-19 has meant an immediate focus on urgent economic relief via the Economic Recovery Subcommittee of the Local Disaster Management Group, the strategy currently being drafted and will be finalised in 2020-2021.

**5 INITIATIVES / 1 COMPLETED /
4 IN PROGRESS**

Theme 3

Leading Environmental Stewardship

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

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

3.1.1 – Undertake actions in the Resilient Coast Strategic Plan – In Progress

Photograph monitoring program of coastal regions continue to being implemented. The development of this program includes installation of monitoring stands that will utilise CoastSnap community beach monitoring technology. Contractor submitted a draft Project Commencement Report on the CoastSnap app during the reporting period, with works delayed due to Covid-19.

3.1.2 - Develop a Sustainable Events Policy – Completed

Events Policy adopted that includes environmental sustainability initiatives and encouragement of Event Organisers to implement sustainable practices for their events held in the Shire.

3.1.3 - Develop a Plastic Free Douglas strategy - Completed

Policies relating to plastic use from local governments around Australia continue to be reviewed. Council staff currently investigating options on how to join Boomerang Alliance's Plastic Free Places program. A draft Single-Use Plastic Free Policy has been developed and workshopped with Councillors during the reporting period.

3.1.4 - Develop alternatives to glyphosate products - Completed

Implementation of environmentally sensitive solutions for managing open spaces saw Council develop an

alternative to glyphosate products. Council avoids the use of glyphosate products in particularly sensitive areas of the Shire and has begun to utilise a steam weeder; however, this action seeks the complete removal of such products. A Glyphosate Reduction Strategy was adopted by Council January 2020.

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

3.2.1 – Implement Healthy Reefs partnership with Qantas and TPDD – Cancelled – no longer applicable

Council will no longer pursue the Healthy Reef partnership. Instead officers will bring the Council carbon footprint in line with the NCOS standard and investigate local projects.

3.2.2 – Undertake 2019/20 actions in the Corporate Sustainability Strategy 2017-20 – Completed

This is the final year to undertake actions of the Corporate Sustainability Strategy 2017-20. All actions were completed as required. The new Corporate Sustainability Strategy 2020-23 was workshopped to Councillors during the year with the final strategy being presented to Council in late 2020.

3.2.3 - Begin development of a new Corporate Sustainability Strategy for 2021 - 2025

New Corporate Sustainability Strategy 2020-23 was workshopped to Councillors during the reporting period and will be further workshopped before being presented at the Council Meeting in August 2020.

3.2.4 – Conduct a solar energy feasibility study for the Port Douglas Wastewater Treatment Plant – In Progress

As part of the Council's plan to reduce its carbon footprint, alternative energy sources are being sought and advice from the Department of Natural Resources on the application to utilise the site has been successful.

3.2.5 – Update Council's Waste Reduction and Recycling Plan to align with the new State Strategy - Completed

An updated Council Waste Reduction and Recycling Plan has been drafted to reflect the new Queensland Waste Management and Resource Recovery

Theme 3 (Continued)

Strategy, as well as information relating to the recently introduced waste levy. Grant funding has enabled the commencement of the new Illegal Dumping Officer who will clean-up and monitor two 'hot spot' illegal dumping sites.

3.2.6 - Implement a Cape Tribulation transfer station - Cancelled – no longer applicable

As an alternative a weekly collection service for commercial properties commenced in January 2020. To date the trial has been successful, although later figures have been impacted by the Covid-19 outbreak. Costings for collections north of the Daintree have been obtained in the Tender process for the 2021 Waste and Recycling Collection contract.

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

3.3.1 - Continue upgrades to sewer network - Completed

Significant progress has been made in the continued upgrades to Council's sewer network to reduce stormwater infiltration from buried manholes and pipes with manhole raising program and pipe resealing program.

3.3.2 - Implement smart meters for water trial - Completed

Smart meters will help Council obtain better data on water usage. The trial will assist Council in determining whether the technology is appropriate for the objective. Council has engaged with numerous Councils in Queensland to learn from their journey with smart meters. A community engagement plan has been developed as has a smart water meter implementation plan.

3.3.3 - Complete improvements to the Daintree water intake - Completed

Completed improvements to the Daintree water intake is part of Council's longer-term strategy to build resilience and sustainability into the Shire's water supply. Work has been completed with safety improvements for staff access. Improved screening and automatic scouring will significantly reduce maintenance overhead and eliminate blockages due to high rainfall events.

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

3.4.1 - Continue Council's waste and recycling education program - Completed

Council's waste and recycling education program continued. Site visits to multi-unit dwellings and businesses were undertaken to reduce contamination in waste and recycling kerbside collection bins. Council staff worked with several food businesses to determine availability to participate in an organic collection trial. The interactive 'Materials Matter' education session was delivered to schools and early learning centres. Council has been successful in the State Government's Illegal Dumping Hotspot Grants Program, allowing officers to carry out targeted education and enforcement related to illegal dumping.

3.5.1 – Work with Jabalbina to complete transfer of title for the Blue Pools to Traditional Owners - Completed

Council continued to work with Jabalbina to complete transfer of title for the Blue Pools to Traditional Owners. Community, stakeholder, and Traditional Owner's consultations have been completed. Council resolved to transfer the title in June 2020.

15 INITIATIVES / 11 COMPLETED / 2 IN PROGRESS / 2 CANCELLED

Theme 4

Inclusive Engagement, Planning and Partnerships

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

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

4.1.1 - Develop a five-year communications strategy - Completed

Council has developed a five-year communications strategy. This plan focuses on how Council can improve communications across the organisation and through digital channels. It includes the My Douglas initiative that will improve Council's website.

4.2.1 - Develop a “blueprint” Master Plan for Port Douglas - Cancelled – no longer applicable

Prior to the 2020 Local Government Elections a consultant was engaged to review the current Port Douglas Waterfront Masterplan, undertake engagement activities, and draft a new strategic land use document. Project timeframes delayed due to Local Government Elections and Covid19. The Community Engagement Plan was adjusted to accommodate Covid19 social distancing requirements; however, Officers have been directed terminate the contract with AECOM and cease the project. The project may be reviewed at a later date.

4.2.2 - Develop a Mossman 2025 Master Plan and Strategy – Off Track – Plan in Place

This project will focus on streetscape improvements in 2020/21.

4.2.3 - Develop a 30-year Daintree Community Plan – In Progress

The Daintree community has asked for a comprehensive plan for the area. Council will facilitate the 30-year vision and plan that will go beyond the jurisdiction of Council and involve multiple stakeholders including all layers of government. Project is halted at this time.

4.3.1 – Council will work with all of its partners to implement the actions in Operational Plan – In Progress

5 INITIATIVES / 1 COMPLETED / 2 IN PROGRESS / 1 – OFF TRACK / 1 CANCELLED

Theme 5

Robust Governance and Efficient Service Delivery

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

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

5.1.1 - Develop a Project Decision Framework and an Administration Instruction - Completed

Council has developed a Project Decision Framework and an Administration Instruction. This framework will improve decision making with more information and detailed processes. Training to Councillors, Management and staff delayed due to Covid-19 social distancing restrictions, will be rolled out in early 2020/21.

5.1.2 - Establish an Audit Committee – In Progress

Audit Committee Policy and Terms of Reference have been adopted by Council. Audit Committee Framework has been developed which includes checklists and templates. EOI Chair and External members has been advertised. Recruitment to be finalised in Q1 of 2020-2021.

5.1.3 - Introduce new grant themes in 2019/20 - Completed

Grants are an important source of funding for community organisations. This initiative has updated the current Grants Policy, developed improved administrative guidelines, and considered the implementation of a micro grants round in the Community Grants program.

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

5.2.1 - Begin development of Customer Experience Strategy – Off track, plan in place

Council will launch development of strategy at Management Workshop in Q1 2020-2021.

5.2.2 - Develop a Human Resources strategy and implement actions – In Progress

Commencement of research begun and will roll out a Human Resources Strategy after Certified Agreement adopted. Final stages of Certified Agreement occurred in June 2020.

5.2.3 - Implement continuous improvement program – In Progress

Due to Covid19 restrictions, designated visual management room cannot be used. Alternative arrangements will be sought as restrictions continue

5.2.4 - Commence Future IT environment project - Completed

Appropriate and reliable IT is essential to effective and efficient service. This program will see Council update its infrastructure. A review of Council's inter-office network was started, with the goal of obtaining more internet bandwidth to support overnight backup to the cloud and a cloud-based disaster recovery system. This review has turned up an unexpected benefit - by moving to newer technology and services, more bandwidth can be obtained for less cost.

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

5.3.1 - Prepare Asset Management plans for all Council assets – In Progress

Work has commenced on some of the improvements recommended during the AMP process including development of asset registers aligned to the AMPs to record physical details and components below the Capital Value Register financial threshold limit. Asset registers currently in preparation include Water, Transport, Drainage, and Council and Community Facilities.

5.3.2 - Develop and implement new Certified Agreement for Council – In Progress

Commenced negotiations with Unions in August, new draft of Certified Agreement completed, and final stages of negotiations occurred in June 2020.

5.3.3 - Develop a Rates Hardship policy - Completed

A Rates Hardship Policy has been developed to offer financial assistance to rate payers. This policy was adopted by Council in June 2020.

5.3.4 - Develop a Water Leaks policy - Completed

Council has also developed a Water Leak Policy. Water leaks create significant angst with customers. As Council is moving towards smart meters, the Concealed Water Leak Policy has been adopted.

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

5.4.1 - Install new infrastructure throughout Shire to allow for increased intelligence on rainfall and transport – Completed

Douglas Shire has experienced several emergencies where good data has made a significant difference to preparedness and responsiveness. This program seeks to implement more data capture tools. Installation of new infrastructure throughout Shire will allow for increased intelligence on rainfall and transport. In the period numerous infrastructures was installed to assist in flood prediction and intelligence on road conditions. Rainfall gauges were installed at Mossman Gorge Intake, Port Douglas Wastewater Plant and Craiglie. Upgrades to cameras were completed at the Foxton, Anich Bridge and Barratts Creek flood cameras. Upgrades to Council's Disaster Dashboard and Mossman/Daintree Flood warning system has been completed. Works on installation of flood cameras at the Daintree Ferry has also been completed.

12 INITIATIVES / 6 COMPLETED / 5 IN PROGRESS / 1 – OFF TRACK

Compliance

Identifying Beneficial Enterprises

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

Section 39(3) of the Local Government Act 2009 defines a beneficial enterprise as an enterprise that a local government considers is directed to benefiting, and can reasonably be expected to benefit, the whole or part of its local government area.

Section 39(4) of the Local Government Act 2009 provides that a local government is conducting a beneficial enterprise if the local government is engaging in, or helping, the beneficial enterprise.

Douglas Shire Council did not conduct any Beneficial Enterprises during the 2019/20 financial year.

Identifying Significant Business Activities

Section 45 of the Local Government Act 2009, provides that the Annual Report must contain a list of all the business activities that the Local Government conducted during the financial year, identify the business activities that are significant and whether the competitive neutrality principle was applied and whether any of the significant business activities were not conducted in the preceding financial year. As defined in Schedule 4 of the Local Government Act 2009, a Business Activity of a local government, means trading in goods and services by the Local Government. As defined in s19 of the Local Government Regulation 2012, the expenditure threshold for Significant Business activities is 10,000 or more premises being connected to a water service as at 30 June and expenditure threshold is at least \$9.7m for the financial year ending immediately before the current financial year.

Business Activities:

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

The Regulation also provides that a Local Government must use the financial information for the previous financial year that was presented to the Local Government's budget meeting to identify each new significant business activity for the financial year. None of the Council's business activities exceeded the threshold for a significant business activity for the 2019/20 financial year. The business activities listed above were also conducted by Council in the previous financial year, and there were no new business activities commenced in 2019/20 financial year.

Remuneration Payable To Senior Contract Employees

Total remuneration packages payable to senior contract employees during 2019/20, as defined in s201 of the Local Government Act 2009, were:

Number of Senior Management Staff	Band of Remuneration
8	\$100,000 - \$200,000

Particular Resolutions

Reportable resolutions under the Local Government Regulation 2012 for the period:

Section 185(a) and (b) Local Government Regulation 2012	Resolution Adopted
Under s250(1) – Expense Reimbursement Policy	30 June 2020
Under s206(2) – Valuation of non-current Assets	Nil

Councillor Expense Reimbursement Policy

In accordance with s250 of the Local Government Regulation 2012, Council must prepare and adopt by resolution an Expense Reimbursement Policy. The Expense Reimbursement – Councillors was reviewed and adopted in June 2020. This Policy provides for the payment of reasonable expenses incurred, or to be incurred, by Councillors discharging their duties and responsibilities as Councillors whilst undertaking Council Business. The full Policy is available on Council's website. Extract of Resolution from 30 June 2020 Ordinary Council Meeting:

5.12. EXPENSE REIMBURSEMENT - COUNCILLORS POLICY Juanita Holden, Manager Governance	
Moved Cr Scomazzon	Seconded Cr McKeown
That Council adopt the revised Expense Reimbursement- Councillor Policy as presented.	
Carried Unanimously	

Councillors

Councillor Remuneration and Expenses

Councillors receive a remuneration package determined by the Local Government Remuneration Commission (the Commission). The remuneration package is reviewed by the Commission on an annual basis. The table below outlines the remuneration received by Councillors in 2019/20.

Councillor	Remuneration	Super-annuation	Total
Carey D *	\$44,987.50	\$5,267.44	\$50,254.94
Kerr M	\$67,431.73	\$6,405.88	\$73,837.61
Leu J *	\$86,428.40	\$10,371.40	\$96,799.80
McKeown P	\$11,533.67	\$1,095.71	\$12,629.38
Noli A	\$62,102.05	\$7,163.92	\$69,265.97
Scomazzon L	\$12,948.48	\$894.64	\$13,843.12
Zammataro R	\$56,521.17	\$5,369.52	\$61,890.69
TOTALS	\$341,953.00	\$36,568.51	\$378,521.51

*For Councillors non returning with an end date of 11/04/2020

Pursuant to s250 of the Regulation, the Councillor Expenses Reimbursement Policy outline the resources and facilities extended to Councillors to enable them to perform their role as an Elected Member. Council business is described as the official business of a

Councillor as generally described in s12 of the Act. Council business should result in a benefit achieved either for the local government and/or the local government area. The table below shows the expenses incurred by Councillors in the 2019/20 financial year:

Councillor	Communication	Conference	Travel	Hospitality	Office	Total
Carey D *	\$450.00	-	\$424.27	-	-	\$874.27
Kerr M	\$539.09	\$1,572.74	\$1,136.52	-	\$1,397.27	\$4,645.62
Leu J *	\$662.76	\$1,975.26	\$4,564.48	\$245.76	-	\$7,448.26
McKeown P	-	-	-	-	\$106.82	\$106.82
Noli A	\$450.00	\$159.09	\$1,935.78	-	-	\$2,544.87
Scomazzon L	-	-	-	-	\$106.82	\$106.82
Zammataro R	\$450.00	\$159.09	\$795.41	-	-	\$1,404.50
TOTALS	\$2,551.85	\$3,866.18	\$8,856.46	\$245.76	\$1,610.91	\$17,131.16

Meeting Attendance

As required under s186 (d) of the Local Government Regulation 2012, the table below details the number of

Local Government Meetings each Councillor attended during the 2019-2020 financial year.

	Ordinary Meeting	Special Meeting	Statutory Meeting	Special Budget Meeting
Councillor	Total Number of Meetings			
Carey D	10	2	-	-
Kerr M	14	5	1	1
Leu J	10	3	-	-
McKeown P	3	2	1	1
Noli A	14	4	1	1
Scomazzon L	3	2	1	1
Zammataro R	14	5	1	1

Councillor Conduct

Under s186(d), (e) and (f) of the Local Government Regulation 2012, Council's Annual Report must contain

details of any decisions, orders, recommendations and complaints about Councillors during the financial year:

Description	Number
Orders made under s150l(2) of the Act	Nil
Orders made under s150AH(1) of the Act	Nil
Decisions, orders and recommendation made under s150AR(1) of the Act	Nil
The name of each councillor for whom a decision, order or recommendation under section 150(l)(2), 150AH(1) or 150 AR(1) of the LGA was made	Nil
A description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors	Nil
A summary of the decision, order or recommendation made for each Councillor;	Nil
Complaints referred to the assessor under section 150P(2)(a) of the LGA by the local government, a Councillor of the local government or the chief executive officer of the local government	Nil
Matters, mentioned in section 150P(3) of the LGA, notified to the Crime and Corruption Commission	Nil
Notices given under section 150R(2) of the LGA	Nil
Notices given under section 150S(2)(a) of the LGA	Nil
Decisions made under section 150W(1)(a), (b) and (d) of the LGA (1 July 2019 to 31 August 2019);	Nil
Decisions made under section 150W(1)(a), (b) and (e) of the LGA (1 September 2019 to 30 June 2020);	Nil
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the LGA	Nil
Occasions information was given under section 150AF(4)(a) of the LGA	Nil
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the LGA for the local government, the suspected inappropriate conduct of a Councillor	Nil
Applications heard by the conduct tribunal about the alleged misconduct of a Councillor (1 July 2019 to 31 August 2019), and under chapter 5A, part 3, division 6 of the Act about whether a Councillor engaged in misconduct or inappropriate conduct (1 September 2019 to 30 June 2020)	Nil



Administrative Action Complaints

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

Type of Complaint	Number Received		Number Outstanding	
	2018/19	2019/20	2018/19	2019/20
Administrative Action	9	13	0	2

Council acknowledges the right of the public and its staff to complain when dissatisfied with a service, and encourages feedback from customers, clients, staff and the general public. Council requires staff to be 'complaints friendly' and not defensive or negative about feedback and complaints; and also recognises that properly handled and analysed, complaints and feedback help Council to improve its business processes and therefore, time spent on handling complaints is an investment in better service to the public.

Council is continuing a commitment to 'Inclusive and Ethical Governance' for the Douglas communities by appropriately addressing complaints from external sources. "Complaints Management" Training and "Managing Unreasonable Conduct" training was to be undertaken in March 2020, however this training was postponed due to COVID-19. Staff have received the relevant training materials and have undertaken in-house study to bring procedures in line with the Queensland Ombudsman guidelines. Manager Governance is currently undertaking Workplace Investigations accredited training through LGAQ Peak Services.

The current Administrative Action Complaints Policy is under review. As part of the Internal Audit process for 2020/21, a scope of the Customer Request Experience has been identified. This will assist in the review of the

policy to ensure the provisions of the Human Rights Act 2019 have been included to show that proper consideration to relevant human rights have been determined when making decisions.

Council understands and considers human rights when delivering services, developing policies and procedures, managing risks, making decisions, managing complaints and creating local laws. All staff have completed the relevant Human Rights Training which provides an introduction to the Human Rights Act 2019. Topics ranged from, what are human rights, how they are protected in Queensland, who has responsibilities under the Act and a brief overview at how to make complaints.

Grants To Community Organisations

Douglas Shire Council provides Grants, In-kind Support, Donations and Sponsorships or waive Council Fees to support initiatives which address community, economic, social and environmental outcomes. Supporting organisations, groups and individuals with financial grants and non-financial assistance such as in-kind support and waiving of Council fees help develop and deliver programs, projects, activities and events that provide artistic, cultural, sporting, recreational, environmental, community, industry, social and economic benefits in the Douglas Shire.

Grants

Organisation Name	Project Title	Grant Awarded (ex GST)
Douglas Shire Historical Society North Queensland Inc.	Charles May Memorial Mareeba Shire	\$1,000.00
Great Barrier Reef Legacy T/A Great Barrier Reef Research Expeditions Inc.	Environmental Children's Book by student at Mossman High School	\$1,393.00
Arthur Noel Weare	"This Upstart Port Douglas"	\$2,000.00
Paws and Claws Animal Care Centre Port Douglas	Building Application for New Facility	\$2,000.00
Daintree Life	Beach Restoration at North Myall Beach, Cape Tribulation	\$10,000.00
Great Barrier Reef Legacy	Biorock Community Reef Restoration Project	\$6,995.00
Lenices Authentic Art	Artists Mural for Newell Beach Amenities Block	\$4,000.00
Marine Rescue Douglas Shire Inc.	Youth Coxswain Grade 1 Trainee Program	\$5,800.00
Port Douglas Artists Inc.	Call Of The Running Tide 2021	\$10,000.00
Rosanne Watts	Elements of Drawing - Free Community Art Classes in Cow Bay	\$2,532.00
Samantha Matthews	Life Amongst The Trees - Part 2	\$5,235.00
Trailblazers Queensland Pty Ltd	Daintree Food Trail	\$9,700.00
Douglas Chamber of Commerce	Operational Assistance	\$10,000.00
Port Douglas Outrigger Canoe Club Inc.	Marquee with Council logo awarded	-
Mossman Squash and Tennis Club	Marquee with Council logo awarded	-
D.I.R.T (Douglas Integrated Riders and Trailbuilders) Club Inc.	Marquee with Council logo awarded	-
		\$70,655

Sponsorships

Organisation Name	Project Title	Sponsorship (ex GST)
Mossman State School P&C	P&C Fundraising Activities – Raffle Prize – Fuel Vouchers	\$200.00
Saltwater Luxury Apartments	Port Douglas Hot and Steamy Festival - Event funds	\$4,000.00
Alexandra Bay Sports Club	30th Anniversary Sporting Club - Diwan Sports Shed - Family Fun Day	\$650.00
Mossman State High School	Mossman 7's Rugby League & Netball Carnivale - Event funds	\$100.00
Koori Kids	Annual donation to NAIDOC School Initiatives 2020	\$450.00
Mossman State High School	Sponsorship Presentation Evening 2019	\$500.00
		\$5,900.00

In-Kind Assistance

Organisation Name	Project and Request	In Kind (ex GST)
GBR Legacy Group	Mangrove Watch Community Information Session - Waive Fees PDCC	\$50.00
Douglas Hockey Association	Primary School Hockey Tournament – Waive Fees Mossman S/Ground	\$125.91
Leukemia Foundation Mossman District Branch	Afternoon Tea Fundraiser – Waive Fees Mossman Shire Hall	\$110.00
PDCSN Inc.	Child Protection Week Fun day – Waive Fees Rex Smeal Park	\$336.81
Kids In Need Donations (KIND)	Jungle Ride for Kind 2019 – Waive Fees Waste Disposal	\$66.36
MAD / Port Douglas Weddings & Hire	Wedding Expo Family - CI Events – Waive Fees Sugar Wharf	\$735.00
Blue Care Mossman Community Care	Lawn Moving Services – Annual Mowing Assistance	\$1,080.00
Mossman Lions Club	Mossman Motoring Expo – Waive Fees Mossman S/ Grounds	\$125.91
Port Douglas Artists	Call Of The Running Tide – Waive Fees Mossman Shire Hall	\$960.00
PDCSN Inc.	Tai Chi Classes 2019 – Waive fees PDCC for 19/20	\$960.00
Mossman Support Services (Mossman Youth Centre)	Child Protection Week Family Day – Waive Fees Mossman S/Grounds	\$125.91
Mossman Port Douglas Senior Rugby League Club Inc.	Mossman Rodeo – Waive Fees Mossman S/Grounds	\$125.91
Mossman and Douglas Friends of the Foundation	Art Auction Fundraiser – Waive Fees PDCC	\$255.45
TPDD	Sell TNQ Farewell Breakfast – Waive Fees Rex Smeal Park	\$676.36
Music 4 All	2020 Concerts – Waive Fee Mossman Shire Hall	\$1,570.00
TPDD	Arinex Family Farewell Breakfast – Waive Fees Rex Smeal Park	\$676.36
Queensland Cricket	Free Cricket Event for Indigenous kids – Waive Fees GD Park	\$134.09
Port Douglas Junior Football Club Inc.	"Outside The Locker Room" Program – Waive Fees PDCC	\$263.63
		\$8,377.70

Resource and Performance Agreements

Douglas Shire Council provides assistance to commercial organisations through funding towards an Event or Project, which is aligned with the Council

Corporate Plan. This funding is available results from an established event that leads to an ongoing Resource and Performance agreement over a number of years.

Organisation Name	Purpose	Funding Allocation	In-Kind
Tourism Port Douglas Daintree	Resource & Performance	\$514,152.75	-
Knockout Events Australia Pty Ltd	Carnivale	\$57,500.00	-
Mossman Show Society	Mossman Show	-	\$11,637.34
Port Shorts Film Festival Inc.	Port Shorts Film Festival	\$15,000.00	\$5,000.00
USM Events PTY LTD	Reef to Reef / Triple R	\$20,000.00	\$10,000.00
Douglas Shire Community Services Ass	Annual Christmas Day Lunch	\$500.00	\$155.00
Douglas Historical Society	Assistance with upkeep of museum	\$5,000.00	-
Douglas Theatre Arts Groups - Clink	Assistance with upkeep of theatre	\$5,000.00	-
Douglas Theatre Arts Groups - Clink	Carols in the Park	\$8,000.00	\$1,000.00
		\$625,152.75	\$27,792.34

Regional Arts Development Fund (RADF)

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

culture and heritage as key drivers to support diversity and inclusivity; grow strong regions and provide training, education and employment opportunities for Queensland artists and local communities.

Applicant	Project	Funding Allocated
Alison George	Retrospective Exhibition Documentary	\$5,000.00
Andrea Collisson	Thong Sculpture Concept	\$1,234.00
Bill Wilkie	Cedar Bay: Australia's Hippie Hideaway	\$4,283.00
Douglas Arts Studio Gallery Inc. (DAB)	Paverpol Sculpture Workshop	\$900.00
Goobidi Bamanga CACS Ltd	Mural Project	\$5,000.00
Jill Chism	Curatorial Support for Call Of The Running Tide 2021	\$5,000.00
Perry Harrison	'The Beta Phase' Editing	\$5,000.00
Port Douglas Artists - Anna Curtis	Immersion Workshops	\$1,800.00
Port Douglas Artists - Chrissie McLaughlin	Retrospective Exhibition	\$5,000.00
Port Douglas Artists - Gail Shaw	Port Douglas Tropical Sketchfest - Stage 1	\$4,200.00
Rosemary Gillian Vance	Crafternoons	\$1,800.00
Samantha Matthews	Making Mosaics for Mossman	\$5,000.00
Victoria Park	Learn the art of Blacksmithing	\$783.00
		\$45,000.00

Action Taken For, And Expenditure On, A Service, Facility Or Activity

There are no reportable details under this section for the 2019/20 year.

Changes To Tenders

Under s228 (4) or (6) of the Local Government Regulation 2012, a local government may invite all tenderers to change their tenders to take account of a change in the tender specifications. There were no reportable invitations made by Council to change tenders for the 2019/20 year.

List Of Key Registers Kept By The Local Government

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

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

Summary Concessions For Rates And Charges

Below is a list of Council Special Rates and Special charges for the 2019/20 year.

Current Concessions

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

Current Special Charges

Rural Fire Brigades (per rateable assessment per financial year)

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

Refuse Disposal - \$187.42 per unit on each rateable assessment that does not receive the Council kerbside waste and recyclables collection service.

Competitive Neutrality Complaints

During the 2019/20 financial year Council was not in receipt of any Queensland Productivity Commission notices of Investigation under s49 of the Local Government Regulation 2012. Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under s52 (3) of the Local Government Regulation 2012.

Type of Complaint	Number Received		Number Outstanding	
	2018/19	2019/20	2018/19	2019/20
Competitive Neutrality	0	0	0	0

Public Sector Ethics Act

The Public Sector Ethics Act 1994 requires that the Annual Report of each public sector entity, including a local government, must include a statement about the local government activities during the financial year to implement its plan for equal opportunity in employment. Council is committed to ensuring a workplace free of discrimination and harassment. This commitment is based on equality of employment opportunity that enhances the capacity of Council to achieve its objectives by –

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

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

Internal Audit

In accordance with s207 of the Local Government Regulation 2012, each Council is required to establish an Internal Audit Function and formulate an Annual Internal Audit Plan. An effective Internal Audit Function is recognised as an integral part of the Council's Governance structure, and has defined reporting lines within Council and to the Management Team. The purpose of the Internal Audit function is to objectively evaluate the organisation's business processes, work practices and systems of internal control, report on opportunities for improvement, and to recommend enhancements to the effectiveness of internal controls and business practices. To ensure the internal audit activity reflects the immediate needs of the Douglas Shire Council as it strengthens its sustainability, and in light of the developing Enterprise Risk Management Framework at Council, the Internal Audit Planning process has been centred on discussion with Management about the immediate assurance and risk coverage needs.

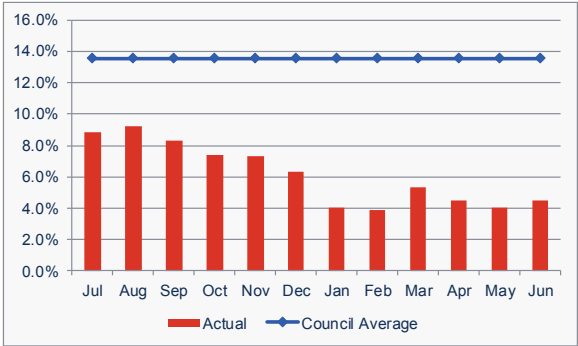
The preliminary planning activities performed in October 2019 have resulted in a customised Annual Internal Audit Plan for the period to 30 June 2020. The 2019/20 Annual Internal Audit Plan directs internal audit effort to the areas where Management and Internal Audit see benefit in the short term to provide assurance over business fundamentals. Pacifica Chartered Accountants were engaged to complete the annual Internal Audit Function and the projects and consulting activities that were performed in this financial year were:

- Revenue Assurance – selected (Fees & Charges) revenue streams
- Review of Water Management Practices

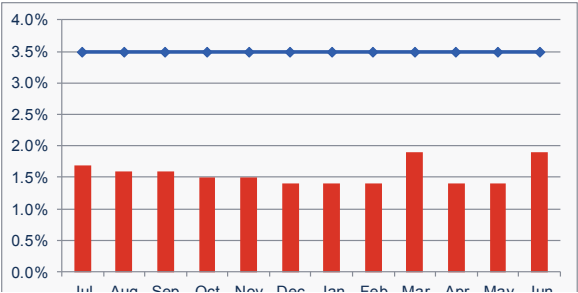
Organisational Report

Human Resources

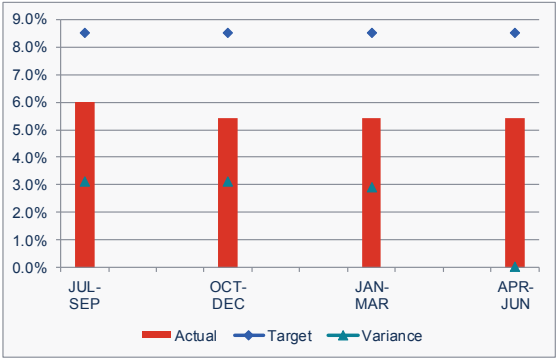
Lost time – Workplace Injury



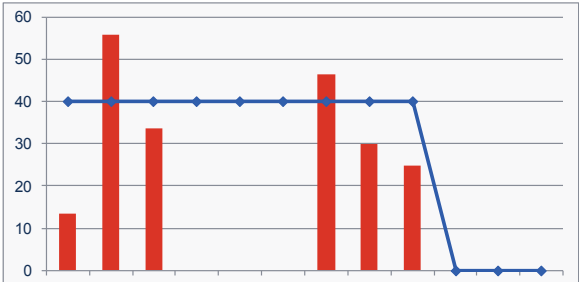
Monthly Staff Turnover



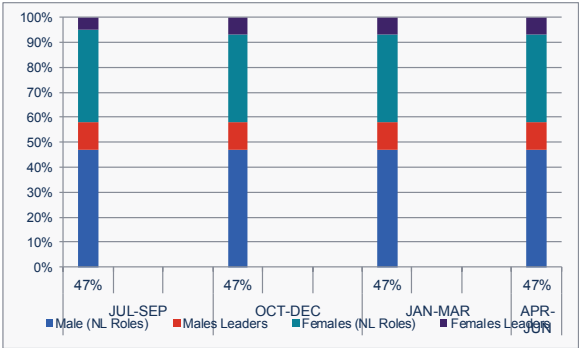
Aboriginal and Torres Strait Islander Employees in Total Workforce



Efficiency of Filling Positions Vacant

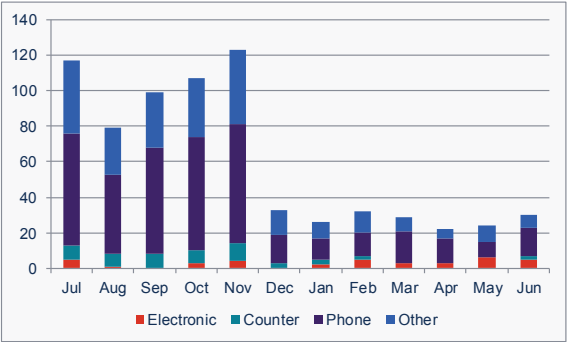


Male and Females in Total Workforce

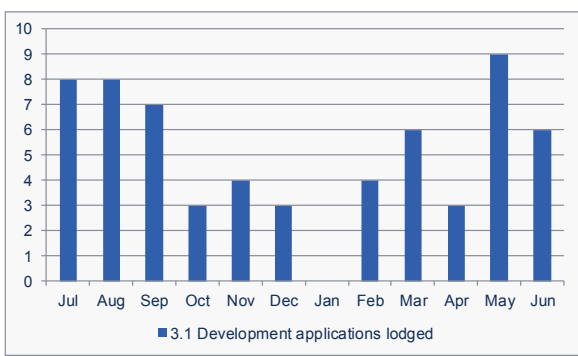


Environment and Planning

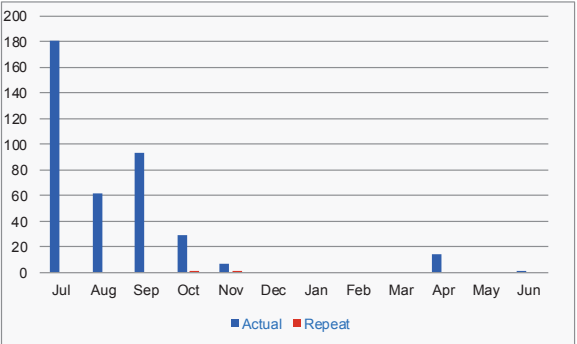
Development applications lodged



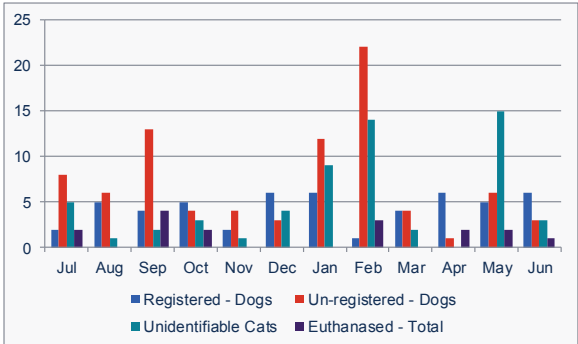
Development & Assessment Officer Enquiries



Animal Impoundments

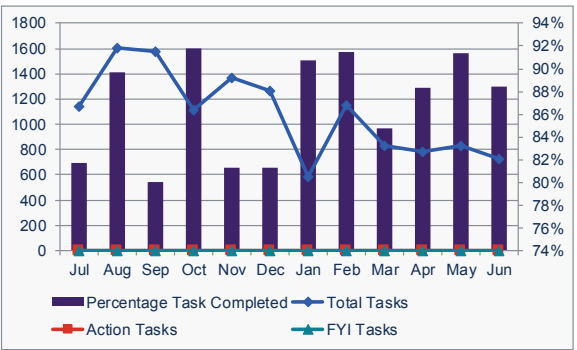


Illegal Camping

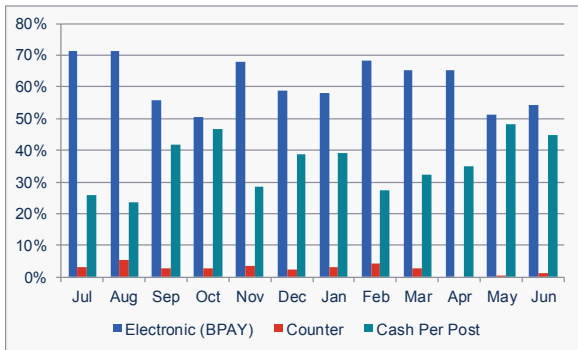


Customer Point of Contact

Inwards Correspondence Actioned



Rates Payments - % by Number

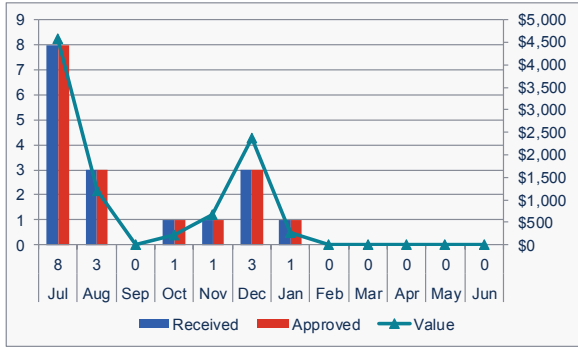


Media and Communication

Council Communication to Communities for the Year

Facebook Posts	805
Website (Page) Views	540 493
Public Notice Advertising	181
Media Releases	261
Community Notice Boards	6

Community In-Kind Requests



Community Financial Report

Introduction

Council's general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in accordance with the requirements of the Local Government Act 2009, the Local Government Regulation 2012 and Australian Accounting Standards and Interpretations. They have also been audited by the Queensland Audit Office. This community financial report provides a summary of the financial statements with the aim of providing understandable information to the members of our community.

The financial statements include the following:

- **Statement of Comprehensive Income** – includes Council's operating and capital revenue, operating expenses, capital income and capital expenses for the period.

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

FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020 AT A GLANCE	
Operating Revenue	\$44,655,983
Operating Expenses	(\$45,484,336)
Operating Position	(\$828,353)
Capital Revenue	\$19,299,361
Capital Expenses	(\$902,713)
Net Result	\$18,396,648
Current Assets	\$33,365,992
Non-Current Assets	\$397,260,011
Total Assets	\$430,626,003
Current Liabilities	\$10,899,739
Non-Current Liabilities	\$5,225,480
Total Liabilities	\$16,125,218
Net Community Assets (Equity)	\$414,500,784

Income

Income

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

STATEMENT OF COMPREHENSIVE INCOME	
INCOME BY PERCENTAGE	
Rates, levies and charges	54.46%
Fees and charges	7.53%
Rental income	0.31%
Interest received	1.03%
Other recurrent revenue	1.50%
Grants, subsidies, contributions and donations	24.75%
Capital income	10.42%
	100.00%

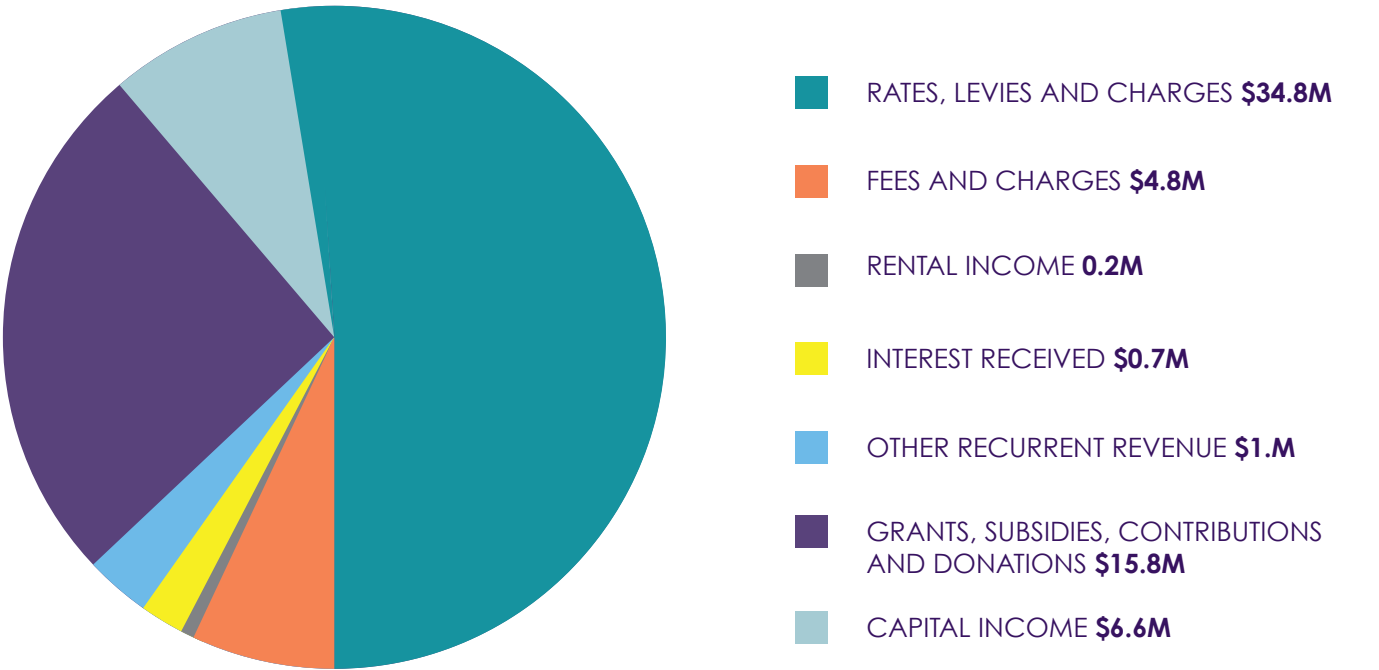
Grants, subsidies, contributions and donations

Includes capital grants, subsidies, contributions and donations of \$12.6 million of which \$6.6 million was for natural disaster works.

Other Capital Income

Includes an asset revaluation increase of \$6.6 million. Further details can be located in notes 3 to 5 of the financial statements.

Total Income \$63.9m



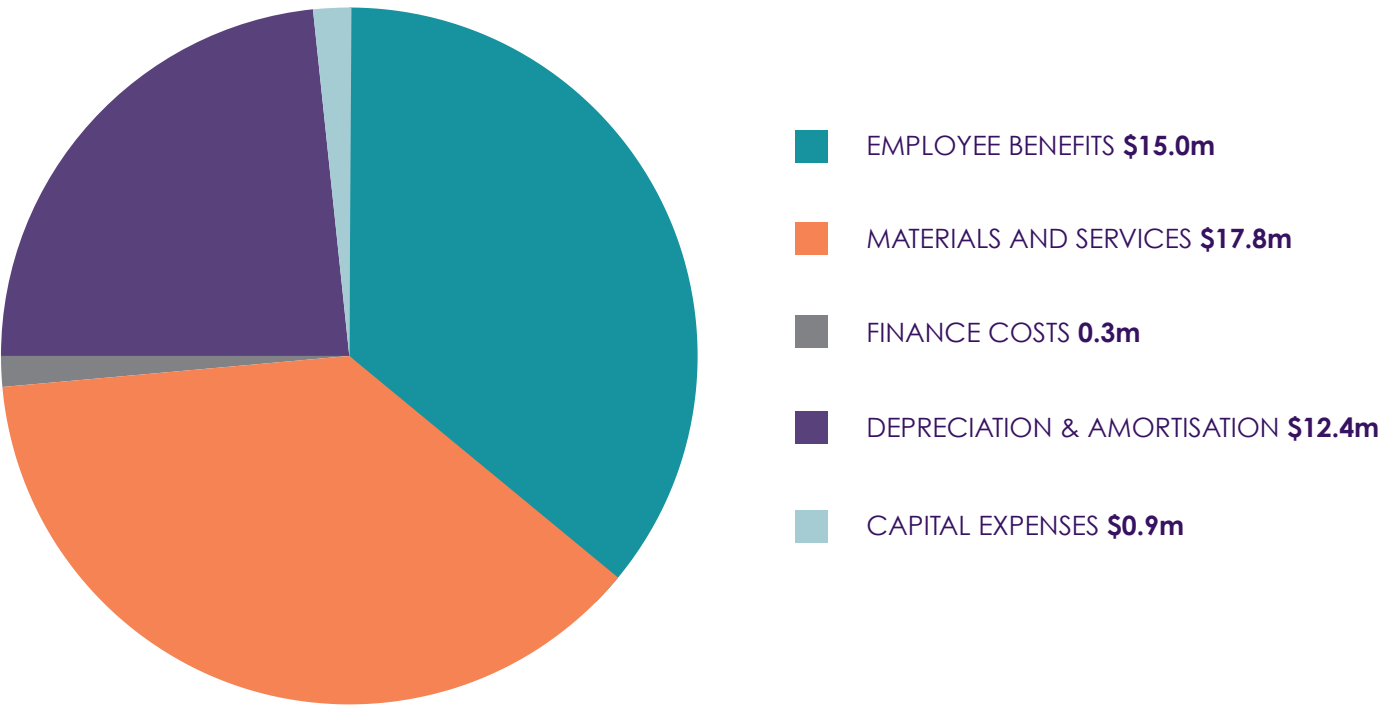
Expenses

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

STATEMENT OF EXPENSES	
EXPENSES BY PERCENTAGE	
Employee benefits	32.41%
Materials and services	38.27%
Finance costs	0.63%
Depreciation and amortisation	26.74%
Capital expenses	1.95%
	100.00%

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

Total Expenses \$46.4m



Operating position

Council's operating position reflects its ability to meet day-to-day operating costs from its operating revenue. This includes its ability to fund the depreciation of assets. It is determined by deducting operating expenses from operating revenue and shows an operating deficit of \$0.828 million, compared to a budgeted operating surplus of \$0.086million. This variance of \$915k is mainly due to a number of items of operating revenue and expenditure that were not anticipated when the budget was adopted some directly related to the impact of Covid 19:

- Net rates and utility charges are \$0.016 million under budget primarily due to more than anticipated requests form Pension Remission.
- Fees and Charges are \$1.028 million behind budget. This directly relates to the impact of Covid 19 including restrictions on travel and Council relief measures such as free Daintree Ferry travel, refunds for Venue Hire cancellations, License Fee refunds, Rent Relief for

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

Douglas Shire Council	Budget	Actuals 19/20 Audited Financial Statements
Budget Vs Actuals		
For the 2019/2020 Financial Year	\$	\$
Operating Revenue		
Net rates and utility charges	34,849,270	34,833,175
Fees and charges	5,844,226	4,816,194
Grants and subsidies	2,876,893	3,190,145
Interest received	833,575	660,849
Other recurrent income	1,101,299	1,155,620
Total Operating Revenue	45,505,263	44,655,983
Operating Expenses		
Employee benefits	15,258,213	15,032,735
Materials and services	17,355,767	17,753,700
Depreciation	12,616,241	12,404,947
Finance costs	188,127	292,954
Total Recurrent Expenses	45,418,348	45,484,336
Operating Result	86,915	(828,353)

Council tenants and other initiatives.

- Grants and subsidies received were \$0.313 million ahead of budget.
- Reduction in interest rates \$0.173 million.
- Other recurrent income is \$0.054 million ahead of budget mainly due to Council's Road Maintenance Performance Contract RMPC works.
- Employee benefits were below budget \$0.225 million this was due to a reclassification of Work Cover insurance expense.
- Materials and services expenditure was above budget by \$0.398 million, which incorporated the \$223k reclassification from Employee expenses.
- A reduction in depreciation expenditure \$0.211 million due to the delayed completion of some major capital works projects.
- Finance costs exceeded budget by \$0.105 million due to a change in the discount rate relating to Landfill sites.

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



Net result

Council's net result is determined by deducting total expenses (operating expenses and capital expenses) from total income (total revenue and capital income). The overall net result is a positive \$17.6 million.

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

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

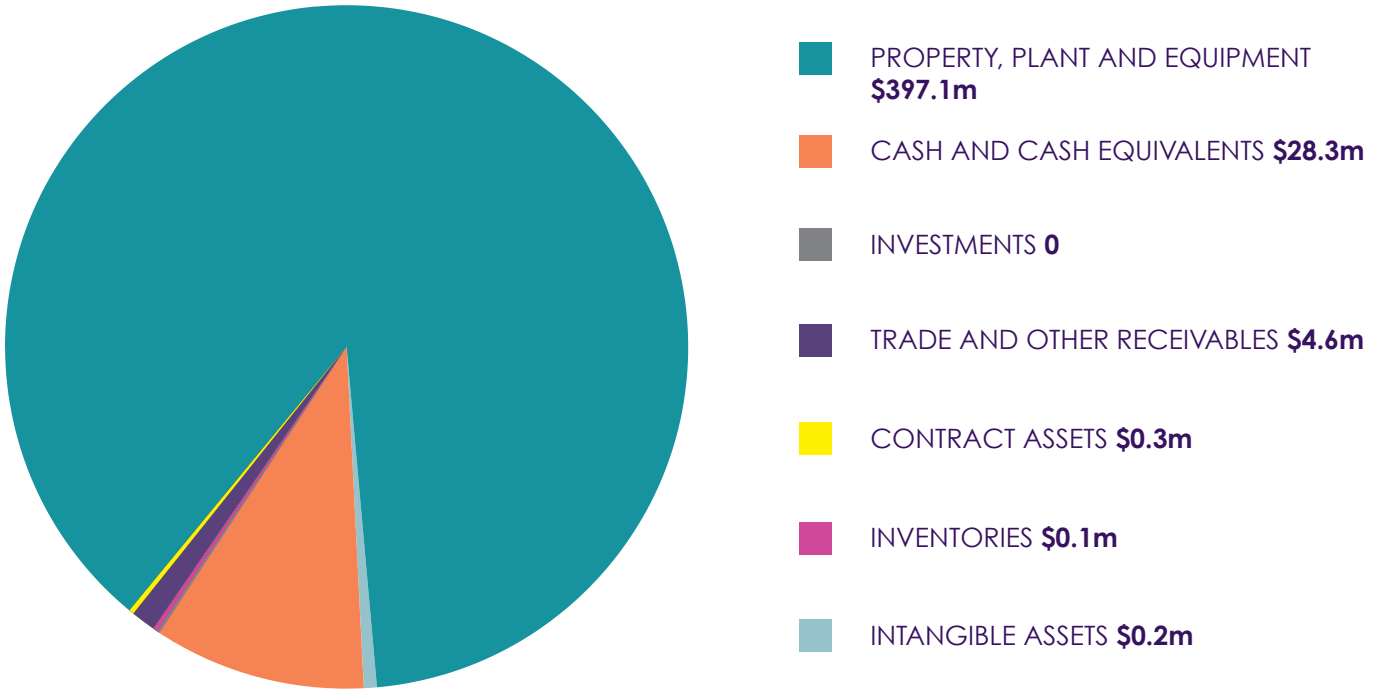
- It also includes non-monetary values such as:
- Gain / Loss on disposal / write-off of non-current assets.
 - Adjustments to the value of Council's landfill restoration provision - as a result of a re-estimation of the future cost to restore the landfill sites.
 - Non-current asset revaluation decreases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

STATEMENT OF FINANCIAL POSITION

Assets

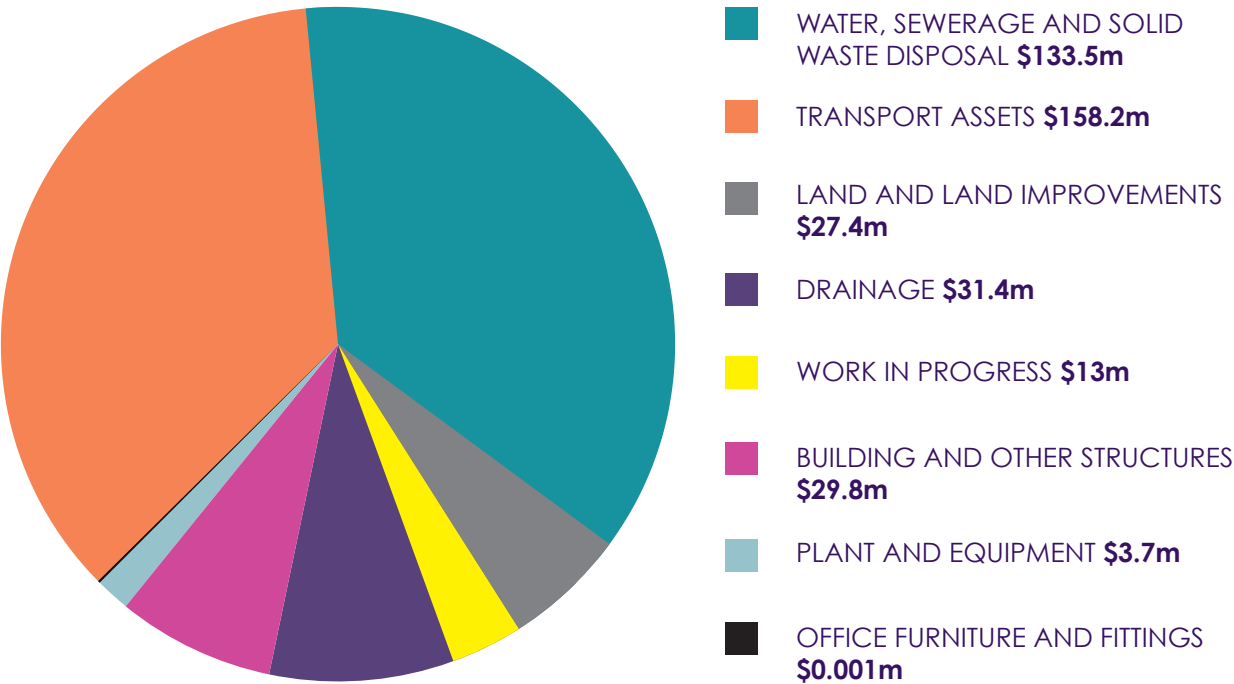
Council assets as at 30 June 2020 total \$430.6 million. This includes \$33.4 million of current assets (cash and other assets that are expected to be converted to cash or consumed within a year) and \$397.3 million of non-current assets. Property, plant and equipment makes up 92% of total assets.

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



Property, Plant & Equipment \$397.0m

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



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

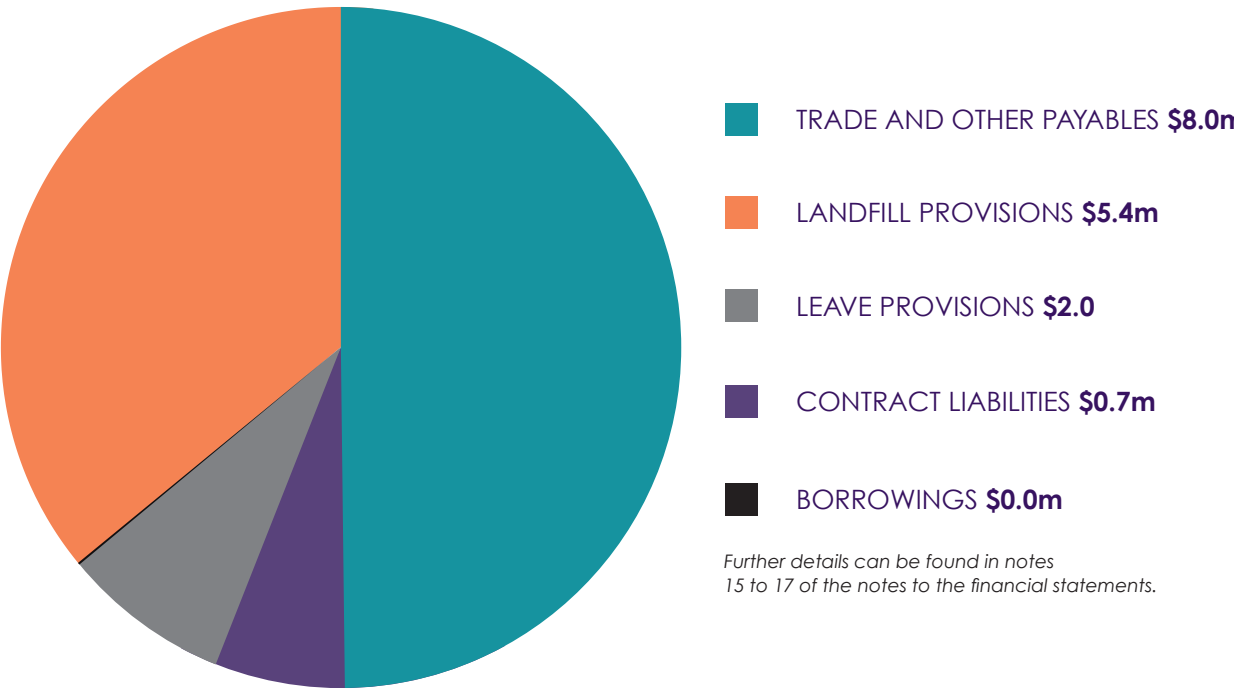
Total Liabilities \$16.1m

LIABILITIES

Total liabilities as at 30 June 2020 are \$16.1 million. This includes \$10.9 million of current liabilities (due to be settled within twelve months) and \$5.2 million of non-current liabilities. Liabilities mostly consist of amounts

owing to suppliers, amounts owing to employees for leave entitlements and provision for the future cost of restoring landfills.

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



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

Community equity

Council's total community equity as at 30 June 2020 is \$414.5 million and represents Council's asset revaluation surplus of \$40.1 million (increase in values of property, plant and equipment as a result of comprehensive revaluations) and retained surplus of \$374.4 million. This is determined by deducting the value of total liabilities from the value of total assets.

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

Borrowings and repayments

During the period Council did not apply for any new loans, therefore the loans balance as at 30 June 2020 is \$0 and Council's debt per rateable property is \$0.

MEASURES OF FINANCIAL SUSTAINABILITY

THE FOLLOWING RATIOS ARE DESIGNED TO PROVIDE A MEASURE OF THE PERFORMANCE OF COUNCIL AGAINST KEY FINANCIAL SUSTAINABILITY CRITERIA.

Ratio	What the ratio provides	How the ratio is calculated	Actual result	Target result
Operating surplus ratio	An indication of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2%	between 0% and 10%
Asset sustainability ratio	An approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	173%	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)	-39%	not greater than 60%

The operating surplus ratio has declined compared to the budgeted ratio as a result of an operating deficit, primarily due to the financial impact of Covid 19. The asset sustainability ratio is greater than the budgeted ratio due to a large amount of disaster restoration works being completed in the financial year. The net financial liabilities ratio has improved due a greater than anticipated current assets balance. This ratio indicates

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

FURTHER INFORMATION

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





Your ref:
Our ref: 2020-4039
Sri Narasimhan 3149 6208

OFFICIAL

12 October 2020

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

Dear Mr Stoermer

General Purpose Financial Statements—2019–20
Current Year Financial Sustainability Statement—2019–20

- Douglas Shire Council

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

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

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

Yours sincerely



Sri Narasimhan
Director

cc: Councillor M Kerr, Mayor, Douglas Shire Council

Enc.



**Douglas Shire Council
Financial Statements
for the year ended 30 June 2020**

Douglas Shire Council

Financial statements

For the year ended 30 June 2020

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Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	34,833,175	33,840,069
Fees and charges	3(b)	4,816,194	5,483,360
Rental income		196,326	256,261
Interest received	3(c)	660,849	825,732
Other revenue	3(d)	959,294	961,672
Grants, subsidies, contributions and donations	4(a)	3,190,145	4,078,584
		<u>44,655,983</u>	<u>45,445,678</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	12,637,794	18,598,176
Other capital income	5	6,661,567	6,991,969
Total capital revenue		<u>19,299,361</u>	<u>25,590,145</u>
Total income		<u>63,955,344</u>	<u>71,035,822</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(15,032,735)	(13,513,697)
Materials and services	7	(17,753,700)	(21,073,884)
Finance costs	8	(292,954)	(203,072)
Depreciation and amortisation	13&14	(12,404,947)	(11,625,956)
		<u>(45,484,336)</u>	<u>(46,416,609)</u>
Capital expenses	9	(902,713)	(3,472,314)
Total expenses		<u>(46,387,049)</u>	<u>(49,888,923)</u>
Net result		<u>17,568,295</u>	<u>21,146,899</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	18	-	7,623,847
Total other comprehensive income for the year		<u>-</u>	<u>7,623,847</u>
Total comprehensive income for the year		<u>17,568,295</u>	<u>28,770,746</u>

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

Douglas Shire Council
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	10	28,255,109	25,114,863
Investments	11	-	4,000,000
Trade and other receivables	12	4,625,347	4,896,101
Contract assets	15	333,137	-
Inventories		123,392	119,745
Non-current assets held for sale		29,008	-
Total current assets		33,365,992	34,130,710
Non-current assets			
Property, plant and equipment	13	397,068,255	377,164,277
Intangible assets	14	191,756	70,530
Total non-current assets		397,260,011	377,234,806
Total assets		430,626,003	411,365,516
Current liabilities			
Trade and other payables	16	7,982,319	5,808,342
Provisions	17	2,229,872	1,692,465
Contract liabilities	15	687,548	-
Total current liabilities		10,899,739	7,500,807
Non-current liabilities			
Provisions	17	5,225,480	5,108,363
Total non-current liabilities		5,225,480	5,108,363
Total liabilities		16,125,218	12,609,170
Net community assets		414,500,784	398,756,346
Community equity			
Asset revaluation surplus	18	40,078,005	40,078,005
Retained surplus/(deficiency)		374,422,779	358,678,341
Total community equity		414,500,784	398,756,346

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2020

		Asset revaluation surplus	Retained Surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2019		40,078,005	358,678,341	398,756,346
Adjustment on initial application of new accounting standards	23	-	(1,823,857)	(1,823,857)
Restated balance at 1 July 2019		<u>40,078,005</u>	<u>356,854,484</u>	<u>396,932,489</u>
Net result			17,568,295	17,568,295
Other comprehensive income for the year				
Increase in asset revaluation surplus	18	-	-	-
Total comprehensive income for the period		<u>-</u>	<u>17,568,295</u>	<u>17,568,295</u>
Balance as at 30 June 2020		<u>40,078,005</u>	<u>374,422,779</u>	<u>414,500,784</u>
 Balance as at 1 July 2018		 32,454,158	 337,531,442	 369,985,600
Net result			21,146,899	21,146,899
Other comprehensive income for the year				
Increase in asset revaluation surplus	18	7,623,847	-	7,623,847
Total comprehensive income for the period		<u>7,623,847</u>	<u>21,146,899</u>	<u>28,770,746</u>
Balance as at 30 June 2019		<u>40,078,005</u>	<u>358,678,341</u>	<u>398,756,346</u>

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

Douglas Shire Council
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		40,030,561	41,290,541
Payments to suppliers and employees		(30,537,333)	(35,242,915)
		<u>9,493,228</u>	<u>6,047,626</u>
Interest received		660,849	825,732
Rental income		196,326	256,261
Non capital grants and contributions		3,398,890	4,078,584
Borrowing costs		(75,044)	(77,441)
Net cash inflow (outflow) from operating activities	22	<u>13,674,248</u>	<u>11,130,762</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(24,971,601)	(16,318,832)
Payments for intangible assets		(159,478)	(35,172)
Proceeds from sale of property plant and equipment		183,544	626,698
(Purchase) / redemption of investments		4,000,000	6,000,000
Grants, subsidies, contributions and donations		10,342,660	10,059,459
Capital insurance proceeds		70,873	62,668
Net cash inflow (outflow) from investing activities		<u>(10,534,002)</u>	<u>394,821</u>
Net increase (decrease) in cash and cash equivalent held		<u>3,140,247</u>	<u>11,525,583</u>
Cash and cash equivalents at the beginning of the financial year		25,114,863	13,589,280
Cash and cash equivalents at end of the financial year	10	<u><u>28,255,110</u></u>	<u><u>25,114,863</u></u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

1 Significant accounting policies

1.1 Basis of preparation

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

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020. They are prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

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

1.2 New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to the change in accounting policy note 23 for transition disclosures for AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases.

1.3 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact on Council's financial statements.

1.4 Estimates and judgements

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

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

Provisions - Note 1.11 (c), Note 1.13 and Note 17

Contingent liabilities - Note 20

1.5 Revenue Recognition

a) Rates and levies

2020 accounting policy: Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 accounting policy: 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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

b) Grants and subsidies

2020 accounting policy:

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include events and employment terms. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

2019 accounting policy:

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

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

c) Non-cash contributions

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

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

d) Cash Contributions

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

e) Interest

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

f) Fees and Charges

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

2019 accounting policy: Fees and charges are recognised upon unconditional entitlement to funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

g) Contract and recoverable works revenue

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

1.6 Cash and cash equivalents

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

1.7 Receivables

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

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

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

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

1.8 Investments

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

1.9 Intangible assets

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

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 14.

At the reporting date intangible assets consist of software only.

1.10 Payables

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

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

1.11 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date.

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

a) Annual leave

As Council does not have an unconditional right to defer settlement of annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

b) Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 16 as a payable.

c) 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 17 as a provision.

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

1.12 Leases

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

1.13 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 17.

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

Restoration on land not controlled by Council

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

Restoration on land controlled by Council

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

1.14 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.

1.15 Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

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 2020

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 2020

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							
	2020	2020	2020	2020		2020	2020				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate and Community	1,691,357	16,393,663	213,274		18,298,194	(10,665,053)	(42,359)	(10,607,412)	7,619,867	7,690,782	63,424,471
Infrastructure	1,406,916	4,247,515	9,924,961	6,650,652	22,229,943	(19,968,208)	(304,026)	(20,272,233)	(14,313,777)	1,957,710	228,832,731
Development and Environment	18,803	717,587	-		736,390	(2,063,841)	-	(2,063,841)	(1,327,452)	(1,327,452)	-
Water and Waste	73,089	20,107,173	2,499,559	11,016	22,690,817	(12,887,233)	(656,329)	(13,443,562)	7,293,009	9,247,255	138,368,801
Total Council	3,190,145	41,465,838	12,637,794	6,661,668	63,955,344	(45,484,336)	(902,713)	(46,387,049)	(628,353)	17,568,295	430,628,003

Year ended 30 June 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate and Community	1,710,702	16,463,009	166,728	-	18,360,437	(10,524,266)	192,416	(10,331,850)	7,649,445	8,028,587	62,240,862
Infrastructure	2,095,706	4,785,714	14,206,617	6,991,969	28,080,006	(20,494,718)	(1,300,153)	(21,794,871)	(13,613,298)	8,285,135	211,624,665
Development and Environment	246,948	713,827	-	-	960,575	(2,138,484)	-	(2,138,484)	(1,177,909)	(1,177,909)	-
Water and Waste	25,228	19,404,744	4,204,833	-	23,634,805	(13,259,141)	(2,364,578)	(15,623,719)	8,170,831	8,011,088	137,499,992
Total Council	4,078,584	41,367,093	18,598,176	6,991,969	71,035,822	(46,416,609)	(3,472,315)	(49,888,924)	(970,932)	21,146,899	411,365,519

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
3 Revenue analysis			
(a) Rates, levies and charges			
General rates		15,947,657	15,706,225
Water		7,745,653	7,284,706
Sewerage		7,129,432	6,944,253
Waste		4,486,574	4,353,516
Less: Pensioner remissions & concessions		(476,141)	(448,631)
Net rates, levies and utility charges		<u>34,833,175</u>	<u>33,840,069</u>
(b) Fees and charges			
Building and property fees		306,985	267,086
Caravan Parks and Camping Grounds		347,473	179,434
Ferry		2,448,396	3,098,114
Communication towers		190,163	204,982
Permits, licences & registrations		462,684	497,870
Markets		245,605	306,865
Refuse & transfer stations		311,522	274,671
Water & sewerage applications		227,330	322,771
Other fees and charges		276,036	331,567
		<u>4,816,194</u>	<u>5,483,360</u>
(c) Interest received			
Investments		552,679	644,497
Overdue rates and utility charges		108,170	181,235
		<u>660,849</u>	<u>825,732</u>
(d) Other revenue			
Contract and recoverable works		713,027	719,217
Commissions		33,221	33,136
Sundry revenue		213,045	209,319
		<u>959,294</u>	<u>961,672</u>
4 Grants, subsidies, contributions and donations			
(a) Recurrent			
General purpose grants		1,514,144	1,563,777
State government subsidies and grants		1,676,001	2,514,807
		<u>3,190,145</u>	<u>4,078,584</u>
(b) Capital			
Government/statutory authority subsidies and grants		9,977,232	9,980,643
Contributions		1,194,763	78,816
Assets contributed by developers at fair value		1,465,799	8,538,717
		<u>12,637,794</u>	<u>18,598,176</u>
Conditions over contributions			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:			
Non-reciprocal grants for expenditure on Infrastructure			1,112,374
		-	<u>1,112,374</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:			
Non-reciprocal grants for expenditure on Infrastructure			907,844
		-	<u>907,844</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
5 Capital income			
Provision for restoration of land			
Decrease in restoration provision - Sanitary Depot	17	11,016	-
		<u>11,016</u>	<u>-</u>
Revaluations			
Revaluation up of property, plant and equipment	13	6,579,678	6,929,301
		<u>6,579,678</u>	<u>6,929,301</u>
Capital insurance proceeds			
Insurance proceeds		70,873	62,668
		<u>70,873</u>	<u>62,668</u>
Total capital income		<u>6,661,567</u>	<u>6,991,969</u>

6 Employee benefits			
Total staff wages and salaries		12,615,401	10,738,443
Councillors' remuneration		374,198	345,503
Annual, sick and long service leave entitlements		2,291,831	1,840,652
Superannuation	21	1,620,929	1,386,034
		<u>16,902,359</u>	<u>14,310,633</u>
Other employee related expenses		22,787	46,627
		<u>16,925,146</u>	<u>14,357,160</u>
Less: Capitalised employee expenses		(1,892,412)	(843,462)
		<u>15,032,735</u>	<u>13,513,697</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	87	83
Depot and outdoors staff	94	86
Total full time equivalent employees	<u>186</u>	<u>174</u>
	2020 \$	2019 \$

7 Materials and services			
Audit of annual financial statements by the Auditor-General of Queensland		102,000	106,500
Doubtful debt expense		32,500	-
Consultancy		655,077	762,724
Contractors		5,768,209	7,804,756
Communications and IT		706,783	759,723
Donations		709,621	919,872
Electricity		1,019,347	1,320,031
Insurances		662,252	670,081
Legal		259,887	279,263
Repairs and maintenance		6,332,601	6,747,239
Other materials and services		1,505,422	1,703,894
		<u>17,753,700</u>	<u>21,073,884</u>

8 Finance costs			
Bank charges		75,044	77,441
Landfill sites - change in present value over time		217,910	125,631
		<u>292,954</u>	<u>203,072</u>

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
9 Capital expenses			
Property restoration: Landfill sites			
Adjustment to refuse restoration provision - Killaloe	17	336,392	347,217
Adjustment to refuse restoration provision - Sanitary Depot	17	-	836,635
Adjustment to refuse restoration provision - Newell Beach	17	32,464	1,010,403
		<u>368,856</u>	<u>2,194,255</u>
Revaluation decrement			
Revaluation down of property, plant and equipment	13	-	51,261
Gain / Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		(183,544)	(188,361)
Less: Carrying value of property, plant and equipment disposed of		<u>717,401</u>	<u>631,613</u>
		<u>533,857</u>	<u>443,252</u>
Proceeds from the sale of land and land improvements		-	(438,337)
Less: Carrying value of land and land improvements		<u>-</u>	<u>250,000</u>
		<u>-</u>	<u>(188,337)</u>
Total gain/loss on disposal of non-current assets		<u>533,857</u>	<u>254,915</u>
Loss on write-off			
Loss on write-off of assets damaged by natural disaster	13	-	971,883
Total capital expenses		<u>902,713</u>	<u>3,472,314</u>

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

10 Cash and cash equivalents

Cash at bank and on hand	18,255,109	6,114,863
Term deposits	10,000,000	19,000,000
Balance per Statement of Cash Flows	<u>28,255,109</u>	<u>25,114,863</u>

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

Externally imposed expenditure restrictions at the reporting date relate to		
Unspent government grants and subsidies	687,548	1,112,374
Internally imposed expenditure restrictions at the reporting date:		
Future capital works	4,000,000	4,000,000
Future constrained works	1,945,122	3,240,797
Future recurrent expenditure	1,850	41,945
Waste levy refund received in advance	-	119,613
Total unspent restricted cash	<u>6,634,520</u>	<u>8,514,729</u>

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	658,141	641,833
	<u>658,141</u>	<u>641,833</u>

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

Note	2020	2019
	\$	\$
11 Investments		
Current fixed short term investments		
Unrestricted	-	4,000,000
	<u>-</u>	<u>4,000,000</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	3,471,311	3,202,630
Other debtors	230,319	715,016
Less impairment	(69,287)	(46,211)
Accrued revenue	376,500	508,061
GST recoverable	406,268	287,488
Prepayments	210,236	229,118
	<u>4,625,347</u>	<u>4,896,101</u>

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

interest is charged on other debtors.

Impairment of receivables is not material.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

13 Property, plant and equipment

30 June 2020

	Note	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, Sewerage and Solid waste disposal	Drainage	Work in Progress	Total
		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Cost	
Asset values		\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2019		27,708,318	48,782,270	6,944,229	42,840	207,273,438	231,299,009	37,620,846	5,351,120	565,018,887
Additions										
Disposals	9		(88,896)	(617,681)		(434,383)	(398,911)	(38,035)		(1,575,866)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	10									-
Revaluation adjustment to expense (capital expense)	9									-
Revaluation adjustment to income (capital income)	6					(3,033,791)				(3,033,791)
Write-off assets damaged by natural disaster										-
Transfers between classes		(125,471)				(158,135)	281,606			-
Assets classified as held for sale				(80,838)						(80,838)
Contributed assets		100,176				307,902	598,413	359,309	(1,465,799)	-
Internal transfers from work in progress		1,188,448	3,515,495	1,040,532		8,656,350	4,380,751	560,263	(17,339,829)	-
Closing gross value as at 30 June 2020		28,887,470	62,210,769	7,286,362	42,840	210,813,399	236,260,868	38,502,373	12,982,892	586,766,772

Accumulated depreciation

Opening balance as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to other comprehensive income (asset revaluation surplus)

Revaluation adjustment to income (capital income)

Revaluation adjustment to expense (capital expense)

Write-off assets damaged by natural disaster

Transfers between classes

Assets classified as held for sale

Accumulated depreciation as at 30 June 2020

	1,267,373	20,997,142	3,333,840	40,706	57,962,642	97,593,944	6,659,843		187,855,690
	184,141	1,466,053	672,425	610	4,263,900	5,367,238	422,326		12,366,655
		(48,889)	(407,008)		(187,006)	(211,438)	(6,024)		(858,465)
									-
					(9,613,469)				(9,613,469)
									-
	(3,645)				(643)	4,288			-
			(51,834)						(51,834)
	1,447,869	22,416,206	3,647,423	41,316	62,415,424	102,754,032	7,076,247	-	189,698,517

Total written down value as at 30 June 2020

Residual value

Range of estimated useful life in years

27,419,601	29,794,563	3,738,939	1,323	158,197,974	133,506,838	31,426,126	12,982,892	397,068,265
-	-	1,633,418	-	-	-	-	-	-
3 - 100	5 - 50	3 - 20	5 - 10	10 - 100	10 - 150	10 - 100	-	-

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	21,282,777	21,282,777
-	-	-	-	-	-	-	5,154,623	5,154,623
-	-	-	-	-	-	-	26,437,400	26,437,400

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

13 Property, plant and equipment

30 June 2019

Note	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, Sewerage and Solid waste disposal	Drainage	Work in Progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement									
Asset values									
Opening gross value as at 1 July 2018	27,705,394	47,009,926	8,913,543	42,640	185,821,131	208,686,407	38,657,008	15,334,878	628,221,023
Additions								24,857,650	24,857,650
Disposals	(65,337)	(394,600)	(601,984)	-	(229,189)	(1,203,788)			(2,484,768)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)						6,320,485			6,320,485
Revaluation adjustment to expense (capital expense)									-
Impairment adjustment to asset revaluation surplus									-
Revaluation adjustment to income (capital income)					9,868,015				9,868,015
Write-off assets damaged by natural disaster					(1,673,290)				(1,673,290)
Transfers between classes			(62,783)			(24,375)			(87,158)
Assets classified as held for sale									-
Contributed assets					8,636,276	2,443		(8,638,718)	-
Internal transfers from work in progress	56,261	2,168,845	695,433		4,852,494	17,517,817	1,083,840	(28,352,690)	-
Closing gross value as at 30 June 2019	27,706,318	48,782,270	6,944,229	42,640	207,273,436	231,289,009	37,620,848	5,351,120	565,019,667

Accumulated depreciation

Opening balance as at 1 July 2018

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to other comprehensive income

Revaluation adjustment to income (capital income)

Revaluation adjustment to expense (capital expense)

Write-off assets damaged by natural disaster

Transfers between classes

Accumulated depreciation as at 30 June 2019

1,085,645	19,344,072	3,211,880	39,146	51,928,052	95,434,608	6,250,974		177,282,267
182,342	1,373,045	664,139	1,660	3,882,112	4,978,271	408,969		11,491,438
(814)	(199,594)	(468,997)		(132,091)	(1,033,446)			(1,853,142)
	480,019				(1,763,381)			(1,303,362)
				2,938,714				2,938,714
				51,261				51,261
				(701,406)				(701,406)
		(55,162)			(3,008)			(58,170)
1,267,373	20,997,142	3,333,840	40,708	57,962,642	97,693,944	6,659,943	-	187,655,590

Total written down value as at 30 June 2019

Residual value

Range of estimated useful life in years

28,438,945	27,785,128	3,610,389	1,933	149,310,793	133,705,065	30,960,903	5,351,120	377,164,277
-	-	1,467,610	-	-	-	-	-	-
3 - 100	6 - 80	3 - 10	5 - 10	10 - 100	10 - 150	40 - 80		

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	8,659,417	8,659,417
-	-	-	-	-	-	-	15,298,133	15,298,133
-	-	-	-	-	-	-	24,857,650	24,857,650

Douglas Shire Council
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13 Property, plant and equipment

a) Recognition

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

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

b) Measurement

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

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

c) Valuation

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

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

In the intervening years, management performs a desktop valuation on each asset class. A desktop valuation involves management assessing the condition and cost assumptions associated with each asset class and considering the movements in the Road and Bridge Construction Index and the Non-residential Building Construction Queensland Index as published by the Australian Bureau of Statistics (March rates of the relevant financial year have been used for 2020 indexation purposes). Together these are used to form the basis of the desktop valuation.

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

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

(i) Recognised fair value measurements

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

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

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

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

(ii) Valuation techniques used to derive fair values

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

Accumulated depreciation

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

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Land and land improvements (level 2 and 3)

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

Land improvement fair values were also determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. Current replacement cost for these assets was calculated based on expected replacement costs. As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of land improvements has been determined as Level 3.

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

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

For land no revaluation adjustment was made as at 30 June 2020 as the movement in sales data in the region between 2017 and 2020 was considered immaterial.

For land improvements no revaluation adjustment was made as at 30 June 2020 as the movement in the Non-Residential Building Construction Index (QLD) between 2017 and 2020 (2%) was considered immaterial.

Buildings and other structures (level 3)

Current replacement cost

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

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

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

No revaluation adjustment was made as at 30 June 2020 as the movement in the Non-Residential Building Construction Index (QLD) between 2017 and 2020 (2%) was considered immaterial.

Transport assets (level 3)

Current replacement cost

Road assets

Road asset fair values (excluding traffic control devices, streetscaping and kerb and channel) were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2020. Current replacement cost for these assets was calculated based on expected replacement costs. Council categorises its road assets into geographical regions and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable).

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

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

- Cardno's database
- Scheduled rates for construction of assets or similar assets
- Building Price Index tables
- Recent contract and tender data
- Rates from Rawlinson's Australian Construction Handbook

Bridge assets

Bridge asset fair values were determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2020. Each bridge was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

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

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Other transport assets

The fair value of traffic control devices, streetscaping and kerb and channel was determined by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2020. Current replacement cost for these assets was calculated based on expected replacement costs.

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

Water, Sewerage and Solid Waste Disposal (level 3)

Water

Current replacement cost

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

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

Cardno's unit rates were based on a combination of actual contract data obtained from various Queensland local governments and water utilities over the past few years as well as actual supply/installation costs from suppliers and contractors.

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

No revaluation adjustment was made at 30 June 2020 as the movement in the Road and Bridge Construction Index (QLD) between 2019 and 2020 (0.61%) was considered immaterial.

Sewerage

Current replacement cost

Sewerage assets were comprehensively revalued by Cardno (QLD) Pty Ltd as at 30 June 2019. Current replacement cost for these assets was calculated based on expected replacement costs. Assets were disaggregated to significant component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

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

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

No revaluation adjustment was made at 30 June 2020 as the movement in the Road and Bridge Construction Index (QLD) between 2019 and 2020 (0.61%) was considered immaterial.

Solid waste disposal

Current replacement cost

Solid waste disposal fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. Current replacement cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

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

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

No revaluation adjustment was made at 30 June 2020 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2020 (3.95%) was considered immaterial.

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Drainage infrastructure (level 3)

Current replacement cost

Drainage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. Current replacement cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

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

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

No revaluation adjustment was made at 30 June 2020 as the movement in the Road and Bridge Construction Index (QLD) between 2018 and 2020 (3.95%) was considered immaterial.

d) Capital and operating expenditure

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

e) Capital work in progress

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

f) Depreciation

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

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

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

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

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

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

g) Impairment of non-current assets

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

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	2020 \$	2019 \$
14 Intangible assets		
Software		
Opening gross carrying value	231,745	1,403,201
Additions	159,478	35,172
Transfers from Plant and Equipment	-	87,158
Disposals	(46,748)	(1,293,786)
Closing gross carrying value	344,475	231,745
Accumulated amortisation		
Opening balance	161,215	1,262,313
Amortisation in the period	38,252	134,518
Transfers from Plant and Equipment	-	58,170
Disposals	(46,748)	(1,293,786)
Closing balance	152,719	161,215
Net carrying value at end of financial year	191,756	70,530

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

15 Contract balances

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

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

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

	2020 \$
a Contract assets	333,137
b Contract liabilities	
Funds received upfront to construct Council controlled assets	687,548
	687,548
Current contract liabilities	687,548
Non-current contract liabilities	-
	687,548

Revenue recognised that was included in the contract liability balance at the beginning of the year
Funds to construct Council controlled assets 898,257

	2020 \$	2019 \$
16 Trade and other payables		
Current		
Creditors and accruals	4,830,274	3,591,559
Unearned revenue	111,167	164,078
Prepaid rates	947,793	-
Waste levy refund received in advance	-	119,613
Annual leave	1,787,427	1,624,740
Sick leave	228,418	235,843
Other entitlements	77,241	72,509
	7,982,319	5,808,342

Douglas Shire Council
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	2020 \$	2019 \$
17 Provisions		
Current		
Landfill restoration	488,750	-
Long service leave	1,741,122	1,692,465
	<u>2,229,872</u>	<u>1,692,465</u>
Non-current		
Landfill restoration	4,895,183	4,872,340
Long service leave	330,297	236,022
	<u>5,225,480</u>	<u>5,108,363</u>

Details of movements in provisions:

	2020 \$	2019 \$
Property restoration: Landfill sites		
Balance at beginning of financial year	4,872,340	2,764,488
Increase in provision due to unwinding of discount	217,910	125,631
Increase / (decrease) in provision for future cost	357,840	2,194,255
Provision expended to date	(64,157)	(212,034)
Balance at end of financial year	<u>5,383,933</u>	<u>4,872,340</u>

Council has two active landfill sites located at Newell Beach and Killaloe. During the 2019FY the regulator also reinstated conditions on the restoration of the Sanitary Depot. The provision is stated at the present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions. The provision increased during the year as a result of a re-estimation of restoration costs at the Killaloe, Newell beach and Sanitary Depot sites. The Killaloe site is due for its final capping in the 2023FY (with post closure monitoring until the 2054FY). Newell Beach landfill and the Sanitary Depot are due for final capping in the 2022FY (with post closure monitoring until the 2053FY).

	2020 \$	2019 \$
Long service leave		
Balance at beginning of financial year	1,928,487	2,057,748
Long service leave entitlement arising	293,273	224,502
Long Service entitlement paid	(150,342)	(353,763)
Balance at end of financial year	<u>2,071,418</u>	<u>1,928,487</u>

18 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

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

Asset revaluation surplus analysis

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

Land and land improvements	466,753	466,753
Buildings and other structures	10,136,210	10,136,210
Water, Sewerage and Solid waste disposal	29,475,042	29,475,042
	<u>40,078,005</u>	<u>40,078,005</u>

Douglas Shire Council
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	2020 \$	2019 \$
19 Commitments for expenditure		
Operating expenditure		
Not later than 1 year	4,618,202	5,828,836
Later than 1 year but not later than 5 years	4,195,368	5,604,080
Later than 5 years	791,284	1,565,936
	<u>9,604,854</u>	<u>12,998,852</u>
Capital expenditure		
Not later than 1 year	5,533,235	3,688,464
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>5,533,235</u>	<u>3,688,464</u>

20 Contingent liabilities

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

Local Government Mutual

Council is a member of the Queensland 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 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$370,177.

21 Superannuation

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

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

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

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

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

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

The next triennial actuarial review is not due until 1 July 2021.

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

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

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

	Note	2020 \$	2019 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,620,929	1,386,034

22 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities

Net result	17,568,295	21,146,899
Non-cash items:		
Depreciation and amortisation	12,404,947	11,625,956
Revaluation adjustments	(6,579,678)	(6,878,040)
Loss on asset write-off	-	971,883
Change in future rehabilitation and restoration costs	575,750	2,319,886
	6,401,019	8,039,685
Investing and development activities (non-cash):		
Net profit or loss on disposal of non-current assets	533,857	254,915
Capital grants and contributions	(12,637,794)	(18,598,176)
Changes in accounting policy	(893,857)	-
Capital insurance proceeds	(70,873)	(62,668)
	(13,068,667)	(18,405,929)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	270,755	1,005,440
(Increase)/decrease in inventory	(3,647)	(18,474)
Increase/(decrease) in payables	2,109,816	(507,602)
Increase/(decrease) in contract liabilities (recurrent grants)	253,746	-
Increase/(decrease) in other provisions	142,931	(129,258)
	2,773,602	350,107
Net cash inflow from operating activities	13,674,248	11,130,762

23 Changes in accounting policy

During the year ended 30 June 2020, the Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

All material adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Revenue standards - AASB 15 and AASB 1058

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Major changes to revenue recognition methodology are detailed below:

- Pre-paid rates - now recorded as a financial liability until the beginning of the rating period. At 1 July 2019 there is \$848,857 of prepaid rates that have now been recognised as a liability and an adjustment to accumulated reserves has been made for this amount at 1 July 2019.
- Recognition of grant revenue within the scope of AASB 15
- Recognition of grant revenue for acquisition or construction of assets controlled by Council.

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Opening contract balances on transition at 1 July 2019

	Balance at 1 July 2019 \$
Contract assets	
- Under AASB 15	-
- Under AASB 1058	-
	<u>-</u>
Contract liabilities	
- Under AASB 15	45,000
- Under AASB 1058	930,000
	<u>975,000</u>
Prepaid rates	
Prepaid rates opening balance adjustment	848,857
	<u>848,857</u>
	<u>1,823,857</u>

Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

Statement of financial position at 30 June 2020

	Carrying amount per Statement of Financial Position Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied
Contract assets	333,137	(333,137)	-
Contract liabilities	(687,548)	687,548	-
Retained earnings	374,422,779	(354,411)	374,068,369
	<u>374,068,369</u>	<u>-</u>	<u>374,068,369</u>

Statement of comprehensive income for the year ended 30 June 2020

	Balance per Statement of Comprehensive Income Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied
Revenue - operating grants	(3,190,145)	(253,745)	(3,443,890)
Revenue - capitals grants	(9,977,232)	(100,666)	(10,077,898)
	<u>(13,167,376)</u>	<u>(354,411)</u>	<u>(13,521,787)</u>

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

Lease standard - AASB 16

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

After using the exceptions to lease accounting mentioned above, Council's only contract which meets the definition of a 'lease' under AASB 16 amounts to approximately \$170k over a five year term. Council has assessed this as not material to the financial statements and therefore no adjustment has been made.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.

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Lease at significantly below market value - Concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Communication towers

The leases are generally between 2 and 50 years and require payments between \$1 and \$10,000 per annum. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material.

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

24 Events after the reporting period

On 10 August 2020, Douglas Shire Council resolved to sell Lot 83 SR596 Cape Tribulation Road to Queensland Trust for Nature for \$725,000 (ex-gst), which was the price Council paid for the land in October 2019. The settlement date is expected to be in November 2020.

On 28 July 2020, Douglas Shire Council resolved to purchase land & associated buildings - Lot 21 SP212664 and associated buildings on adjacent land - Lot 20 SP212664 by negotiation up to a maximum amount. This purchase is expected to cost \$202,181 (ex-gst).

On 1 July 2020 the sale of four plant and equipment items classified as a non-current asset held for sale as at 30 June 2020, with a carrying value of \$29,008, was finalised with proceeds of \$54,454.

There were no material adjusting events after the balance date.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

25 Financial instruments and financial risk management

Financial assets and financial liabilities

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

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

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

Council does not enter into derivatives.

Credit risk

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

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

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

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

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

	Note	2020	2019
Financial assets		\$	\$
Cash and cash equivalents	10	28,255,109	25,114,863
Receivables - rates	12	3,471,311	3,202,630
Receivables - other	12	1,154,035	1,693,472
Investments	11	-	4,000,000
Total financial assets		32,880,456	34,010,965

Cash and cash equivalents

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

Investments

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

Trade and other receivables

In the case of rate receivables, Council has the power to sell the property to recover any defaulted amounts and therefore generally for rates debtors the credit risk is low.

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

	2020 \$	2019 \$
Subject to Impairment		
Not past due	127,547	238,968
Past due 31-60 days	742	9,960
Past due 61-90 days	7,479	10,716
More than 90 days	61,130	12,862
Total gross carrying amount	196,899	272,506
Loss allowance	(69,287)	(46,211)
	127,612	226,295
Not subject to Impairment		
Rates and Charges	3,473,062	3,202,630
Grants	27,500	442,509
GST recoverable/prepayments/accrued income	997,173	1,024,667
	4,497,735	4,669,806
	4,625,347	4,896,101

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

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

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

Liquidity risk

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

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

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

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

Market risk

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

Interest rate risk

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

Sensitivity

Interest rate sensitivity analysis evaluates the outcome on profit or loss if interest rates would change by +/- 1 percent from the year-end rates applicable to Council's financial assets and financial liabilities. With all other variables held constant, Council would have a deficit and equity increase/(decrease) of \$282,551 (2019: \$291,149).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. Note: Due to the restructure of the Executive Management Team, the number of staff that fit the definition of a KMP increased as of January 2019. The compensation paid to KMP comprises:

	2020	2019
	\$	\$
Short-term employee benefits	1,709,463	1,257,138
Post-employment benefits	175,996	136,103
Long-term benefits	8,627	42,957
Termination benefits	-	-
Total	1,894,086	1,436,198

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2020	2019
		\$	\$
Purchase of materials and services from entities controlled by key management personnel.	26(b)(i)	291,056	456,668

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

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

(c) Outstanding balances

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

Receivables	Amounts owed by entities controlled by KMP	Amounts owed by entities controlled by KMP
	2020	2019
Current		\$ 7,304
Past due 31-60 days	\$ -	\$ -
Past due 61 - 90 days	\$ -	\$ -
More than 90 days overdue	\$ -	\$ -
Total owing	\$ -	\$ 7,304

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

(d) Loans and guarantees to/from related parties

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2020

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

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

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

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

27 Impacts from the COVID-19 pandemic

Council has assessed the impact of the COVID-19 global pandemic. The Covid-19 pandemic has had a detrimental impact on Council's operating result in comparison to the revised budget, reducing a small budgeted operating surplus to a deficit.

Council acknowledges that the COVID-19 restrictions have impacted some industries within the region and has initiated the following financial incentives during the year ended 30 June 2020 (Estimated financial effect is \$336,696):

- Waive interest on overdue rates and water from 24 March 2020 to 30 June 2020
- Remove rates dishonour administration fees from 24 March 2020 to 30 June 2020
- Pensioner remission application dates extended to 30 June 2020 (usually only permitted in the first three months of the rating period)
- Credit or refund all outdoor dining fees 23 March 2020 to 30 June 2020
- Refund all cancelled venue hire fees 23 March 2020 to 30 June 2020
- Rent relief – waive rent for all Council commercial tenants suffering financial stress or hardship due to Covid 19, as defined by their eligibility for the Commonwealth Government's Jobkeeper program (excluding not for profits, sporting entities, Government entities) for the period 1 April 2020 – 30 June 2020
- Wonga Beach Caravan Park – top up for foregone commission 1 April 2020 – 30 June 2020
- Waive Daintree Ferry Tour Bus Fees 18 March 2020 to 30 June 2020
- Waive Daintree Ferry Fees (all vehicles) 8 April 2020 to 30 June 2020
- Waive Charges for backflow registration 1 April 2020 to 30 June 2020

In the subsequent financial year, Council has initiated further COVID-19 relief measures including (Estimated financial effect is \$476,238):

- Limiting general rate increases to CPI (Mar 2019-Mar 2020 ABS statistics)
- Limiting fees and charges to CPI (Mar 2019-Mar 2020 ABS statistics)
- Covid discount 1.2% general rates paid by due date
- New policies introduced– Concealed Leaks and Rates Financial Assistance
- Amendments to Procurement Policy to support local spend
- Extend Daintree Ferry Multi-Day passes to be valid until 31 Dec 2020 (previously expired 30 June 2020)
- Daintree Ferry Tour Bus fee waiver (Aug 2020 – Sep 2020) and 50% rebate (Oct-Dec 2020)

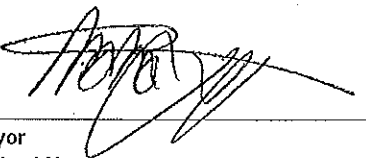
Douglas Shire Council
Financial statements
For the year ended 30 June 2020

Management Certificate
For the year ended 30 June 2020

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

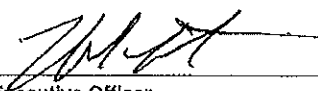
In accordance with section 212(5) of the Regulation we certify that:

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



Mayor
Michael Kerr

Date: 9, 10, 2020



Chief Executive Officer
Mark Stoerner

Date: 9 / 10 / 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Douglas Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

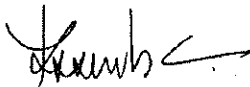
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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



Sri Narasimhan
as delegate of the Auditor-General

12 October 2020

Queensland Audit Office
Brisbane

Douglas Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2020

Measures of Financial Sustainability

How the measure is calculated	Actual - Council	Target
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Council's performance at 30 June 2020 against key financial ratios and targets:

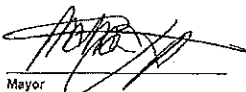
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2% between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	173% greater than 80%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-39% not greater than 80%


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 2020.

Certificate of Accuracy
For the year ended 30 June 2020

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


Mayor
Michael Kerr
Date: 9, 10, 2020


Chief Executive Officer
Mark Stoerner
Date: 9, 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Douglas Shire Council (the council) for the year ended 30 June 2020 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Douglas Shire Council for the year ended 30 June 2020 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Douglas Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



Sri Narasimhan
as delegate of the Auditor-General

12 October 2020

Queensland Audit Office
Brisbane

Douglas Shire Council
Long-Term Financial Sustainability Statement - Unaudited
Prepared as at 30 June 2020

Reported as at 30 June 2020												
Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2020	Projected for the years ended								
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
Council												
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-2%	-8%	-5%	-4%	-3%	-3%	-2%	-1%	0%	1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	173%	91%	96%	92%	95%	92%	93%	95%	96%	97%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-39%	-22%	-19%	-20%	-19%	-18%	-20%	-19%	-18%	-18%

Douglas Shire Council's Financial Management Strategy

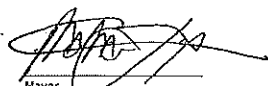
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

Certificate of Accuracy

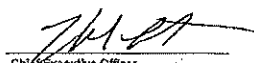
For the long-term financial sustainability statement prepared as at 30 June 2020

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

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


Mayor
Michael Kerr

Date: 9, 10, 2020


Chief Executive Officer
Mark Stoerner

Date: 9, 10, 2020