



Livingstone
SHIRE COUNCIL

ANNUAL REPORT 2019-20

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Octopus Sculpture, James Street (Placemaking Program)

MESSAGE FROM MAYOR AND CEO

The main themes from the 2019-2020 financial year are resilience, consolidation, and collaboration.

Given the challenges our community has faced, including the impacts of disaster events and the global coronavirus (COVID-19) pandemic, it is more important than ever to ensure that Council continues to support the Shire's economic growth and community development wherever possible.

This strategic approach has seen Council continue to grow its well-maintained asset base and remain well-positioned to deliver the necessary future capital works and facilities our community needs and expects.

Importantly, Council adopted the Livingstone Community Plan: Towards 2050 in November 2019. Built on strong foundations of meaningful consultation and engagement with a wide range of stakeholders across the local community, the Livingstone Community Plan: Towards 2050 is a long-term strategic plan developed with the community and captures the themes, strategies, and goals prioritised by the community which will guide the region towards its vision for 2050.

A wide range of stakeholders from across the community have contributed to the development of this thirty year whole-of-community plan and have enabled it to capture the shared vision and values of the Livingstone community.

The March 2020 local government election saw three new Councillors join the team. The efforts of Jan Kelly, Tom Wyatt, and Bill Ludwig during their tenure must be recognised and acknowledged. The new Council is now focusing on its priorities and ensuring that the organisation continues to service the needs of the community.

In all, a total of more than \$20 million of the capital budget was set aside to deliver capital projects in the areas of roads, drainage and bridges with a further \$ 15.6 million budgeted for expenditure on renewal of assets.

It is important to acknowledge the continuing level of support Council has received from State and Federal Governments, who collectively contributed approximately \$22.5 million of the funding towards this year's Capital Works Programme.

After full consideration of the long-term impacts, Council also resolved to remove the Non-Owner Occupied Rating Category from this year's budget.

While COVID-19 has impacted our local businesses and industries for some time during the initial stages of the global pandemic, these sectors have seen improvement in recent months, with tourism operators and hospitality experiencing a high numbers of visitors to our area.

In response to the negative impacts of the pandemic, Council offered a subsidised programme to assist businesses in adjusting to the sudden changes, by providing access to a range of digital, social media and strategy transformation services provided by local specialists. Council also continued with all of its capital and maintenance programmes, to ensure that money continued to flow through to local businesses and kept our work force employed.

The ability of the workforce to adapt to the disruptions created by COVID-19 is a testament to the people working for Council.

This, together with the community's positive response and understanding reinforce why Livingstone Shire is such a desirable place to live.



Where possible, Council also continues to support local businesses in making funding applications to other levels of government to assist their businesses to grow and create new jobs.

These initiatives continue to complement Council's on-going support in the areas of tourism promotion and economic development, through funding commitments to Capricorn Enterprise and initiatives like Council's highly successful 'Place Making' strategy.

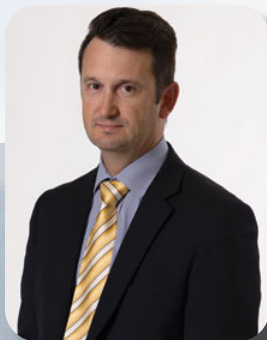
Even though Council has made significant investments in the areas of job creating projects and major infrastructure, there were no new borrowings in this budget and no further borrowings are planned until 2024-25.

The budget's positive long-term forecast is a testament to Council's proactive commitment in supporting and implementing the recommended streamlining of organisational structures to realise greater operational efficiencies.

Finally, it is important to once again acknowledge the strong collaborative efforts of Councillors and the entire Council workforce.

Collectively the workforce's efforts and the assistance it provides in working closely with Councillors, reinforce the positive operational outcomes achieved in the 2019-20 financial year, while also playing a key role in delivering Council's long-term objectives of liveability, sustainability, and a strong economic foundation for our Shire's future.

Brett Bacon, Acting CEO



Andrew Ireland, Mayor



COUNCILLORS

The role of Councillors is to represent the community. They make decisions that benefit the whole of Livingstone Shire, now and into the future. Livingstone Shire Council is represented by the Mayor and six (6) Councillors. Our Councillors represent all areas of the Shire as Livingstone is an undivided local government area.



Livingstone Shire Councillors (From Left to Right) Councillor Glenda Mather, Councillor Adam Belot, Mayor Andy Ireland, Councillor Tanya Lynch, Councillor Nigel Hutton, Councillor Pat Eastwood, Councillor Andrea Friend.

Mayor Andy Ireland

Portfolio: Economic Development and Regional Advocacy and Intergovernmental Relations

mayor@livingstone.qld.gov.au | Mobile 0459 101 130

Deputy Mayor Adam Belot

Portfolio: Organisational Performance

adam.belot@livingstone.qld.gov.au | Mobile 0427 311 430

Councillor Pat Eastwood

Portfolio: Healthy and Inclusive Community

pat.eastwood@livingstone.qld.gov.au | Mobile 0437 410 833

Councillor Tanya Lynch

Portfolio: Vibrant Community (Tourism, Events and Culture)

tanya.lynch@livingstone.qld.gov.au | Mobile 0459 334 780

Councillor Nigel Hutton

Portfolio: Planning and Strategic Infrastructure

nigel.hutton@livingstone.qld.gov.au | Mobile 0427 269 248

Councillor Glenda Mather

Portfolio: Transport (Roads, Drainage, Pathways)

glenda.mather@livingstone.qld.gov.au | Mobile 0437 647 573

Councillor Andrea Friend

Portfolio: Water, Waste Management and the Environment

andrea.friend@livingstone.qld.gov.au | Mobile 0459 392 411

EXECUTIVE LEADERSHIP TEAM

Our Executive Management Team provides advice and support to the Mayor and Councillors and is responsible for the day to day management of the Council as an organisation. They help to promote a positive culture by demonstrating and encouraging high standards of accountability, teamwork, community, potential and positivity.

Chief Executive Officer (Acting) Brett Bacon

Executive Director Liveability and Wellbeing (Acting) Dave Mazzaferri

Executive Director Infrastructure Michael Kriedemann

Chief Financial Officer Andrea Ellis

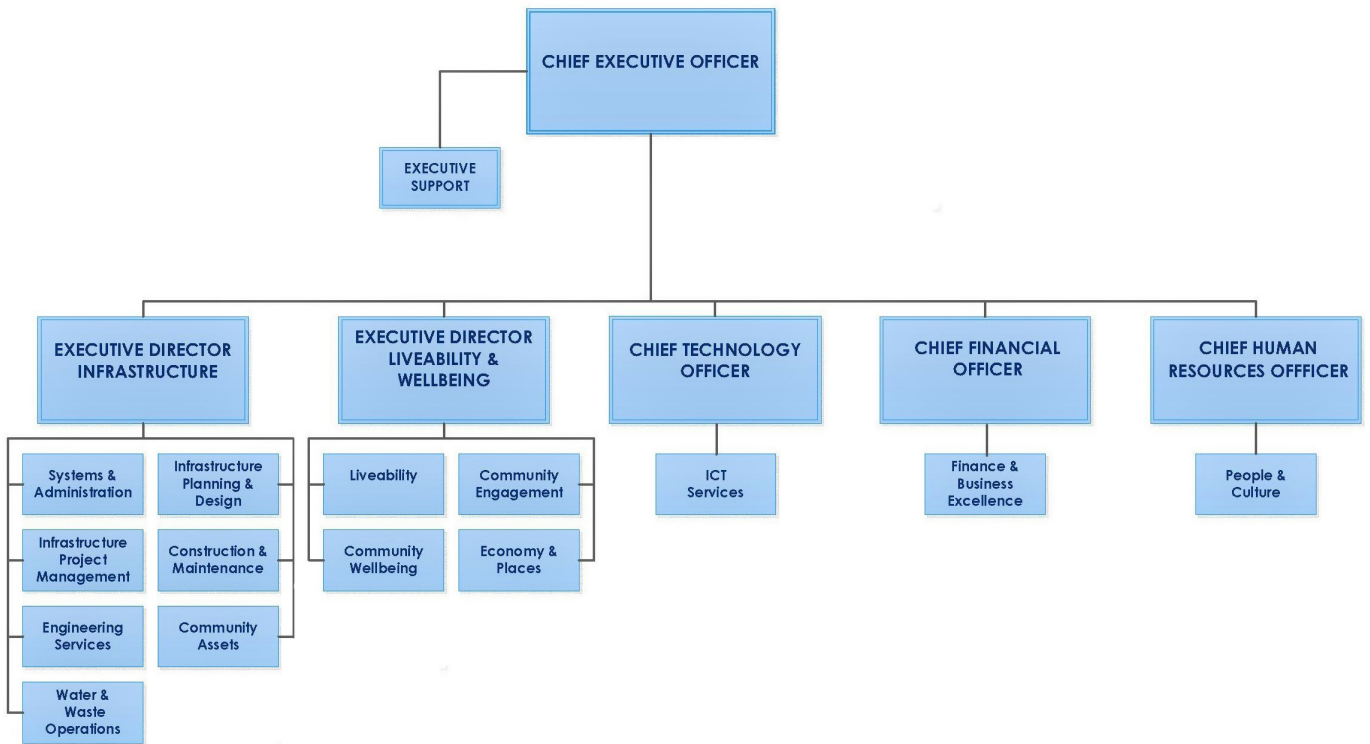
Chief Technology Officer Matt Willcocks

Chief Human Resources Officer (Acting) Belinda Housman



Executive Leadership Team (From Left to Right) Andrea Ellis, Matt Willcocks, Belinda Housman, Michael Kriedemann, Dave Mazzaferri, Brett Bacon

ORGANISATIONAL STRUCTURE



Cr Tanya Lynch and Library Staff



Livingstone Shire Council - Winner of 2020 Sigura Best of the Best Queensland Water Taste Test

LIVINGSTONE AT A GLANCE

POPULATION GROWTH



+26%
(2006 - 2016)
LIVINGSTONE

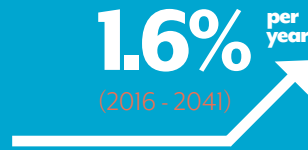
+13.7%
(2006 - 2016)
CENTRAL QLD

+20.5%
(2006 - 2016)
QLD

55,740 estimated residents by 2041



1.6% per year
(2016 - 2041)



AGING POPULATION



RESIDENTS AGED

65+
(2018)

LIVINGSTONE **18.4%**
QLD **15.4%**

42 **51**

2016
LIVINGSTONE
MEDIAN AGE

2041
LIVINGSTONE
MEDIAN AGE

INCOME & HOME OWNERSHIP

69.7%

HOME OWNERSHIP



\$1,875

per month

LIVINGSTONE
MEDIAN MORTGAGE
REPAYMENTS

\$1,733

per month

QUEENSLAND
MEDIAN MORTGAGE
REPAYMENTS

\$1,300

per week

LIVINGSTONE
MEDIAN
INCOME

\$1,402

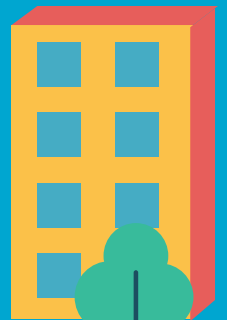
per week

QUEENSLAND
MEDIAN
INCOME

\$380,000

MEDIAN SALE PRICE

LIVINGSTONE



Data for the infographics has been taken from 2016 census and is still current. The next Australian census is due August 2021.

EMPLOYMENT



COMMON OCCUPATIONS LIVINGSTONE | 2016

Technicians & Trade Workers 18.2%

Professionals 15.5%

Clerical & Administrative Workers 12.6%

Community & Personal Service Workers 11.4%

CULTURAL MAKEUP

81.2%

PEOPLE BORN
IN AUSTRALIA

4.4%

PEOPLE
IDENTIFYING AS
ABORIGINAL OR
TORRES STRAIT
ISLANDER

88.1%

PEOPLE SPEAK
ENGLISH AS THEIR
FIRST LANGUAGE

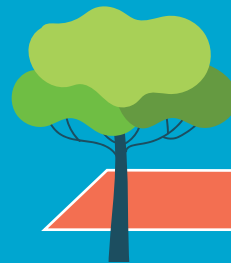


EDUCATION



30.7%

WERE ATTENDING
AN EDUCATIONAL
INSTITUTION IN 2016



ENVIRONMENT

Total protected area (State Forests,
Conservation Parks, Resources Reserves
and National Parks) in Livingstone

754.6km²

FAMILY COMPOSITION



COUPLES WITHOUT CHILDREN 45%

COUPLES WITH CHILDREN 40%

ONE PARENT FAMILIES 14%

OTHER FAMILIES 1%







REGIONAL PROFILE

The Livingstone Shire is located within the Capricornia region in Central Queensland and is nestled along the beautiful Capricorn Coast which spans over 11, 776 square kilometres. More than 37, 000 residents call the region home, from north of the Fitzroy River to Ogmore.

The major centres include the coastal towns of Yeppoon and Emu Park, with smaller villages of Byfield, Farnborough, Cawarral, Keppel Sands, Glenlee, Glendale, The Caves, Yaamba, Marlborough, Stanage Bay and Ogmore making up the Shire.

The area has an abundance of natural features including pristine beaches with sheltered swimming, picturesque national parks, rural landscapes, pristine rainforests and idyllic offshore islands, making it an ideal tourist destination or place to live.

First established as a local government area in 1879, Livingstone Shire was amalgamated with three other Councils to become Rockhampton Regional Council in 2008. After a successful de-amalgamation election in 2013, Livingstone Shire Council was re-established on 1 January 2014.

SIGNIFICANT EVENTS

Cobraball Bushfires

On 9 November 2019, fire broke out on Old Byfield Road in the locality of Cobraball. In a matter of hours, the fire spread extremely quickly and threatened lives and properties. Evacuations began that evening and continued throughout the night and into the next day.

In total, approximately 12 000 hectares were effected or destroyed. Many properties were damaged, including fifteen homes which were completely destroyed. 230 hectares of high-value horticulture crops, such as pineapple, mango and lychee were also destroyed. Livestock, wildlife and other animals were killed or effected, along with significant damage to the natural landscape and primary production. Nineteen localities in Livingstone Shire were impacted, including; Barmaryee, Bungundarra, Cobraball, Adelaide Park, Farnborough, Inverness, Lake Mary and Woodbury.

The fires caused an unprecedented impact on the local economy with residents under varying levels of financial and emotional stress. Council has worked closely with agencies to provide support and recovery to those impacted by the disaster and to prepare for any future events.

Since the Cobraball blaze, Council has worked alongside the Queensland Fire and Emergency Services and the Rural Fire Service to establish a Bushfire Management Strategy which will help identify and record high-risk localities, high risk hotspots and planned mitigation actions on Council land to reduce potential bushfire impacts to vulnerable and exposed communities and infrastructure.



COVID-19 Pandemic

In March 2020, the Australian Government announced a suite of measures to protect Australians from the coronavirus (COVID-19) including social distancing, restrictions on gatherings and visitation to aged care facilities, travel overseas and cancellation of events including ANZAC Day commemorations.

To comply with health advice, Livingstone Shire Council closed its libraries, Customer Support Centres, some public amenities and facilities including the Yeppoon Lagoon and Keppel Kraken for a period of time before re-opening with reduced hours as restrictions eased. All Council-run events and programmes were also cancelled. An opportunity was created for the Yeppoon Library to begin a home delivery service to assist vulnerable residents and the popular 'Story Time' program was delivered via online platforms instead.

To support local businesses, Council suspended paid parking in the Yeppoon CBD, offered a subsidy to businesses to assist with online marketing and Councillors voted to shift the Shire's Show Public Holiday to August when restrictions had eased further. Interactive webpages were also established to provide guidance and support on grants available.

Council's traditional community meetings were cancelled however they were replaced by a new Resident Reach program aimed at connecting members of the community with Council via online platform 'Get Involved'.



KEY HIGHLIGHTS

Emu Park Village and Foreshore Revitalisation Project

Stage 3 of the Emu Park Village and Foreshore Revitalisation Project, proudly funded by Livingstone Shire Council and the Queensland Government in association with Emu Park Bendigo Community Bank was completed in February 2020.

The \$4.99 million partnership project has transformed Emu Park's foreshore into a major tourism and recreational drawcard for the seaside town.

The contemporary signature playground, complete with an attractive and unique shade structure and featuring a range of play equipment including an Alpha tower, double Flying Fox, all-abilities swing, a Galleon ship and other imaginative rides, was built to create an inviting space for the whole community.



Galleries

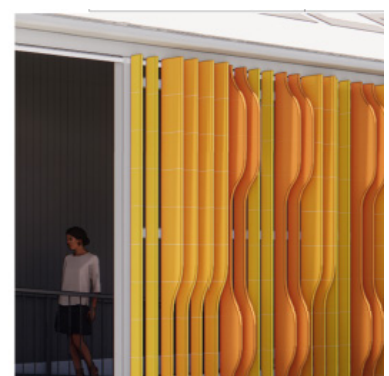
The first stage of extension works for the Fig Tree Galleries (formerly Mill Gallery) in Yeppoon has recently been completed, creating a vibrant new space for artists and visitors to enjoy.

The refurbishment of the Old Post Office building has created new workshop and retail spaces, with the next stage creating a captivating new gallery building. Construction is due to commence on the new gallery in October 2020.

The expansion and upgrades were made possible after Livingstone Shire Council received \$250,000 in funding through Round 4 of the Queensland Government's Building our Regions (BoR) program.

The project is also supported by \$850,000 from Livingstone Shire Council, bringing total funding to \$1.1 million.

Meanwhile, the new Community Arts Centre complex at Emu Park which will provide a space for local and regional art communities as well as a functional gallery space in which to host travelling exhibitions. Council has obtained \$1 million in Works for Queensland funding for the project. Construction is expected to start in October 2020.





Stage 3 Emu Park Village & Foreshore Revitalisation Project (Photos taken prior to COVID-19)

Council Activities and Performance

Council Activities

Pursuant to sections 45 and 47 of the *Local Government Act 2009*, each financial year Council is required to identify those activities that are business activities and determine whether competition reform needs to be applied to assist in removing anti-competitive conduct, encourage greater transparency in the operation of Council's business activities and improve the allocation of Council's limited resources. Activities of Council will be identified as business activities if they trade in goods and services to clients and could potentially be delivered by a private sector firm for the purposes of earning profits in the absence of Council's involvement. They do not include activities of Council considered non-competitive.

Council reviewed its operations in the lead up to the 2019-20 financial year and applied the Code of Competitive Conduct during the year to the following force (4) Business Activities:

- » Water and sewerage services;
- » Waste and recycling services;
- » Caravan parks; and
- » Building certification.

Issues Relevant to Council's Operation and Performance

Council is focused on responsible long-term financial sustainability while striving to deliver the best possible levels of service delivery for our community. In 2019-20 Council improved the alignment with the goals and strategies of the Livingstone 2050 Community Plan with the adoption of a fresh ten-year Corporate Plan.

Given the challenges our community has faced over the last seven (7) years, including the impacts of several major disaster events and the global coronavirus (COVID-19) pandemic, it has made it more important than ever that Livingstone Shire Council ensures ongoing strong fiscal results that meets the needs of our community and also supports them through these difficult times.

Council has delivered an operating deficit for the first time in five years of \$193,000. The operating deficit includes the impact of the November 2019 Cobraball bushfires, accounting adjustments for sale of land and adoption of new accounting standards for the recognition of revenue. When these unusual transactions are removed from the operating result, the underlying amount results in a surplus of \$3.3m.

Council has reduced borrowings by \$5 million and is currently analysing refinancing existing loans to take advantage of historically low interest rates following the Queensland Government announcement in September 2020.

Just over \$23.2 million was invested into community infrastructure and Council took ownership of an additional \$4.9 million in developer contributed assets. During 2019-20, Council identified contributed assets that had commission dates prior to 1 July 2019, existing assets not previously recognised and assets previously recognised incorrectly with a resultant net impact of \$2.2 million for property, plant and equipment. Council was required to adjust the 2018-19 comparative amounts to correctly account for the infrastructure.

The global coronavirus (COVID-19) pandemic has impacted our community and the operations of Council. Council was required to close some revenue generating facilities including the Yeppoon car wash and regulated parking facilities. Other facilities such as the community centre, libraries, and the Yeppoon Lagoon were also closed to comply with directives issued by the Queensland State Government. Across the organisation, the workforce have rapidly adapted to different ways of operating to continue to deliver services using a variety of innovation and technology, work patterns and locations, and communication and engagement tools.

Council remains committed to support the community to build on its growth of becoming a resilient community prepared for future economic, social, environmental and infrastructure challenges, while ensuring it retains its unique character and thrives into the future.

Audit, Risk and Business Improvement Committee Performance

In accordance with the Corporate Plan 2030 strategies Council aims to provide transparent, innovative and accountable leadership by committing to an accountable governance structure which is supported by an organisation that is underpinned by continuous improvement.

The Audit, Risk and Business Improvement Committee is an independent forum where representatives of Council, independent members and management work together to fulfil specific governance responsibilities that contribute to the good governance and improved performance of the organisation.

The Committee was established in accordance with section 157 of the *Local Government Regulation 2012*, and section 105 of the *Local Government Act 2009* and operates within the scope of the Audit, Risk and Business Improvement Committee Policy, which is published on Council's website, and a supporting Terms of Reference. The Terms of Reference sets a high standard on meeting frequency requiring six meetings per year. In 2019 - 2020 the Committee met in August, October, December, March, May and June. An Annual Programme of Work has been put in place for the Audit, Risk and Business Improvement Committee to assist the Committee with its responsibilities and ensure its purpose is achieved.

Council values the independence of the Audit, Risk and Business Improvement Committee and is committed to the Committee membership possessing a suitable breadth of skills, experience and expertise to strengthen its ability to scrutinise and challenge the functions it monitors and reviews.

The composition of the Committee membership is bound by legislation to consist of between three to six members, with one member a designated financial expert. Additionally, membership can include a maximum of two elected members. During 2019 – 2020 the Committee has operated with the maximum allowed membership with two Councillors and four external representatives.

Each member of the Committee brings a specific skill set and experience to their role and actively contributes to the effectiveness of Committee business. Membership is as follows:

Member	Summarised Areas of Expertise
Mr Pat Connor (Chair)	Asset management, project management, business improvement, construction industry
Mr Russell Bickford	Financial management, risk management, project management, public sector utilities
Ms Kerry Phillips	Financial management, corporate services, local government, governance, project management
Mr Stephen Coates	Risk management, internal audit, information systems, governance, business improvement, consulting to public and private sector
Cr Adam Belot	Local government, small business, operational processes, cost management
Cr Andrea Friend	Local government, customer service, operational processes, compliance, system processes, risk management

Financial Statement Preparation and Disclosure Compliance

The Committee reviewed the draft 2020 statutory financial statements, making appropriate enquiries of management to satisfy itself that the Committee has under the *Local Government Act 2009* and the *Local Government Regulation 2012*, had achieved compliance.

Council achieved the deadline of 4 September 2020 for the compilation, approval and presentation of the statutory financial statements to the external auditor.

Council received an unmodified audit opinion on its statutory financial statements from the Queensland Audit Office. This signifies that the contents of the financial statements represented a materially true and fair view of Council's financial position as at 30 June 2020. An unmodified audit opinion is the best outcome achievable for an audit of financial statements.

External Audit

The Queensland Audit Office's appointed external auditors, Deloitte Touche Tohmatsu, continued in the external audit role during 2019-20. The Committee liaised with Council's external auditors as part of its standard meeting agenda. Matters of interest and audit findings were interrogated to gain assurance regarding the accuracy of the financial statements for the year ended 30 June 2020. The Committee monitored the implementation of external audit recommendations as part of its standard agenda reports.

Internal Audit

Internal Audit is an independent, objective assurance and internal consulting activity designed to add value and improve the organisation's operations. It assists Council to accomplish its objectives by bringing a systematic, disciplined third line of defence to evaluate and improve the effectiveness and efficiency of the risk, control and governance processes.

An Internal Audit Policy and Charter provide the authority, responsibilities and operational framework for Internal Audit. Internal Audit operates as an independent function within Council, reporting directly to the Chief Executive Officer and provides reports to, and takes direction from, the Audit, Risk and Business Improvement Committee (ARaBIC) on matters relating to Internal Audit.

The established Audit Planning Methodology was followed to develop an Annual and Strategic (total 4 year) Audit Plan. The plan was reviewed and endorsed by the ARaBIC and subsequently approved by Council.

Internal Audits were performed in accordance with the Internal Audit Process Management Manual. Compliance with the Institute of Internal Auditors practice standards was self-assessed with good results for a small Internal Audit function. An external assessment of compliance with the standards was also conducted, which reached similar conclusions. In accordance with the plan, Internal Audit contributed to the ICT Transformation Project and completed six standard reviews in 2019-20.

Risk Management

Responsibility for the active management of organisational risks lies with Council's management team, however the Audit, Risk and Business Improvement Committee provides additional oversight for the purposes of challenging assumptions and ensuring comprehensive Risk Management. Risk Management continues to progress in line with the organisations maturity level. The Committee have been engaged in the review of a business case focused on improving the maturity level of Council's approach to Enterprise Risk Management. The Committee are provided with an annual update on the Corporate Risk Register, and one Organisational Portfolio Operational Risk Register each meeting.

Business Improvement

The Business Improvement function is closely aligned, yet distinct from the Internal Audit activity of Council. The Business Transformation function is responsible for assisting with the development of solutions to business impediments and improvement opportunities identified by service delivery reviews. The Committee monitored the implementation of service delivery review recommendations as part of its standard agenda reports.

The function also undertakes projects in accordance with approved business cases and conducts other unscheduled projects as approved by the Chief Financial Officer.

Audit, Risk and Business Improvement Committee Self-Assessment

The Audit, Risk and Business Improvement Committee Terms of Reference requires an annual assessment of its performance and achievements for the previous period. The assessment seeks to confirm that the Committee is meeting its objectives efficiently and effectively, and has met the responsibilities outlined in the Terms of Reference.

The results from the 2019 self-assessment indicate that the Committee is continuing to meet its legislative obligations however the consensus view is that the Committee wants to, and needs to, do more to provide value for Council and to be effective as a strategic body. There is recognition that an Audit Committee, particularly one also covering risk management and business improvement, has a broad scope and a significant number of areas where it is expected to have oversight, monitor, provide feedback or endorse reports. A number of improvements, including the appointment of an independent Chairperson, were implemented promptly after the results were discussed with the Committee.

In order to further enhance the effectiveness and efficiency of the Committee, an external peer review of the Audit Committee performance was facilitated in March 2020, in conjunction with an external quality assessment of the Internal Audit function. The

timing of the review was coordinated at the same time as to recommend the appointment of an external Chair of the Audit, Risk and Business Improvement Committee, to which Council subsequently appointed Mr Pat Connor.

The review was not a review of the appropriateness of the advice or recommendations provided by the Audit Committee, but instead a review of the processes and procedures undertaken by the Committee, secretariat and the organisation against general best practice. The draft report was tabled at the Audit, Risk and Business Improvement Committee meeting in May 2020. The report was received as a final version in June 2020 and is scheduled for discussion at the Audit, Risk and Business Improvement Committee meeting in August 2020.

Legal, Legislative and Confidential Matters

The Audit, Risk and Business Improvement Committee received regular briefings and formal updates from the Executive Leadership Team about significant matters facing the organisation and response of management to those matters.



Corporate Plan and Operational Plan Annual Progress

This Corporate Plan 20-30 is structured around the five themes of the Community Plan being, Thriving Livingstone, Natural Livingstone, Leading Livingstone, Future Livingstone and Liveable Livingstone. For each theme, the Corporate Plan nominates goals, what we will do and performance indicators.

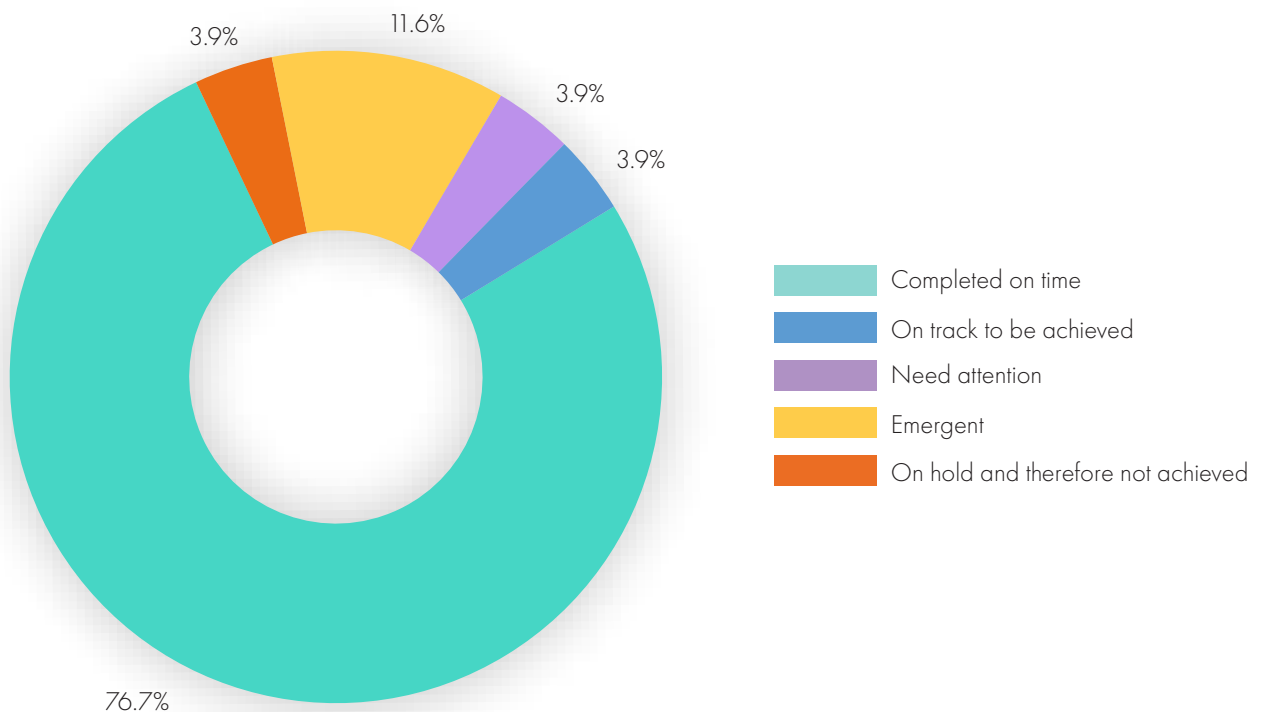
The Plan will assist Council to monitor performance, remain on track and meet Council's legislative requirements of the *Local Government Act 2009*.

The Corporate Plan is implemented over its ten year lifespan through annual operational plans and budgets. Livingstone Shire Council's Operational Plan 2019 -20 identified programmes, activities and targets for Council to deliver within the financial year in order to progress implementation of the Corporate Plan's goals and strategies and established priorities.

Of the 103 Operational Plan targets:

- » 79 (76.7%) completed on time;
- » 4 (3.9%) are on track to be achieved;
- » 12 (11.6%) are emergent;
- » 4 (3.9%) need attention; and
- » 4 (3.9%) are on hold and therefore not achieved.

Corporate Plan and Operational Plan Scorecard



Operational Plan/Corporate Plan Links by Theme

Assets					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
AM1: Develop an innovative and integrated framework for long term, cost effective asset management.					
3	0	1	1	0	5
AM2: Identify infrastructure and asset requirements through community consultation and technical expertise.					
2	0	1	0	0	3
AM3: Design and implement practical infrastructure solutions.					
1	0	1	1	0	3
AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community.					
8	0	1	1	0	10

Environment					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes.					
1	0	2	0	0	5
EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility.					
3	0	0	0	0	3
EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs.					
3	0	0	0	0	3
EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form.					
3	0	0	0	0	3
EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment.					
1	1	0	0	0	2

Economy					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
EC1: Identify and capitalise on economic opportunities for the benefit of the community.					
1	0	0	0	0	1
EC2: Facilitate, encourage and enable the establishment of businesses and industries and the retention, growth and diversification of existing businesses and industries in suitable locations.					
2	0	0	0	0	2
EC3: Promote Livingstone Shire as a desirable destination for investment, business, industry, tourism and living.					
2	0	0	0	0	2
EC4: Establish initiative including partnerships with both government and the private sector to create enterprises and undertake projects that generate jobs, wealth creation opportunities and sustainable economic growth.					
1	0	0	0	0	1

Community

Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations.					
1	0	0	0	0	1
CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives.					
5	0	0	0	0	5
CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles.					
1	0	0	0	0	1
CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness.					
6	0	0	0	0	6
CO5: Facilitate the provision of programmes, activities and facilities which create opportunities for the Shire's youth to develop skills and pursue endeavours to equip them for life and enable them to make a valued contribution to the community.					
1	0	0	0	0	1

Governance

Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
GO1: Inform and empower the community through ongoing engagement and communication.					
5	0	0	0	0	5
GO2: Develop strategic plans and policies to address local and regional issues and guide service provision.					
3	0	0	0	1	4
GO3: Pursue financial sustainability through effective use of the Council's resources and assets and prudent management of risk.					
7	0	4	1	0	12
GO4: Provide transparent and accountable decision making reflecting positive leadership to the community.					
3	1	0	0	2	6
GO5: Deliver customer focused and responsive services efficiently and effectively.					
16	2	2	0	1	21

Total of Corporate Plan/Operational Plan Links

Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
79	4	12	4	4	103
76.7%	3.9%	11.6%	3.9%	3.9%	100%



Conical Island - The Keppels

Councillor Remuneration, Expenses & Attendance

Councillor Remuneration

In accordance with the *Local Government Regulation 2012*, the Local Government Remuneration and Discipline Tribunal determines the maximum remuneration payable to the Mayor, Deputy Mayor and Councillors. As determined by the Local Government Remuneration and Discipline Tribunal Report, remuneration paid to Councillors between July 2019 and June 2020 is detailed below; note that there are pro-rata date periods to cover the changeover of Mayor, Deputy Mayor and some Councillors. The table also shows expenses incurred by and the facilities provided to each Councillor during the financial year under the Councillor Facilities and Expenses Policy.

Councillor	Gross Salary \$	Superannuation \$	Total Remuneration \$	Home Office Allowance \$	Car Klm's Claimed \$	Expense Reimbursements	Remuneration Period
Mayor Bill Ludwig	\$100,926	\$12,222	\$113,148	\$928	\$0	\$21,590	1 July 2019 - 6 April 2020
Mayor Andrew Ireland	\$30,646	\$3,710	\$34,356	\$272	\$0	\$0	7 April 2019 - 30 June 2020
Cr Nigel Hutton	\$79,521	\$9,687	\$89,207	\$1,200	\$3,138	\$77	1 July 2019 - 30 June 2020
Cr Jan Kelly	\$54,430	\$6,645	\$61,075	\$941	\$2,004	\$156	1 July 2019 - 8 April 2020
Cr Tom Wyatt	\$54,430	\$6,645	\$61,075	\$941	\$2,060	\$0	1 July 2019 - 8 April 2020
Cr Andrea Friend	\$15,751	\$1,922	\$17,673	\$263	\$0	\$0	9 April 2019 - 30 June 2020
Cr Tanya Lynch	\$15,751	\$1,922	\$17,673	\$263	\$0	\$0	9 April 2019 - 30 June 2020
Cr Glenda Mather	\$69,915	\$8,534	\$78,449	\$1,200	\$6,869	\$40	1 July 2019 - 30 June 2020
Cr Adam Belot	\$72,458	\$8,839	\$81,296	\$1,200	\$590	\$2,356	1 July 2019 - 30 June 2020
Cr Patrick Eastwood	\$69,915	\$8,534	\$78,449	\$1,200	\$1,961	\$1,453	1 July 2019 - 30 June 2020
TOTAL	\$563,743	\$68,658	\$632,402	\$8,409	\$16,621	\$25,672	

In accordance with section 249 of the *Local Government Regulation 2012*, Council must prepare and adopt by resolution an expenses reimbursement policy for elected representatives. Council adopted the Councillor Facilities and Expenses Policy at its ordinary meeting on 14 June 2016 and the Councillor Training and Conference Policy at its ordinary meeting on the 9 September 2014.

These Policy documents were formulated having regard to the nature and role of Councillors and community expectations of elected representatives. These Policy documents make arrangements for reimbursing the following costs reasonably incurred by Councillors in the discharge of their civic duties:

- » Conferences, seminars, training and professional development
- » Facilities including office accommodation, equipment, stationery and executive support
- » Safety equipment and uniforms
- » Home office expenses
- » Access to Council motor vehicles including fuels and tolls
- » Insurance cover legal costs

A copy of these Policy documents is available online at www.livingstone.qld.gov.au

Attendance at Council Meetings

Councillor	Ordinary Meetings	Special Meetings	Total
	1 July 2019 - 6 April 2019 (15 Held) 7 April 2020 - 30 June 2020 (4 Held)	1 July 2019 - 6 April 2019 (5 Held) 7 April 2020 - 30 June 2020 (2 Held)	
Mayor Bill Ludwig	15	5	20
Mayor Andrew Ireland	4	2	6
Deputy Mayor Nigel Hutton	15	5	20
Cr Nigel Hutton	4	1	5
Deputy Mayor Adam Belot	4	2	6
Cr Adam Belot	15	5	20
Cr Jan Kelly	13	5	18
Cr Tom Wyatt	14	4	18
Cr Glenda Mather	19	7	26
Cr Pat Eastwood	18	7	25
Cr Tanya Lynch	4	2	6
Cr Andrea Friend	4	2	6

Code of Conduct for Councillors

Council is committed to the ethical principles and obligations contained in the *Local Government Act 2009* and *Public Sector Ethics Act 1994*.

Orders made under section 150I(2) of the Act – (dealing with unsuitable meeting conduct)	1
Orders made under section 150AH(1) of the Act – (disciplinary action against a Councillor by local government)	0
Decisions, orders and recommendations made under section 150AR(1) of the Act – (decisions on misconduct by a Councillor determined by the tribunal)	0
Complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government – (complaint referred to Independent Assessor by another government entity)	0
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	0
Notices given under section 150R(2) of the Act - (complaint referred to independent assessor by local government official about inappropriate conduct or misconduct)	0
Notices given under section 150S(2)(a) of the Act – (inappropriate conduct 3 times in 1 year)	0
For the Period 1 July 2019 to 31 August 2019	
Decisions made under section 150W(a), (b) and (d) of the Act – (decision by Independent Assessor about conduct)	0
Applications heard by the tribunal about alleged misconduct of a Councillor	0
For the Period 1 September 2019 to 30 June 2019	
Decisions made under section 150W(a), (b) and (e) of the Act – (decision by Independent Assessor about conduct)	6
Applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act	0

Statutory Information

Senior Management Remuneration Packages

Under section 201 of the *Local Government Act 2009* Council is required to report the total number of remuneration packages that are payable to the senior management and the number of employees in senior management who are paid each band of remuneration (in increments of \$100,000). For the 2019-20 financial year, the total remuneration packages paid to Council's senior management amounts to \$1,759,475.

Number of Senior Management Staff	Band of Remuneration \$ per annum
2	100,000 - 200,000
1	200,000 - 300,000
2	300,000 - 400,000
1	400,000 - 500,000

Administrative Action Complaints

Council is committed to providing a high level of service in relation to complaint management by recognising the importance of receiving community feedback on its services as a valuable tool to identify avenues for continuous improvement.

When this feedback is in the form of a complaint about a decision or other action, Council is committed to managing all complaints, quickly and efficiently, ensuring the complaint management process is fair, objective, transparent and consistent, and facilitates the use of information obtained from the complaints management process to improve overall service.

As part of the complaint management process, Council has an Administrative Action Complaint Policy and Procedure in place to effectively manage complaints.

Stage 1 - Initial Complaint

Council will make every effort to resolve the complaint at the point of first contact however if this cannot be achieved the initial complaint will be investigated by a Council Officer. Once the investigation is complete the Complainant will be advised of the decision and any remedy action.

Stage 2 - Internal Review

If the Complainant is not satisfied with the outcome of Stage 1, they may request an internal review. This will include an independent review of the original investigation. At the conclusion of this investigation the Complainant will be advised of the decision and provided with a Statement of Reasons for the decision.

Stage 3 - External Review

If the Complainant is not satisfied with the outcome of Stage 2, they may lodge a complaint with the Queensland Ombudsman or use other external review processes through the courts where appropriate.

Changes to Administrative Action Complaint reporting 2019-20

Upon consultation and recommendation from the Queensland Ombudsman, Council has since adopted updated recording practices that capture complaints reviewed in relation to contested Penalty Infringement Notices. Previously these complaints were not recorded as Administrative Action Complaints. This change in the recording processes has resulted in a significant increase to the reporting statistics from previous years.

The table below provides key statistics in relation to administrative action complaints for the 2019-20 financial year.

Item	Number
Administrative action complaints made to the local government	196
Administrative action complaints resolved by the local government under the complaints management process (including complaints received in previous year)	188
Administrative action complaints not resolved by the local government under the complaints management process	10
Number of administrative action complaints that were made and not resolved in a previous financial year	2

As per the Administrative Action Complaint Procedure below is a summary of administrative action complaints received by complaint category.

Complaint Category	Percentage of complaints made to the local government
TIME: Dissatisfaction over time taken for Council to provide a service	12%
QUALITY: Dissatisfaction over the quality of service provided by Council	3%
PERSON: Dissatisfaction over the actions of a Council Officer	0%
SAFETY: Dissatisfaction over an issue related to safety or risk	1%
COMMUNICATION: Dissatisfaction over the communication (or lack thereof) of Council	8%
EXPECTATION: Dissatisfaction over expectation of the service of Council	7%
INFRINGEMENT: Dissatisfaction over a penalty infringement notice received	69%

Financial Assistance to Community Organisations

During the 2019-20 financial year, Council supported a number of community organisations by granting financial assistance. Under section 189 of the *Local Government Regulation 2012*, Council must provide a summary of such contributions. During 2019-20, Livingstone Shire Council provided financial assistance totalling \$109,070.

Community Grants Scheme

In 2019-20, the Livingstone Shire Community Grants Scheme, sponsored by Livingstone Shire Council (\$50,000), Inverness Yeppoon (\$10,000), and Keppel Bay Sailing Club (\$10,000) provided local not-for-profit community and sporting groups and opportunity for funding up to \$2,000 for initiatives which support the local community and build the capacity and resilience of the groups. A total of \$32,888 was awarded to 18 not-for-profit community and sporting groups across Livingstone Shire in Round One 2019-20.

Council resolved in December 2019 to not proceed with Round Two of the 2019-20 Livingstone Community Grants scheme and to redistribute equally amongst all Livingstone Shire Rural Fire Brigades the remaining grant budget allocation combined with the remaining funds from the Mayor's Discretionary Fund. This decision was in response to the Cobraball-Bungundarra Fire in December 2019 and in recognition of the work Rural Fire Services conducted across the shire at that time. Thirty six Rural Fire Brigades across Livingstone received \$1,190 each.

Applicant	Initiative Description	Amount \$
Mount Chalmers Community History Centre Inc.	Purchase of seating and shade cover	1,878
Emu Park Historical Museum Society Inc.	Purchase of computing equipment	1,931
Cawarral Cricket Club Inc.	Extension and update of cricket pitch	2,000
Jack's Paddock Inc.	Installation of path and children's play space	1,532
Keppel Coast Girl Guides	Provision of lifesaving training, first aid training Purchase of slacklining equipment and printer cover	1,996
Capricorn Coast Parkana Cricket Club Inc.	Reparation of cricket training pitches	2,000
Coowoonga State School P&C	Purchase of BBQ and mobile food-safety workbench	2,000
Yeppoon Gymnastics & Movement Centre Inc.	Purchase of high bar for men's artistic gymnastics	2,000
Yeppoon Men's Shed	Purchase of television, wall bracket, computer, printer and DVD player	1,559
Capricorn Coast Mallet Sports Club Inc.	Purchase and installation of drinking water fountain	1,766
Yeppoon Surf Lifesaving Club	Purchase of double surf ski	2,000
Sacred Heart Primary School P&F Committee	Purchase of kiln	2,000
Playgroup Queensland - Keppel Kids Playgroup	Purchase of equipment and toys	1,994
Cockscomb Veteran's Bush Retreat Inc.	Purchase and installation of concrete footings to support donga accomodation	2,000
Yeppoon Sharks Swimming Club	Purchase of freezer, BBQ, tables, chairs and trolley	1,501
Emu Park Art Gallery	Purchase of three pottery wheels	1,889
Cawarral Primary P&C Association	Purchase of table and chairs setting	2,000
Kooyalee Girl Guides Campsite	Purchase of junior and adult life jackets	832
TOTAL		\$32,888

Mayor's Discretionary Fund

Date	Organisation/Individual	Purpose of Donation	Amount \$
4 July 2019	Cockscomb Veterans Bush Retreat	Financial Assistance for the 2019 Central Queensland Veteran's Day	500
5 August 2019	Emu Park Veterans Golf Club	Financial Assistance for the 2019 Golf Championship	500
25 August 2019	Yeppoon State High School P&C	Financial Assistance for Night of Excellence Annual Academic and Achievement Awards	200
2 October 2019*	Yeppoon Seagulls Rugby League	Financial Assistance for Sewer Connection & Special Sewer Arrangement	1,900
15 October 2019	St Brendan's College P&F Association	Financial Assistance for Award - Annual Academic Awards Night	100
8 November 2019	Capricornia Catchments	Financial Assistance for Travel to State Landcare Awards	400
13 November 2019	Yeppoon Choral Society	Financial Assistance for Local Production - 'Pirates of Penzance'.	500
22 November 2019	Paul Mitchell	Financial Assistance for Women's Domestic Violence Shelter - Christmas Food and Gifts	500
23 December 2019	Emu Park & District Men's Activity Shed Inc.	Rebate of Annual Lease Fee	300
23 December 2019	Aussie Cheer & Dance	Financial Assistance for Registration Fees - American Cheer Competition	300

23 December 2019	Roseberry QLD	Financial Assistance for Installation of Air Conditioner at Boat Shed, Emu Park	500
24 December 2019	Woodbury Rural Fire Brigade	Donation made as per Council Resolution to distribute remaining funds from Livingstone Community Grants and Mayor's Discretionary Fund to Rural Fire Brigades throughout the Shire.	1,190
24 December 2019	Maryvale Rural Fire Brigade	Donation made as per Council Resolution to distribute remaining funds from Livingstone Community Grants and Mayor's Discretionary Fund to Rural Fire Brigades throughout the Shire.	1,190
24 December 2019	Cooberie Park Rural Fire Brigade	Donation made as per Council Resolution to distribute remaining funds from Livingstone Community Grants and Mayor's Discretionary Fund to Rural Fire Brigades throughout the Shire.	1,190
24 December 2019	Bungundarra Rural Fire Brigade	Donation made as per Council Resolution to distribute remaining funds from Livingstone Community Grants and Mayor's Discretionary Fund to Rural Fire Brigades throughout the Shire.	1,190
24 December 2019	Adelaide Park Rural Fire Brigade	Donation made as per Council Resolution to distribute remaining funds from Livingstone Community Grants and Mayor's Discretionary Fund to Rural Fire Brigades throughout the Shire.	1,190
Total Donated as of 31 January 2020			\$11,650

*Approved in 2018-19 financial year.

Regional Arts Development Fund (RADF)

In 2019-20 a partnership between Livingstone Shire Council (\$30,000) and Queensland State Government (\$35,000) resulted in \$64,532 in funding being awarded to twelve (12) individuals and community groups to support arts and cultural activities within Livingstone Shire Council.

Community Group/Individual Professional Development	Amount \$
Julie Barratt (IPD)	2,000
Kim Payne	8,310
Yeppoon Little Theatre Group Inc	1,955
Keppel Coast Blues & Music Club	3,400
Keppel Coast Arts	4,980
Capricorn Village Festival	4,365
Jack's Paddock	900
Devine Drama & Dance	5,374
Capricorn Film Festival	3,900
Lock & Hock Productions	2,370
Ms Vilma Laucyte	8,030
Keppel Coast Arts	18,948
TOTAL	\$64,532.00

Concessions, Special Rates and Charges

Rebates and Remissions are provided to approved Government Pensioners, Not-For-Profit/Charitable Organisations, and land holders with approved Nature Refuge Agreements under the Rates, Rebates and Remissions Policy. Further concessions are provided to water consumers under the Concealed Leak Refund Policy and Water Consumption Charge Refund – Health Related Uses Policy. Full details of these rebates and concessions are available on Council's website at www.livingstone.qld.gov.au/concessions-charges

Tenders

Under section 228(4) or (6)(b) 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. Within the 2019 -20 financial year there were no invitations to change tenders under section 228(7) of the *Local Government Regulation 2012*.

Registers kept by Council

Section 190(1)(f) of the *Local Government Regulation 2012*, requires a local government to provide a list of registers maintained by Council in its annual report, details of which are provided as follows:

- Register of Complaints about the Conduct or Performance of Employees
- Register of Complaints about the Conduct or Performance of Councillors
- Register of Contact with Lobbyists
- Register of Interests of Councillors and person related to a Councillor
- Register of Interests of Senior Executive Employees and persons related to a Senior Executive Employee
- Register of Interests of Chief Executive Officer and persons related to Chief Executive Officer
- Council Fees and Charges (Cost-Recovery Fees) Register
- Register of Pre-Qualified Suppliers
- Contracts Register
- Register of Delegations
- Gift Register
- Hazardous Substances Register
- Asbestos Register
- Register of Administrative Action Complaints Received
- Cat and Dog Register
- Register of Impounded Animals
- Local Law Register
- Register of Thermostatic Mixing Valves
- Register of Development Applications
- Register of Subdivisions Approved under the repealed Local Government (Planning and Environment) Act 1990
- Adopted Infrastructure Charges Register
- Register of Testable Backflow Prevention Devices
- Register of Installed On-site Sewerage and Grey Water Use Facilities
- Register of Master Plan Applications
- Register of Resolutions about Land Liable to Flooding made under the Building Act
- Cemetery Register
- Asset Register
- Register of Roads and Road Maps
- Register of Corrupt Conduct not notified to the Crime and Corruption Commission (S40A)
- Enterprise Risk Management Register

Legislative Requirements Not Applicable

The following list provides legislative requirements of a local government annual report in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012* that do not apply to Livingstone Shire Council for the 2019-20 financial year:

- » Identifying beneficial enterprises (section 41 of the Local Government Act 2009);
- » Identifying significant business activities (section 45 of the Local Government Act 2009);
- » Other contents (section 190 of the Local Government Regulation 2012)
 - (1)(c) An annual operations report for each commercial business unit
 - (1)(d) Details of any action taken for, and expenditure on, a service, facility or activity -
 - (i) Supplied by another local government under an agreement for conducting a joint government activity;
 - (ii) For which the local government levied special rates or charges for the financial year;
 - (1)(i) A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;
 - (1)(j) The local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3); and
 - (2) An annual operations report.

Workplace Health and Safety

The safety and wellbeing of our workers is a key focus in the way Livingstone Shire Council conducts its business by reviewing the key performance indicators of leadership to achieve the desired outcome in meeting our objectives and targets related to safety performance. Risk management is therefore critical in reducing harm across Council and is achieved by implementing an effective Risk Management program, which includes reviewing safety documentation in relation to workplace risks and the controls required to ensure a safe workplace. Council is also committed to managing workplace related injuries through a proactive rehabilitation and return to work program for the injured persons and has implemented a number of programs to educate workers on the importance of their health and wellbeing.

Overseas Travel

No overseas travel was made during this financial year by Councillors or officers.



Community Financial Report

For the Year Ended 30 June 2020

Interpreting formally presented financial statements prepared in accordance with relevant accounting standards can often be a difficult process for all stakeholders, especially those with limited or no financial knowledge. The aim of the Community Financial Report is to assist readers to evaluate Council's financial performance and financial position without the need to interpret the financial statements. In this way the financial operations of Council can be clearly understood by members of our community and other interested stakeholders.

Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as roadworks, street lighting, stormwater drainage, water supply, sewerage and garbage collection and disposal. Therefore ratepayers need to be satisfied that funds are being used wisely for the benefit of the community, now and for the benefit of future generations.

Council's General Purpose Financial Statements are a record of our financial performance for the year ended 30 June 2020 and are subject to an independent audit process to verify the accuracy of the reports, as well as the systems Council has in place to record financial transactions. The three primary reports are the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows.

During the later stages of the 2019-20 financial year, Council and the local community needed to respond to the COVID-19 pandemic. In accordance with requirements issued by the Australian and Queensland governments, Council closed some facilities including the Community Centre, Council libraries and the Yeppoon Lagoon amongst other changes to the standard operating hours of some other Council facilities. The Yeppoon carwash facility and regulated parking facilities were closed during the 2019-20, the closure of both resulting in revenue being forgone. The overall impact on Council's financial performance and position as a direct result of responding to the COVID-19 pandemic was immaterial in the 2019-20 financial year.

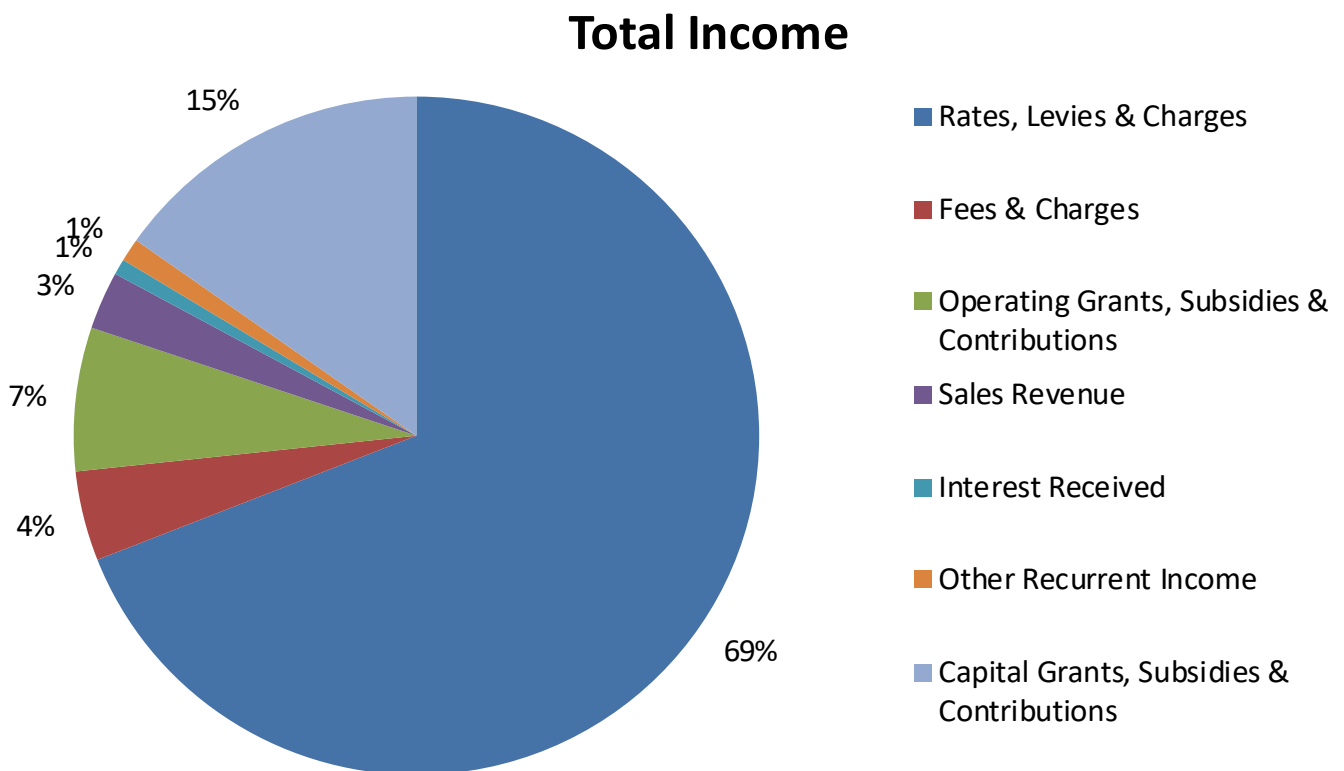


Statement of Comprehensive Income

The Statement of Comprehensive Income details total income and total expenses, and the net result attributable to Council as a result of Council's activities for the financial year.

Sources of Income - Where our money comes from...

The majority of Council's income comes from rates, levies & charges, fees & charges, interest, sales revenue, grants, subsidies & contributions. To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue. Council also charges fees to developers and receives funding in the form of grants and subsidies from other levels of government and in some cases the private sector, to help construct and maintain our extensive infrastructure. A total of approximately \$109.8 million was recognised as income during the financial year.

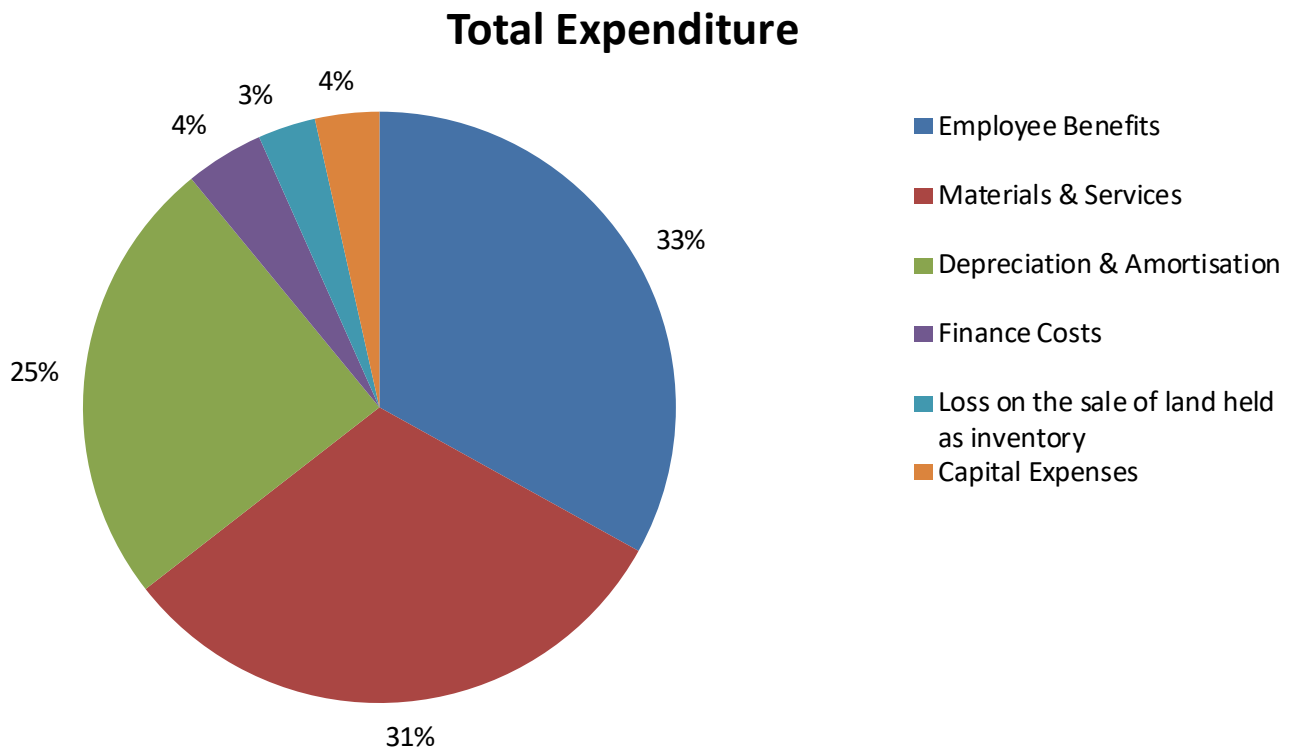


Expenses - Where our money is spent...

The three largest items of Council's expenditure are employee benefits, materials & services and depreciation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year and are then constantly monitored throughout the year as part of a quarterly budget review process to ensure that funds are utilised efficiently. Council requires a diversified workforce to provide the many and varied services to our community. Council also needs to plan and monitor the future of the shire in respect to developments, so that our existing lifestyle is maintained and improved.

Council spends considerable funds on materials and services to operate effectively. In accordance with Council's procurement policy, some preference is given to local businesses when work needs to be tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense to keep our money circulating in the region for the benefit of all who live here.

Depreciation is a way of allocating the cost of an asset over the assets' estimated useful life. Through the accurate calculation and allocation of depreciation, Council is confident that it will have the necessary funds to renew existing assets.



Total Comprehensive Income for the Year

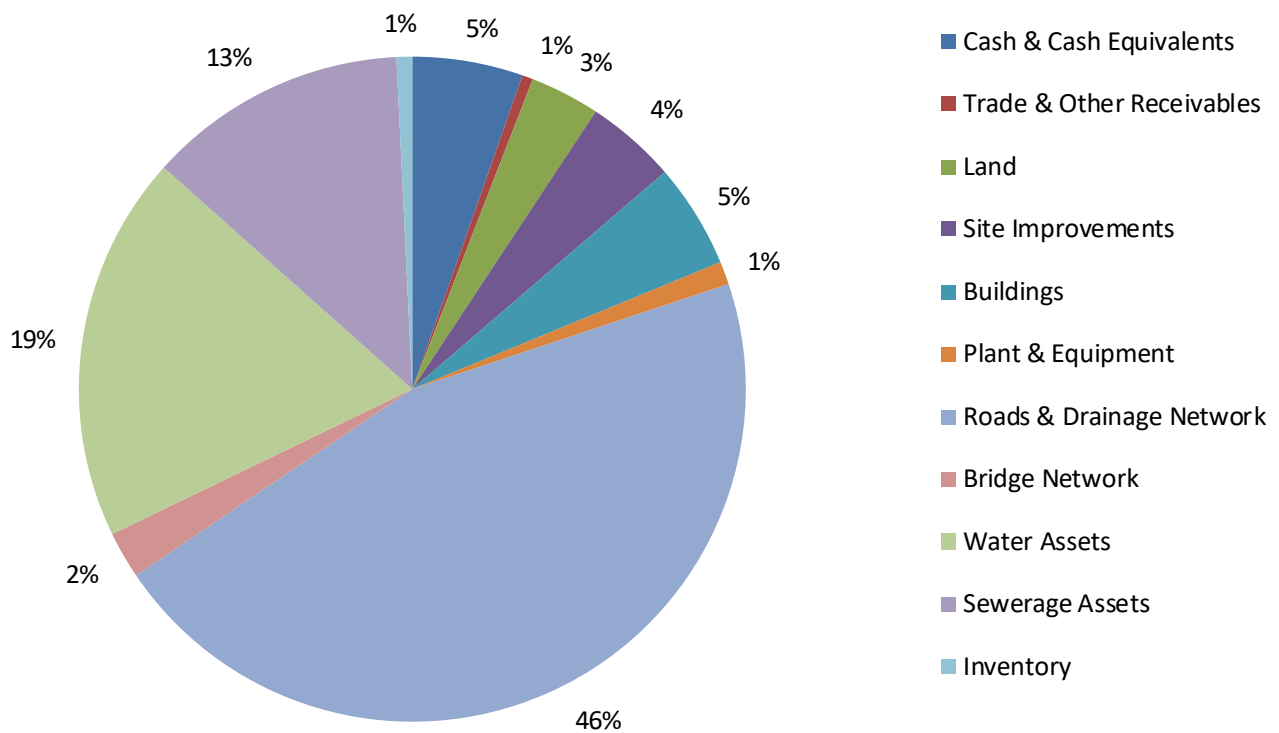
Total comprehensive income for the year was approximately \$26.2 million, which is the difference between total income and total expenses and measures the change in Council's net community assets. Total comprehensive income also includes capital revenue. Capital revenue for the financial year totalled approximately \$16.7 million. Capital revenue fluctuates each reporting year and is dependent largely on the monetary value attributed to assets contributed by developers and government grants received as funding for capital works projects.

Statement of Financial Position

The Statement of Financial Position lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

What do we own?

Council controls a board range of current and non-current assets of which approximately 93% is attributed to property, plant & equipment assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained over the long-term.



Total assets are approximately \$1.06 billion as at 30 June 2020.

Capital Works

Capital works undertaken for the year totalled approximately \$25 million. These capital works were funded from different sources including grants & subsidies, loans and cash holdings.

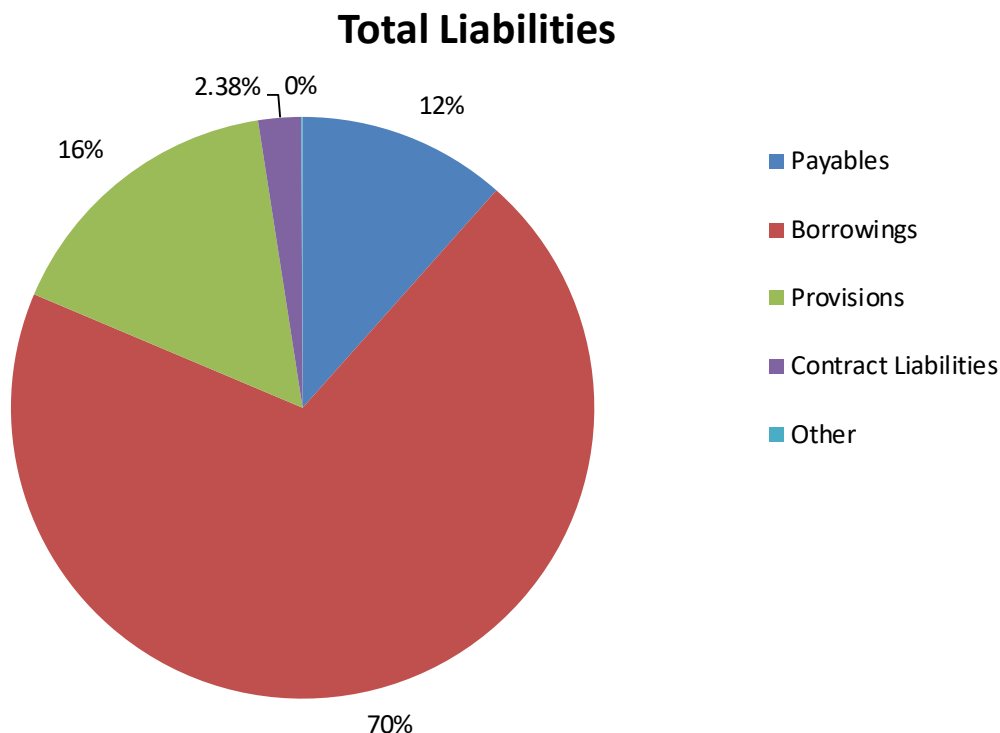
Significant Projects Undertaken in 2019-20 were:

- » Finalisation of works on the Yeppeon Sewage Treatment Plan Augmentation
- » Continuation of works on the Emu Park Village and Foreshore Revitalisation
- » Progression on a number of major roadworks projects including:
 - » Matthew Flinders Drive
 - » Greenlake Road
 - » Adelaide Park Road

What do we owe?

Council's borrowings at the 30 June 2020 totalled approximately \$75.5 million. The level of Council's long-term debt is regularly reviewed as a component of the long-term financial forecast.

Interest expense on all loans, totalled 4.1% of total operating income.



Total liabilities were approximately \$108.2 million at 30 June 2020 of which approximately 70% are borrowings with the Queensland Treasury Corporation, which are used to pay for Council's capital works.

Financial Sustainability Ratios

An important indication in determining the financial health of Council is to calculate and review financial indicators or financial ratios. These ratios further assist in understanding the financial performance and position of Council relative to predetermined local government sector benchmarks, without reading through all of the details contained within the General Purpose Financial Statements.

Three core ratios are the sustainability ratios. The calculation of each of these ratios is independently audited each financial year. Each ratio is listed below with a forecast of how each ratio changes over the longer term as adopted in Council's Long Term Financial Forecast.

Council's Long Term Financial Forecast has been developed and adopted by Council and shows a continued high level of investment into assets. Council has budgeted for a small operational surplus of approximately \$341,000 for the 2020-21 financial year. The long-term financial forecast outlines that Council anticipates achieving an operational budget surplus through all forecast years to the conclusion of the forecast period in the 2029-30 financial year. Council anticipates that the net financial liabilities ratio to be within the target range in all future financial years in the 10-year forecast period.

Whilst the Asset Sustainability Ratio does not achieve the target of 90% in all except one of the forecast financial years, this result is a reflection that in accordance with Council's asset management plans a majority of Council's property, plant and equipment assets are not forecast to require renewal during the 10-year forecast period.

Relevant Measures of Financial Sustainability

		FORECAST										
	Target	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027	30/06/2028	30/06/2029	30/06/2030
1 Operating Surplus Ratio												
Net Result (excluding capital items) / Total Operating Revenue (excluding capital items) (%)	Between 0% and 10%	(0.2)%	0.4%	2.9%	3.3%	2.4%	3.4%	5.4%	7.9%	6.9%	7.6%	10.0%

This ratio indicates the relationship between Councils operational result and total operating income, expressed as a percentage. It is an indication of Councils ability to fund its day-to-day operations. A targeted result of up to 10% means that surplus income is available after Council has paid for the cost of delivering all services to the community. Councils result of (0.2%) indicates that Council had a small operational deficit for the 2019-20 financial year. Council's long-term financial forecast indicates that Council anticipates achieving an operational budget surplus through all future forecast years.

2 Asset Sustainability Ratio												
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense) (%)	Greater than 90%	51.9%	70.2%	118.4%	59.3%	49.0%	47.9%	81.7%	71.2%	65.9%	50.8%	47.4%

This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council has asset management plans to develop strong, long-term plans for the management of its substantial asset base. Despite this ratio being less than the target of 90% in the vast majority of the forecast years, this is a reflection that in accordance with Council's asset management plans, a majority of Council's property, plant and equipment assets are not forecast to require renewal during the 10 year forecast period.

3 Net Financial Liabilities Ratio												
(Total Liabilities - Current Assets) / Total Operating Revenue (excluding capital items) (%)	Not Greater than 60%	42.7%	40.8%	38.0%	27.3%	19.7%	18.5%	17.2%	9.6%	2.1%	(8.8)%	(20.1)%

This ratio indicates the extent to which Councils debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has the capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Councils long-term financial strategy indicates that Council is within the target range over all financial years in the 10 year forecast period.

Statement of Changes in Equity

This statement demonstrates the movements between the differing elements of equity, which is the net wealth of the Community.

What are we worth?

Community equity is equal to total assets less total liabilities and at 30 June 2020 is approximately \$953 million. Over the long-term Council's adopted long term financial forecast outlines that Council is holding adequate reserves of cash, has substantial equity in its assets and is substantially reducing total debt over the course of the next 10 years through to the conclusion of the forecast period in the 2029-30 financial year.

The healthy financial position of Council combined with sound budgeting practices and forward planning, provides capacity for Council to meet its objectives as well as provide a degree of flexibility if strategic directions change.

Statement of Cash Flows

The Statement of Cash Flows reports the cash flows in and out of Council for the financial year. This statement is useful in assisting readers to assess Council's sources and uses of cash whilst indicating that Council has the capacity to meet all of its financial commitments as and when they fall due. Cash flows are classified into operating, investing and financing activities. In regards to financing activities, Council did not need to borrow any funds to pay for capital works undertaken in 2019-20.

Council pools and invests ratepayer's funds throughout the year in low-risk short to medium term investments in accordance with Council's investment policy. The net movement in cash for the 2019-20 financial year was an increase of approximately \$16.4 million.

Looking to the Future

Council is well placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the shire. Council has adopted a Community Plan and Corporate Plan during the 2019-20 financial year. Both of these plans are important forward planning documents to enable the effective and efficient delivery of services to the community. Council will continue to build on its management of infrastructure assets. This will permit more informed decisions about the renewal and replacement of assets and associated funding.

Council also aims to continue to maintain its strong financial base through the prudent use of rates collected, grants and subsidies, developer's contributions, borrowings and the use of cash reserves. Ongoing cash flow planning, adhering to sound budgeting principles, the implementation of Council's long term Asset Management Plans, quarterly budget reviews and long term financial planning will assist Council in achieving its strategic objectives.

Livingstone Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements
for the year ended 30 June 2020

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Livingstone Shire Council

General Purpose Financial Statements for the year ended 30 June 2020

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General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

Each year, individual local governments across Queensland are required to present a set of audited financial statements to their Council and community.

What you will find in the financial statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

The format of the financial statements complies with both the accounting and reporting requirements of the Australian Accounting Standards.

About the management certificate

The financial statements must be certified by both the Mayor and the Chief Executive Officer as presenting a true and fair view Council's financial results for the year and are required to be adopted by Council; ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate four "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income and expenses. The other comprehensive income records items such as changes in the fair values of Council's property, plant & equipment and financial instruments.

2. A Statement of Financial Position

A 30 June snapshot of Council's financial position including its assets and liabilities.

3. A Statement of Changes in Equity

The overall change for the year of Council's net community assets.

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

About the notes to the financial statements

The notes to the financial statements provide greater detail and additional information on the four primary financial statements.

About the auditor's reports

Council's financial statements are required to be audited by the Queensland Audit Office. The audit of many Queensland councils is contracted to audit firms that specialise in local government.

The auditor provides an audit report which gives an opinion on whether the financial statements present fairly the Council's financial performance and position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting after the date of the Audit Report.

Livingstone Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 \$'000	Restated 2019 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	75,821	73,571
Fees and charges	3b	4,695	3,594
Sales revenue	3c	3,031	2,940
Grants, subsidies and contributions	3d	7,517	6,115
Profit on sale of land held for sale		-	37
Total recurrent revenue		91,064	86,257
Capital revenue			
Grants, subsidies and contributions *	3d	15,013	25,490
Total capital revenue *		15,013	25,490
Other income			
Interest and investment revenue	4a	826	1,223
Other income	4b	1,207	1,132
Other capital income *	5	1,713	3,119
Total other income *		3,746	5,474
Total income *		109,823	117,221
Expenses			
Recurrent expenses			
Employee benefits	6	31,972	30,470
Materials and services	7	30,347	26,821
Finance costs	8	4,145	4,490
Depreciation and amortisation		23,778	21,949
Loss on sale of land held as inventory	9	3,048	-
Total recurrent expenses		93,290	83,730
Capital expenses *	10	3,382	4,696
Total expenses *		96,672	88,426
Net result attributable to Council *		13,151	28,795
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		13,062	69
Total comprehensive income for the year *		26,213	28,864

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Livingstone Shire Council

Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$'000	Restated 2019 \$'000
ASSETS			
Current assets			
Cash, cash equivalents and investments	11	56,152	39,758
Trade and other receivables	12	5,495	5,288
Inventories	13	4,134	15,209
Contract assets	16	66	-
Other assets	14	2,594	4,080
Total current assets		68,441	64,335
Non-current assets			
Inventories	13	3,812	3,812
Property, plant and equipment *	15	988,894	974,177
Intangible assets		258	291
Total non-current assets *		992,964	978,280
TOTAL ASSETS		1,061,405	1,042,615
LIABILITIES			
Current liabilities			
Trade and other payables	17	12,505	10,452
Contract liabilities	16	2,571	-
Borrowings	18	5,410	5,160
Provisions	19	7,520	7,323
Other liabilities	20	78	1,080
Total current liabilities		28,084	24,015
Non-current liabilities			
Borrowings	18	70,110	75,370
Provisions	19	9,974	10,648
Other liabilities	20	-	351
Total non-current liabilities		80,084	86,369
TOTAL LIABILITIES		108,168	110,384
NET COMMUNITY ASSETS *		953,237	932,231
COMMUNITY EQUITY			
Asset revaluation surplus	21	32,171	19,109
Retained surplus *		921,066	913,122
TOTAL COMMUNITY EQUITY *		953,237	932,231

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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Livingstone Shire Council

Statement of Changes in Equity for the year ended 30 June 2020

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2019		19,109	913,122	932,231
Adjustment on initial application of AASB 15 / AASB 1058	28	-	(5,207)	(5,207)
Restated balance as at 1 July 2019		19,109	907,915	927,024
Net result attributable to Council		-	13,151	13,151
Other comprehensive income				
Increase in asset revaluation surplus	15	13,062	-	13,062
Total comprehensive income for the year		13,062	13,151	26,213
Balance as at 30 June 2020		32,171	921,066	953,237

		Asset Revaluation Surplus \$'000	Retained Surplus (Restated) \$'000	Total Equity (Restated) \$'000
Balance as at 1 July 2018		19,040	884,327	903,367
Net result attributable to Council *		-	28,795	28,795
Other comprehensive income				
Increase in asset revaluation surplus		69	-	69
Total comprehensive income for the year *		69	28,795	28,864
Balance as at 30 June 2019 *		19,109	913,122	932,231

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Livingstone Shire Council

Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		90,050	86,971
Payments to suppliers and employees		(70,705)	(62,889)
		19,345	24,082
Interest received		779	1,223
Non capital grants and contributions		7,877	6,161
Proceeds from the sale of land held as inventory		8,808	230
Borrowing costs		(3,977)	(4,264)
Payments for land held as inventory		-	(2,254)
Net cash inflow from operating activities	26	32,832	25,178
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		897	504
Grants, subsidies, infrastructure charges and donations		10,785	16,110
Other cash flows from investing activities		123	837
Payments for property, plant and equipment		(23,233)	(41,317)
Net cash outflow from investing activities		(11,428)	(23,866)
Cash flows from financing activities			
Repayment of borrowings	18	(5,010)	(4,751)
Net cash outflow from financing activities		(5,010)	(4,751)
Net increase (decrease) in cash and cash equivalents held		16,394	(3,439)
Cash and cash equivalents - at the beginning of the financial year		39,758	43,197
Cash and cash equivalents - at the end of the financial year	11	56,152	39,758

*The above statement should be read in conjunction with the accompanying notes and significant accounting policies.
The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.*

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Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Significant Accounting Policies

1.1 Basis of preparation

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

1.2 New and revised accounting standards adopted during the year

Livingstone Shire Council adopted all standards, which became mandatorily effective for the annual reporting period beginning on 1 July 2019. The new accounting standards that had a material impact on the reported position, performance and cash flows of Council related to revenue recognition. Further details on the implementation of the new revenue standards, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of NFP Entities is disclosed in Note 28.

AASB 16 Leases was adopted but the impact on Council's financial position, performance and cash flows was not material.

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. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards and Interpretations that were issued that could be applicable to Councils, but not yet effective at the time of compiling these illustrative statements.

Effective for NFP (Not for Profit) annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Effective for NFP annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts

1.4 Estimates and judgements

Councils make 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:

- Revenue - Note 3
- Valuation and depreciation of Property, Plant and Equipment - Note 15
- Provisions - Note 19
- Contingent Liabilities - Note 24
- Financial instruments - Note 30

1.5 Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero. Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new accounting standard.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

1.6 Volunteer Services

Voluntary services have been engaged by Council during the reporting period but are of an immaterial value. Council management have indicated that voluntary services would not be purchased if they had not been donated.

1.7 Taxation

Council is exempt from income tax; however, Council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The net amount of GST recoverable from the Australian Taxation Office is disclosed as a current asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(a) Council functions - component descriptions

Details relating to the Council's functions/activities as reported in Note 2(b) are as follows:

Council has determined the functions and activities based on service delivery. The streams of the organisational structure are: Office of the Chief Executive Officer, Infrastructure Services and Liveability and Wellbeing Portfolios. The significant activities of Waste Services, Water & Sewerage Services and Central Funds are reported separately as management considers that such disclosures are meaningful to users of Council's financial reports.

OFFICE OF THE CHIEF EXECUTIVE OFFICER

The Office of the Chief Executive Officer provides for the executive management of Livingstone Shire Council and includes the offices of the Mayor, Councillors, Chief Executive Officer, Internal Audit and the enabling business units of Finance & Business Excellence, Information Technology and People & Culture. The three enabling units provide the organisation with a high level of support for their operations to facilitate the provision of accurate, timely and appropriate information to support sound decision making.

INFRASTRUCTURE SERVICES

The goal of Infrastructure Services is to ensure that the community is serviced by high quality and effective road, drainage and bridge networks. This includes Council's road construction and maintenance activities, engineering, planning and design activities, asset management and fleet & facility management activities. This function also has responsibility for Council's depot operations and recoverable works.

LIVEABILITY AND WELLBEING

The goal of Liveability and Wellbeing is to ensure that Livingstone Shire is a healthy, vibrant, contemporary and connected community by providing well managed and maintained community facilities, managing Council's parks and open spaces and ensuring delivery of cultural, health, welfare, environmental and recreational services. The portfolio is also responsible for the facilitation of the shire's growth and prosperity through well planned and quality development, and to ensure that Livingstone Shire is well designed, efficient and facilitates growth while preserving the character and natural environment of the shire. Responsibilities pertain to Council's town planning activities including development assessment, development compliance and strategic planning, local laws, libraries, community partnerships, natural resource management activities and disaster management. Additional responsibilities include strategic growth and economic development initiatives, socio-economic development programs and activities, tourism destination development, innovative placemaking and urban design initiatives.

WASTE SERVICES

The goal of this function is to support our community and natural environment by sustainably managing refuse. This includes waste collection and disposal, recycling collection and management of Council's landfill facilities.

WATER & SEWERAGE SERVICES

The goal of this function is to support a healthy and safe community through managing sustainable water and sewerage services. Council's water and sewerage business activity is responsible for the provision of water and sewerage services to the residents of Livingstone Shire including operation of water treatment plants, reservoirs, water distribution network, water quality control, sewerage treatment plants, trunk sewers, sewerage pump stations and sewerage mains & services.

CENTRAL FUNDS

This activity provides for a range of central support functions. This includes recognition and allocation of general rates and grant revenue, interest revenue, and expenses not allocated to Council's other functions listed above.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 2(b) Analysis of results by function

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants	Other				
	\$'000	\$'000				
2020						
Office of the Chief Executive Officer	113	117	230	(12,345)	\$'000	\$'000
Infrastructure Services	6,263	10,115	16,378	(30,722)	(12,115)	664
Liveability and Wellbeing	4,504	2,741	7,245	(17,465)	(14,344)	611,178
Waste Services	89	7,957	8,046	(6,664)	(10,220)	7,174
Water and Sewerage Services	133	29,397	29,530	(25,210)	1,382	8,213
Central Funds	4,090	44,304	48,394	(4,266)	4,320	336,500
Total	15,192	94,631	109,823	(96,672)	13,151	1,061,405
Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants	Other				
	\$'000	\$'000				
2019 *						
Office of the Chief Executive Officer	45	262	307	(11,007)	(10,700)	815
Infrastructure Services *	12,629	15,600	28,229	(29,601)	(1,372)	613,802
Liveability and Wellbeing	4,099	3,398	7,497	(16,998)	(9,501)	11,403
Waste Services	10	7,091	7,101	(6,160)	941	9,487
Water and Sewerage Services *	-	27,593	27,593	(24,023)	3,570	315,059
Central Funds	4,082	42,412	46,494	(637)	45,857	92,049
Total *	20,865	96,356	117,221	(88,426)	28,795	1,042,615

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue

		AASB 15 2020 \$'000	AASB 1058 2020 \$'000
	Notes		
<p>During the later stages of the 2019-20 financial year, Council's response to the COVID-19 pandemic included closing some revenue generating facilities including the Yeppoon car wash and regulated parking facilities. The revenue which was forgone as a result of closing these facilities is immaterial. Other facilities including the community centre, Council libraries and the Yeppoon foreshore lagoon were also closed to comply with the requirements issued by the Queensland State Government. There were no other material financial impacts to Council from COVID-19.</p>			
<p>Revenue recognised at a point in time</p>			
Rates, levies and charges (excluding those related to services)	3a	-	75,821
Fees and charges (excluding infringements)	3b	4,224	-
Infringements	3b	-	89
Sales revenue	3c	3,031	-
Grants, subsidies and contributions	3d	-	4,087
		<u>7,255</u>	<u>79,997</u>
<p>Revenue recognised over time</p>			
Fees and charges (excluding infringements)	3b	382	-
Grants, subsidies and contributions	3d	-	3,430
		<u>382</u>	<u>3,430</u>
Total revenue		<u>7,637</u>	<u>83,427</u>

(a) Rates, levies and charges

2020 Accounting Policy

Rates and annual charges are recognised as revenue when 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

Revenue for rates, levies and utility charges is recognised upon issue of the levies within the respective rating period, or where earlier, upon receipt of the rates and utility charges.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

	2020	2019
	\$'000	\$'000
Garbage charges	6,878	6,601
General rates	33,962	32,936
Separate rates	11,366	11,038
Sewerage charges	11,022	10,744
Special rates	382	380
Water access charges	10,271	10,082
Water consumption charges	8,474	7,948
Total rates and utility charge revenue	82,355	79,729
Less: discounts	(5,639)	(5,348)
Less: pensioner remissions	(895)	(810)
TOTAL NET RATES, LEVIES AND CHARGES	75,821	73,571

(b) 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 customer. Generally payments terms are within 30 days of the provision of the service or in the case of Council's caravan park operations the customer pays on arrival. There is no material obligation for Council in relation to refunds.

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

2019 Accounting Policy

Fees and charges are recognised when Council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications/document, issuing of the infringement notice or when the service is provided.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

	2020	2019
	\$'000	\$'000
Building, plumbing and development fees	1,672	1,247
Infringements	89	116
Irrigation and commercial water fees	559	398
Local laws and health licencing fees	360	386
Venues, events, tourism, and cultural fees	163	178
Waste fees	1,470	918
Other fees and charges	382	351
<u>TOTAL FEES AND CHARGES</u>	<u>4,695</u>	<u>3,594</u>

(c) Sales revenue

The amount recognised as revenue from contract works during the financial year is the amount received or receivable in respect of the contract work services rendered and invoices issued during the period. The contract work carried out is not subject to retentions.

<u>TOTAL SALES REVENUE</u>	<u>3,031</u>	<u>2,940</u>
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(d) Grants, subsidies and contributions

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 individual agreements. Payment terms vary depending on the terms of the grants in that cash, is received upfront for some grants and/or 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 assets 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 the income is recognised for any remaining asset value at the time that the asset is received.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

	2020	Restated
	\$'000	2019
		\$'000
Capital grants		
<p>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.</p>		
2019 Accounting Policy		
<p>Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them, which is usually upon receipt of the funds. Capital revenue includes grants and subsidies received. It also includes cash and non-cash contributions for the replacement or upgrade of existing non-current assets, which are usually infrastructure contributions or assets received from developers.</p>		
(a) Operating		
Contributions	45	57
General purpose grants	4,087	4,082
Government subsidies and grants	3,385	1,976
<u>TOTAL OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>7,517</u>	<u>6,115</u>
(b) Capital		
Assets contributed at fair value *	4,881	9,380
Government subsidies and grants	7,720	14,807
Infrastructure contributions	2,412	1,303
<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS *</u>	<u>15,013</u>	<u>25,490</u>

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 4. Interest and other income

	Notes	2020 \$'000	Restated 2019 \$'000
(a) Interest and investment revenue			
Interest received from term deposits is accrued over the term of the investment.			
Interest received from investments		671	1,063
Interest received from overdue rates and utility charges		155	160
<u>TOTAL INTEREST AND INVESTMENT INCOME</u>		<u>826</u>	<u>1,223</u>

(b) Other income

Car wash income		181	189
Commission and collection fees		65	65
Insurance recoveries		65	25
Payroll recoveries		19	13
Property related recoveries		33	180
Rental / lease income		498	360
Other operating income		346	300
<u>TOTAL OTHER INCOME</u>		<u>1,207</u>	<u>1,132</u>

Note 5. Capital income

(a) Gain on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		897	-
Less: book value of property, plant and equipment disposed	15	<u>(829)</u>	<u>-</u>
		68	-

(b) Provision for restoration of quarries

Change in discount rate		28	20
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(c) Other capital income

Gain from assets not previously recognised *		-	2,262
Revaluation increment of land reversing previous revaluation decrement **		1,494	-
Other capital income		123	837
		<u>1,617</u>	<u>3,099</u>
<u>TOTAL CAPITAL INCOME *</u>		<u>1,713</u>	<u>3,119</u>

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

** This represents a reversal of the 2017-18 financial year revaluation decrement in relation to Council's land asset class as a result of the indexation applied to the land assets in the current year.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 6. Employee benefits

	Notes	2020 \$'000	2019 \$'000
Total staff wages and salaries		29,963	28,479
Annual, sick and long service leave entitlements		608	591
Superannuation	25	3,308	3,273
Councillors' remuneration		683	709
		<u>34,562</u>	<u>33,052</u>
Other employee related expenses		1,100	1,177
		<u>35,662</u>	<u>34,229</u>
Less: capitalised employee expenses		(3,690)	(3,759)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>31,972</u></u>	<u><u>30,470</u></u>

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

	No.	No.
Total full-time equivalent Council employees at the reporting date:		
Administration staff	235	219
Depot and outdoors staff	126	126
Elected members	7	7
Total full time equivalent employees	<u>368</u>	<u>352</u>

Note 7. Materials and services

Administration supplies and consumables	477	530
Advertising and marketing	184	224
Audit of annual financial statements	165	186
Bulk water purchases	4,696	4,044
Communications and information technology	2,024	1,969
Consultants	1,809	1,646
Contractors	6,143	5,830
Donations and subscriptions paid	904	877
Electricity	2,433	2,519
Insurance	1,290	1,030
Rentals - operating leases (2019 only)	-	47
Repairs and maintenance	7,073	6,380
Security	547	567
Waste levy payment	1,638	-
Waste levy refund	(896)	-
Other materials and services	1,860	972
<u>TOTAL MATERIALS AND SERVICES</u>	<u><u>30,347</u></u>	<u><u>26,821</u></u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Materials and services (continued)

	Notes	2020 \$'000	2019 \$'000
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Total audit fees quoted by the Queensland Audit Office relating to the 2019-20 financial statements are \$165,000 (2019: \$186,000).

The Queensland State Government rebated \$895,687 of the state waste levy to mitigate the direct impacts on households.

Note 8. Finance costs

Bank charges		143	137
Change to landfill and quarry provisions due to a change in discount rate		122	226
Finance costs charged by the Queensland Treasury Corporation		3,834	4,082
Impairment of receivables		46	45
<u>TOTAL FINANCE COSTS</u>		<u>4,145</u>	<u>4,490</u>

Note 9. Loss on sale of land held as inventory

The loss on the sale of land held as inventory is recognised when the contract of sale has settled.

Proceeds from land held as inventory		8,065	-
Cost of land held as inventory		(11,113)	-
<u>TOTAL LOSS ON SALE OF LAND HELD AS INVENTORY</u>		<u>3,048</u>	<u>-</u>

Note 10. Capital expenses

(a) Loss on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		-	504
Less: book value of property, plant and equipment disposed	15	-	(575)
		-	71

(b) Provision for restoration of quarries

Change from revision of future restoration expense		7	24
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Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Capital expenses (continued)

		2020	Restated
		\$'000	2019
			\$'000
(c) Other capital expenses			
Assets previously recognised incorrectly *		-	1,279
Loss on write-off of assets	15	3,375	3,322
		<u>3,375</u>	<u>4,601</u>
<u>TOTAL CAPITAL EXPENSES *</u>		<u>3,382</u>	<u>4,696</u>

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

Note 11. Cash, cash equivalents and investments

Cash and cash equivalents in the statement of cash flows include cash on hand, cash at bank and other cash equivalents which are readily convertible to cash and are used in the cash management function on a day-to-day basis. The term deposits outlined below which were still to mature as at the reporting date were invested for periods of either 181 or 182 days and are due to mature on various dates between 28 July and 11 September 2020.

Cash and cash equivalents

Cash in operating bank account	1,915	1,412
Cash on hand	5	6
Deposits at call with the Queensland Treasury Corporation	37,232	36,540
Total cash and cash equivalents	<u>39,152</u>	<u>37,958</u>

Investments

Short term deposits	17,000	1,800
Total Investments	<u>17,000</u>	<u>1,800</u>

TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS

<u>56,152</u>	<u>39,758</u>
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In accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*, a separate trust bank account and separate trust accounting records are maintained for funds held in trust on behalf of third parties. Funds held in Council's trust account include deposits lodged to guarantee performance and unclaimed monies. Council performs only a custodian role in respect of these monies and because these monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets. Council held \$358,998 in trust funds as at 30 June 2020 (2019: \$403,368). There are no other restrictions on cash held by Council.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Trade and other receivables

	2020	2019
	\$'000	\$'000

Receivables are due for settlement within 30 days after the invoice is issued and are recognised at the amounts due. Debts are assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off by 30 June 2020. If an amount is recovered in a subsequent period it is recognised as revenue.

Under the *Local Government Act 2009* Council has the power to sell an owners' property to recover outstanding rates debts. Council impairs rates receivables when outstanding debts exceed unimproved capital values or when a state lease has been cancelled and it is likely that the outstanding rates cannot be received from the debtor.

Interest is charged on outstanding rates at a rate of 7% per annum compounded monthly (2019: 7%). No interest is charged on other debtors. There is no concentration of credit risk for rates and charges or other debtors receivable.

Current receivables

Rates and charges	4,617	3,709
Other debtors	1,104	1,761
	<u>5,721</u>	<u>5,470</u>
Less: loss allowance		
Rates and charges	(193)	(163)
Other debtors	(33)	(19)
	<u>(226)</u>	<u>(182)</u>
<u>TOTAL CURRENT RECEIVABLES</u>	<u>5,495</u>	<u>5,288</u>

Note 13. Inventories

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land is recognised as a current asset once subdivision is complete, survey plans are registered and identified parcels of land are being advertised for sale. Council is currently developing and marketing The Gateway Business & Industry Park. Inventories held for distribution are valued at cost and adjusted when applicable for any loss of service potential.

Current inventories

(a) Inventories held for sale

Other trading inventories	50	50
	<u>50</u>	<u>50</u>

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 13. Inventories (continued)

	2020	2019
	\$'000	\$'000
(b) Inventories held for distribution		
Quarry and road materials	677	684
Stores and materials	378	372
	<u>1,055</u>	<u>1,056</u>
(c) Land held as inventory	<u>3,029</u>	<u>14,103</u>
<u>TOTAL CURRENT INVENTORIES</u>	<u>4,134</u>	<u>15,209</u>
Non-current inventories		
Land held as inventory	<u>3,812</u>	<u>3,812</u>
<u>TOTAL NON-CURRENT INVENTORIES</u>	<u>3,812</u>	<u>3,812</u>

During the year ended 30 June 2020, no interest was capitalised to land purchased for sale.

Note 14. Other assets

GST recoverable	29	1,133
Prepayments	873	1,031
Water charges not yet levied	1,692	1,916
<u>TOTAL CURRENT OTHER ASSETS</u>	<u>2,594</u>	<u>4,080</u>

Note 15. Property, plant and equipment

30 June 2020	Measurement basis	Note	Land	Site Improvements	Buildings	Plant and Equipment	Road and Drainage Network	Bridge Network	Water	Sewerage	Work in Progress	Total
			\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost
	Opening Gross Balance - at Cost		33,223	62,932	73,264	23,826	594,082	39,280	310,179	164,757	26,278	50,104
	Opening Gross Balance - at Fair Value		33,223	62,932	73,264	23,826	594,082	39,280	310,179	164,757	26,278	1,277,717
	Additions - renewals		-	997	954	2,168	4,974	7	755	349	3,197	13,401
	Additions - other additions		48	388	111	140	3,467	-	108	2,612	4,615	11,489
	Contributed assets	3	-	-	314	18	2,977	452	591	529	-	4,881
	Disposals	5	(260)	-	-	(2,412)	-	-	-	-	-	(2,672)
	Write-offs	10	-	(318)	(572)	-	(3,057)	-	(408)	(1,485)	-	(5,840)
	Reversal of prior year revaluation decrement to capital income	5	1,494	-	-	-	-	-	-	-	-	1,494
	Revaluation movements to equity	21	981	-	4,551	-	-	-	6,898	(9,782)	-	2,648
	Work in progress transfers		-	1,613	380	18	5,730	-	263	14,265	(22,269)	-
	Work in progress transferred to operational expense		-	-	-	-	-	-	-	-	(830)	-
	Decrease in landfill rehabilitation asset due to change in discount rate		-	(956)	-	-	-	-	-	-	-	(830)
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	23,758	-	-	-	-	10,991	34,749
	Total Gross Value of Property, Plant and Equipment - at Fair Value		35,486	64,656	79,002	23,758	608,173	39,739	318,386	171,245	-	1,316,687
	Total Gross Value of Property, Plant and Equipment		35,486	64,656	79,002	23,758	608,173	39,739	318,386	171,245	10,991	1,351,436
	Opening Accumulated Depreciation		-	16,559	23,448	11,881	122,102	15,315	120,106	44,235	-	353,646
	Depreciation expense		-	2,105	2,305	1,967	9,169	492	4,634	2,946	-	23,618
	Disposals	5	-	-	-	(1,843)	-	-	-	-	-	(1,843)
	Write-offs	10	-	(159)	(453)	-	(1,313)	-	(258)	(282)	-	(2,465)
	Revaluation movements to equity	21	-	-	458	-	-	-	(2,927)	(7,945)	-	(10,414)
	Total Accumulated Depreciation of Property, Plant and Equipment		-	18,505	25,758	12,005	129,958	15,807	121,555	38,954	-	362,542
	Total Net Book Value of Property, Plant and Equipment		35,486	46,151	53,244	11,753	478,215	23,932	196,831	132,291	10,991	988,894
	Other Information											
	Residual Value		Not Depreciated	-	8 - 114	6,071	5 - 216	9 - 120	3 - 198	6 - 160	Not Depreciated	-
	Range of Estimated Useful Life in years		-	4 - 134	-	4 - 40	-	-	-	-	-	-

Notes to the Financial Statements
for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

Measurement basis	Note	Land		Site Improvements		Buildings		Plant and Equipment		Road and Drainage Network		Bridge Network		Water		Sewerage		Work in Progress		Total		
		\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Cost	
30 June 2019 (Restated)																						
Opening Gross balance - at Cost		-	-	-	-	-	23,441	-	-	-	-	-	-	-	-	-	-	-	32,029	-	55,470	
Opening Gross Balance - at Fair Value		35,058	35,058	60,458	60,458	72,603	-	-	552,709	38,527	38,527	307,768	307,768	162,926	162,926	65	761	32,029	-	1,230,049		
Opening Gross Balance	5	35,058	35,058	60,458	60,458	72,603	23,441	-	552,709	38,527	38,527	307,768	307,768	162,926	162,926	65	761	32,029	-	1,285,519		
Assets not previously recognised *		-	-	-	644	52	-	-	-	-	-	1,126	350	-	-	-	-	-	-	-	1,501	
Additions - renewals		-	-	236	236	433	1,232	-	5,011	690	624	501	1,517	501	501	501	501	1,517	-	-	10,244	
Additions - other additions		317	317	398	398	251	200	-	10,278	5	222	2	19,145	2	2	2	2	19,145	-	-	30,818	
Contributed assets	3	-	-	211	211	39	-	-	4,395	-	1,077	-	1,859	-	-	-	-	1,859	-	-	7,581	
Contributed assets not previously recognised *		-	-	-	-	-	-	-	542	259	666	333	1,799	-	-	-	-	1,799	-	-	1,799	
Disposals	10	(300)	(300)	(352)	(352)	(172)	(1,033)	-	(3,754)	(222)	(1,417)	(833)	(1,333)	(833)	(833)	(833)	(1,333)	-	-	-	(1,333)	
Write-offs	10	-	-	-	-	-	(14)	-	(2)	-	(511)	(1,064)	(6,764)	(1,064)	(1,064)	(1,064)	(1,064)	-	-	-	(6,764)	
Write offs - assets previously recognised incorrectly *		-	-	-	-	-	-	-	(2)	-	-	-	(1,577)	-	-	-	-	-	-	-	(1,577)	
Revaluation increments to equity		-	-	890	890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	890	
Work in progress transfers		22	22	191	191	33	-	-	24,903	21	560	683	(1,874)	683	683	683	683	(26,413)	-	-	(1,874)	
Transfer to inventories		(1,874)	(1,874)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,874)	
Increase in landfill rehabilitation asset due to change in discount rate		-	-	256	256	-	-	-	-	-	-	-	-	-	-	-	-	256	-	-	256	
Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	-	-	23,826	-	-	-	-	-	-	-	-	-	-	26,278	-	-	50,104	
Total Gross Value of Property, Plant and Equipment - at Fair Value *		33,223	33,223	62,932	62,932	73,264	594,082	39,280	594,082	39,280	310,179	164,757	1,277,717	164,757	164,757	164,757	164,757	26,278	-	-	1,277,717	
Total Gross Value of Property, Plant and Equipment *		33,223	33,223	62,932	62,932	73,264	23,826	39,280	594,082	39,280	310,179	164,757	1,327,821	164,757	164,757	164,757	164,757	26,278	-	-	1,327,821	
Opening Accumulated Depreciation		-	-	14,091	14,091	21,340	10,709	114,653	14,941	14,941	117,021	42,801	335,556	42,801	42,801	42,801	42,801	-	-	-	335,556	
Depreciation expense		-	-	1,814	1,814	2,202	1,938	8,899	479	479	4,141	2,293	21,766	2,293	2,293	2,293	2,293	-	-	-	21,766	
Disposals	10	-	-	-	-	-	(758)	-	-	-	-	-	(758)	-	-	-	-	-	-	-	(758)	
Write-offs	10	-	-	(167)	(167)	(94)	(8)	(1,450)	(105)	(105)	(876)	(570)	(3,270)	(570)	(570)	(570)	(570)	-	-	-	(3,270)	
Write-offs - assets previously recognised incorrectly *		-	-	-	-	-	-	-	-	-	(180)	(289)	(469)	(289)	(289)	(289)	(289)	-	-	-	(469)	
Revaluation increments to equity		-	-	821	821	-	-	-	-	-	-	-	821	-	-	-	-	821	-	-	-	821
Total Accumulated Depreciation of Property, Plant and Equipment *		-	-	16,559	16,559	23,448	11,881	122,102	15,315	15,315	120,106	44,235	353,646	44,235	44,235	44,235	44,235	-	-	-	353,646	
Total Net Book Value of Property, Plant and Equipment *		33,223	33,223	46,373	46,373	49,816	11,945	471,981	23,965	23,965	190,073	120,522	974,177	120,522	120,522	120,522	120,522	26,278	26,278	26,278	974,177	

Other Information	
Residual Value	Not Depreciated
Range of Estimated Useful Life in years	4 - 134
	5 - 110
	9 - 120
	15 - 141
	Not Depreciated

* 2019 figures are restated due to prior period adjustments. Refer to note 23 for details.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

(a) Recognition

Items of plant and equipment with a total value of less than \$5,000 and infrastructure, buildings and site improvement assets with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised and included in the relevant asset class.

A complex asset is a physical asset capable of disaggregation into significant components, such as road infrastructure, where the components may include initial earthworks, formation, pavement, seal, kerb and channel, road furniture and footpaths.

Land under roads and reserve land which falls under the Land Act 1994 or the Land Title Act 1994 is controlled by the Queensland Government pursuant to the relevant legislation. As such this land is not recognised in these financial statements.

(b) Capital and operating expenditure

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital or operational in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

(c) Acquisition

Acquisitions of property, plant and equipment are initially recorded at cost plus costs incidental to the acquisition, including freight in, architect's fees, engineering design fees and all other establishment costs. Donated items of property, plant and equipment, except reserve land, are recognised as assets and revenue at fair value.

(d) 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 so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believe the straight-line basis appropriately reflects the pattern of consumption of all Council assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Within the site improvements asset class, Council has recognised a landfill rehabilitation asset. This asset is amortised progressively based on the annual consumption and estimated remaining useful life of the current landfill cell. A number of assumptions including projected waste taken at the landfill, estimated closure dates of the current cell and the estimated cost and timing of future capping outlays have been used in measuring this asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

Where assets have separately identifiable 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.

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 or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the remaining useful lives of these assets at each reporting date.

(e) Accumulated depreciation

In determining the level of physical obsolescence of road & drainage network, bridge network, water & sewerage active infrastructure, buildings and site improvement assets, all were disaggregated into significant components which exhibited different useful lives. The accumulated depreciation cost was determined by an assessment of the age from either the assets construction date or by a condition assessment where an asset was close to the end of its useful life or where no reliable construction data information was available. The age in days was then multiplied by its daily depreciation amount to determine the accumulated depreciation amount.

(f) Valuation

(i) Valuation processes

Non-current physical assets measured at fair value are revalued as necessary so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. Plant and equipment and work in progress are measured at cost. Independent, professionally qualified valuers are engaged to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative sample of assets across the asset class being valued and making their own assessments of the condition of the assets at the date of inspection. A comprehensive revaluation was undertaken of the buildings, sewerage and water asset classes as at 1 July 2019 and an indexation was applied to the land asset class as at 30 April 2020.

In the intervening years, Council uses internal staff resources to assess the condition and cost assumptions associated with property, plant and equipment assets. These results are considered in combination with the Australian Bureau of Statistics indexes for Queensland and other measures deemed suitable, which may include professional advice from appropriate qualified external valuers. Together this information is used to form the basis of a management valuation of property, plant and equipment asset classes in each of the intervening years or periods to 30 June 2020. Further details in relation to valuers, the methods of valuation and the key assumptions and in valuing each different asset class are disclosed below.

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 reversal of a previous revaluation decrement occurred in the reporting period for the land asset class. 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 the asset class.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels of the hierarchy during the year.

The following table represents all assets that have been measured and recognised at fair values:

	Date of last valuation	Fair value measurement using			
		2020		2019 Restated	
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000
Property, Plant and Equipment					
Land	30/04/2020	12,181	23,305	11,331	21,892
Site improvements	1/07/2018	-	46,151	-	46,373
Buildings	1/07/2019	-	53,244	-	49,791
Road and drainage infrastructure	1/07/2017	-	478,215	-	471,441
Bridge infrastructure	1/07/2017	-	23,932	-	23,706
Water infrastructure	1/07/2019	-	196,831	-	188,613
Sewerage infrastructure	1/07/2019	-	132,291	-	120,613
Total Property, Plant and Equipment		12,181	953,969	11,331	922,429

(ii) Valuation techniques used to derive fair values

Land

Land fair values were determined by independent valuer Herron Todd White. A comprehensive revaluation was last undertaken effective 31 March 2018 with an indexation of 7.5% applied as at 30 April 2020.

The fair value of land has been determined by way of the direct comparison approach and is measured at current market value, which is derived by reference to market based evidence including observable historical sales data for properties of similar nature and specification in the same localities (level 2 fair value assessment). Where there is a lack of comparable sales evidence, the valuation is based on the closest comparable sale in terms of the characteristics of the parcel and an allowance has been made by the valuer for restrictive zoning where

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

applicable (Level 3 fair value measurement). This is the case for land parcels that have a zoning particular to Council's ownership such as open space and special purpose.

Site Improvements

The fair value of site improvements was determined by independent valuer AssetVal Pty Ltd at current replacement cost (CRC). The site improvements asset class was last revalued effective 1 July 2018. Council categorises a portion of its site improvement assets into five distinct park categories being fencing, furniture, playground, services and special. The balance of this class is also made up of non-park assets which incorporate waste, waterway, beach, heritage, cultural and cemetery assets.

An internal review of cost assumptions undertaken, coupled with a review of applicable Australian Bureau of Statistics indexes, concluded that there was no material movement in the fair value of site improvements since the last full valuation undertaken.

Condition assessments for site improvements used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Near new with no visible deterioration - excellent overall condition early stages of deterioration.	81-100%
2	Good overall condition, obvious deterioration, serviceability impaired very slightly.	61-80%
3	Fair to poor overall condition, obvious deterioration, some serviceability loss.	41-60%
4	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	21-40%
5	Extremely poor condition, severe serviceability problems, renewal required immediately.	0-20%

Buildings

The fair value of buildings is determined using the CRC method. Fair values are benchmarked by the valuer to externally available and internally generated civil works and building cost data. The fair value of buildings was determined by way of a comprehensive revaluation by Asset Val Pty Ltd effective 1 July 2019.

Due to the predominantly specialised nature of public assets, the revaluation undertaken has been based on CRC. This approach is deemed a level 3 input. In accordance with this approach where there is no market, the net current value of the building is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. A condition assessment is applied, which is based on factors such as the age of the asset, overall condition, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

Condition assessments for buildings used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	Status
1	No defects, as new condition and appearance.	Excellent
2	Minor defects, superficial wear and tear.	Good
3	Average condition, significant defects are evident.	Fair
4	Badly deteriorated, major defects, components fail regularly.	Poor
5	Building has failed, not operational, unfit for occupancy or normal use.	Very Poor

Infrastructure Assets

The fair value of infrastructure assets is determined using the CRC method. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity or were redundant, an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits, based on an efficient set of modern equivalent assets to achieve the required level of service output within Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset, including components that may not need to be replaced such as earthworks. Unit rates were developed using a first principles approach taking into account current plant, labour and material costs as well as productivity considerations and current modern equivalent infrastructure.

There are some assets where a service percentage is applied to the CRC to represent the proportion of asset that is providing the desired service level. Of particular note is the unsealed road asset category.

Roads and Drainage Infrastructure

The fair value of roads and drainage infrastructure assets was determined by independent valuer Shepherd Services Pty Ltd at CRC. Roads and drainage infrastructure was last revalued as at 1 July 2017. Council categorises its roads infrastructure into urban and rural roads and further sub-categorises these into sealed and unsealed roads. Road segments are componentised into formation, pavement base, pavement sub-base, surface base and surface seal (where applicable). An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics indexes, concluded that there was no material movement in the fair value of the roads and drainage infrastructure asset class since the last full valuation undertaken.

Condition assessments for roads infrastructure used the following table to determine the remaining useful lives.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
0	Brand new.	100%
1	Near new with no visible deterioration.	90-100%
2	Excellent overall condition early stages of deterioration.	80-90%
3	Very good overall condition with obvious deterioration evident.	70-80%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60-70%
5	Fair overall condition, obvious deterioration, some serviceability loss.	50-60%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40-50%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	30-40%
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20-30%
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10-20%
10	Failed asset, no longer serviceable. Should not remain in service.	0-10%

Condition assessments for drainage infrastructure used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
0	Brand new.	100%
1	Excellent (only normal maintenance required).	95%
2	Good (minor defects only/minor maintenance required up to 25%).	75%
3	Average (significant maintenance required 50%).	50%
4	Poor (requires replacement in next 1-2 years).	20%
5	Asset failure (requires immediate replacement).	5%

An internal review of cost assumptions undertaken, coupled with a review of applicable Australian Bureau of Statistics indexes, concluded that there was no material movement in the fair value of roads and drainage infrastructure since the last full valuation undertaken.

Bridges

The fair values of bridges were determined by independent valuer AssetVal Pty Ltd effective 1 July 2017. The current replacement value for each structure was determined by componentising the bridges and major drainage structures into surface, substructure, superstructure, waterway, deck and miscellaneous assets to reflect the different useful lives of each. On this basis unit rates and quantities were applied to determine the CRC of each asset component. An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics indexes, concluded that there was no material movement in the fair value of bridges since the last comprehensive revaluation undertaken.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Property, plant and equipment (continued)

The condition assessments undertaken to determine the remaining useful lives of bridges assets were based on the same condition ratings for water and sewerage infrastructure assets, as outlined in the table immediately below.

Water Infrastructure and Sewerage Infrastructure

The fair value of water and sewerage infrastructure assets were determined by independent valuer AssetVal Pty Ltd at CRC by way of a comprehensive revaluation effective 1 July 2019.

Council categorises its water and sewer infrastructure into active and passive assets. Water assets are split across the region into five distinct schemes, these being Capricorn Coast, The Caves, Marlborough, Ogmoo and Rockhampton (Nerimbera). Sewer assets are split across two distinct areas being Yeppoon and Emu Park. The water treatment plants are split by process with pump stations categorised by civil, electrical, mechanical and chemical.

Condition assessments for water and sewerage used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	Percentage of Life Remaining
0	Near new with no visible deterioration.	91-100%
1	New or as new condition. Only planned cyclic inspection and maintenance required.	81-90%
2	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspections and maintenance.	61-80%
3	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.	41-60%
4	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.	21-40%
5	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.	0-20%

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. 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, where material, 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, where material, Council presents the funds which exceed revenue recognised as a contract liability.

	<u>2020</u> <u>\$'000</u>
(a) Contract assets	
Contract assets	66
<u>TOTAL CONTRACT ASSETS</u>	<u>66</u>
(b) Contract liabilities	
Funds received upfront to construct Council controlled assets	2,571
<u>TOTAL CONTRACT LIABILITIES</u>	<u>2,571</u>

Council has contract liabilities in relation to a number of construction projects as at the reporting date. These contract liabilities have arisen as a result of Council receiving advanced capital grants payments to fund the construction of road & drainage and site improvement assets. The contract liability will be released and recognised as revenue when the obligation to construct has been completed.

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

Funds to construct Council controlled assets	<u>680</u>
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(c) Significant changes in contract balances

The contract assets and liabilities have arisen on adoption of AASB 1058. Previously the revenue was recognised on receipt and therefore had no effect on the statement of financial position.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Trade and other payables

	2020	2019
Notes	\$'000	\$'000
Trade creditors are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will be paid, or when the goods are received or the service is performed. Amounts owing are unsecured and are generally settled on 7 or 30 days terms.		
Current		
Creditors and accruals	8,335	10,135
Prepaid rates	3,820	-
Other entitlements	350	317
<u>TOTAL CURRENT PAYABLES</u>	<u>12,505</u>	<u>10,452</u>

Note 18. Borrowings

Current		
Loans - Queensland Treasury Corporation	5,410	5,160
<u>TOTAL CURRENT BORROWINGS</u>	<u>5,410</u>	<u>5,160</u>
Non-current		
Loans - Queensland Treasury Corporation	70,110	75,370
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>70,110</u>	<u>75,370</u>
Reconciliation of loan movements for the year		
Loans - Queensland Treasury Corporation		
Opening balance at beginning of the financial year	80,530	85,281
Principal repayments	(5,010)	(4,751)
Book value at the end of the financial year	<u>75,520</u>	<u>80,530</u>

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears. The loan market value at the reporting date was \$90,523,055. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. No assets have been pledged as security by Council for any liabilities, however all loans are guaranteed by the Queensland State Government. Expected final repayment dates vary from 15 September 2029 to 15 June 2038.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Borrowings (continued)

Council currently has an approved working capital facility with the Queensland Treasury Corporation. This facility had an approved limit of \$20 million which expired on 30 June 2020. A \$10 million working capital facility was approved on a permanent basis on 25 June 2020 subject to an annual review by the Queensland Treasury Corporation and Department of Local Government, Racing and Multicultural Affairs. Council has not utilised the facility during 2019-20.

Note 19. Provisions

Employee provisions

The provision for annual leave represents the amount which Council has a present obligation to pay resulting from employee services provided up to the reporting date. The provision is based on the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs. As Council does not have an unconditional right to defer this liability beyond 12 months from the reporting date, annual leave is classified as a current liability.

The provision for long service leave represents the present value of the estimated future cash outflows to be made by Council resulting from services provided by employees up to the reporting date. The provision is calculated by using an estimate of future obligations taking into account future increases in wages and salary rates, periods of service and the pattern of employee departures. Related on-costs are also included in the provision. This provision has been discounted using discount rates derived from the Commonwealth Government bond rates as at 30 June 2020.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months from reporting date, long service leave is classified as a current liability. Otherwise long service leave is classified as non-current.

Quarry restoration

The provision for quarry restoration represents the present value of the anticipated future costs associated with the closure and restoration of quarry sites. The provision recognised for quarry restoration is reviewed at least annually and is updated based on the facts and circumstances available at the time. The projected cost is \$220,000 (undiscounted) and this cost is expected to be incurred over the period 2021 to 2040.

Landfill restoration

Obligations for future landfill restoration work are determined annually, estimating the nature and extent of work associated with the closure of the landfill facilities, monitoring of historical residues and leaching on these sites. As Council has a present obligation, it is probable that restoration work will be undertaken and a reliable estimate of the amount can be made, it is recognised as a provision. The projected cost is \$10,250,468 (undiscounted) and this cost is expected to be incurred over the period 2023 to 2055.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 19. Provisions (continued)

	2020	2019
Notes	\$'000	\$'000
Current		
Annual leave	3,240	2,855
Long service leave	4,072	4,448
Quarry restoration	20	20
Other provisions	188	-
<u>TOTAL CURRENT PROVISIONS</u>	<u>7,520</u>	<u>7,323</u>
Non-current		
Long service leave	747	559
Landfill and quarry restoration	9,227	10,089
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>9,974</u>	<u>10,648</u>
Details of movements in non-employee provisions (quarry and landfill restoration and other provisions) are as follows:		
Balance at beginning of financial year	10,109	9,623
Increase in provision due to change in discount rate	122	226
Changes in estimates of the provision	(796)	260
Balance at end of financial year	<u>9,435</u>	<u>10,109</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Other liabilities

	Notes	2020 \$'000	2019 \$'000
Current			
Unearned revenue		78	123
Waste levy refund received in advance		-	957
<u>TOTAL CURRENT OTHER LIABILITIES</u>		<u>78</u>	<u>1,080</u>
Non-current			
Infrastructure charges		-	351
<u>TOTAL NON-CURRENT OTHER LIABILITIES</u>		<u>-</u>	<u>351</u>

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the state waste levy, which took effect from 1 July 2019. Council was liable to the State Government for payment of the levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State Government is required to make an annual payment to Council that essentially refunds Council for the portion of the levy that relates to households. Council has funded the portion of the levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019.

For the 2020-21 financial year, the State Government will be making quarterly payments to Council to mitigate the impact of the state waste levy on households. As no advanced payment relating to the 2020-21 financial year was received prior to the end of the reporting period, there has been no liability recognised as at 30 June 2020.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Asset revaluation surplus

	Notes	2020 \$'000	2019 \$'000
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The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year		19,109	19,040
Net adjustment to non-current assets at end of year to reflect a change in:			
Buildings	15	4,093	
Land	15	981	
Sewerage	15	(1,837)	
Site improvements	15	-	69
Water	15	9,825	
Balance at end of financial year		<u>32,171</u>	<u>19,109</u>

Asset revaluation surplus analysis

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

Buildings		4,168	76
Land		981	-
Sewerage		4,076	5,913
Site improvements		3,147	3,147
Water		19,799	9,973
Balance at end of financial year		<u>32,171</u>	<u>19,109</u>

Note 22. Commitments for expenditure

Contractual commitments

Contractual commitments at the end of the financial year but not recognised in the financial statements are as follows:

Waste services		9,325	13,586
Water and sewerage services		-	2,960
Other		1,269	2,583
		<u>10,594</u>	<u>19,129</u>

Notes to the Financial Statements
for the year ended 30 June 2020

Note 23. Restated balances

During 2019-20, Council identified contributed assets that had commission dates prior to 1 July 2019, existing assets not previously recognised and assets previously recognised incorrectly. As a result, for 2018-19, Council had understated contributed revenue by \$1.799 million, understated capital revenue by \$1.501 million and overstated capital expenditure by \$1.107 million resulting in a total net impact of \$2.193 million to property, plant and equipment assets. To correct the impact of these prior period errors, Council has adjusted the 2018-19 comparative amounts in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and applicable notes where indicated. No changes were made to the 2018-19 opening balance of retained surplus. Details of the adjustments impacting relevant financial statement line items are as below:

30 June 2019 comparative year

Financial statement line items/ balances affected	Note	Actual 2019 \$'000	Adjustments 2019 \$'000	Restated Actual 2019 \$'000
Statement of Comprehensive Income (Extract)				
Capital revenue				
Grants, subsidies and contributions	3d	23,691	1,799	25,490
Other capital income	5	1,618	1,501	3,119
Total Income		113,921	3,300	117,221
Capital expenses				
Other capital expenses	10	3,589	1,107	4,696
Total Expenses		87,319	1,107	88,426
Net result attributable to Council		26,602	2,193	28,795
Total comprehensive income for the year		26,671	2,193	28,864
Statement of Financial Position (Extract)				
Non-current assets				
Property, plant and equipment	15	971,984	2,193	974,177
Total non-current assets		976,087	2,193	978,280
Total Assets		1,040,422	2,193	1,042,615
Net Community Assets		930,038	2,193	932,231
Community equity				
Retained surplus		910,929	2,193	913,122
Total Community Equity		930,038	2,193	932,231
Statement of Changes in Equity (Extract)				
Net result attributable to Council		26,602	2,193	28,795
Total comprehensive income for the year		26,671	2,193	28,864
Balance at 30 June 2019 (total equity)		930,038	2,193	932,231

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Contingent liabilities

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is 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

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. Council's maximum exposure to the bank guarantee is \$699,075.

Legal claims

Council is a defendant in a number of legal actions that have arisen as a result of the operations of Council and its ownership of public assets as at the reporting date. All liability claims are subject to review and are only provided for when genuine and not contingent on a future event. Information in respect of individual claims has not been disclosed on the basis that Council considers such disclosures would seriously prejudice the outcome of these claims.

Note 25. 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 this 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 governments' 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Superannuation (continued)

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.

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

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

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

	Notes	2020 \$'000	2019 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		121	131
Other superannuation contributions for employees		3,187	3,142
Total superannuation contributions paid by Council for employees	6	<u>3,308</u>	<u>3,273</u>

Notes to the Financial Statements
for the year ended 30 June 2020

Note 26. Reconciliation of net result for the year to net cash inflow from operating activities

	2020	Restated
	\$'000	2019 \$'000
Net result from Statement of comprehensive income *	13,151	28,795
Adjusted for:		
Capital expenses *	3,375	4,601
Capital grants and contributions	(10,132)	(16,110)
Contributed assets *	(4,881)	(9,380)
Depreciation and amortisation	23,778	21,949
Reversal of prior year revaluation decrement to land asset class	(1,494)	-
Changes in accounting policy (Increase in prepaid rates received)	465	-
Net (gain)/loss on disposal of property, plant & equipment	(68)	71
Gain from assets not previously recognised *	-	(2,262)
Net (profit)/loss on sale of land held as inventory	3,048	(37)
Other capital income	(123)	(837)
	<u>13,968</u>	<u>(2,005)</u>
Changes in operating assets and liabilities:		
Increase in receivables	(207)	(742)
(Increase)/decrease in inventories	1	(13)
Decrease in other assets	1,486	-
Decrease in payables and accruals	(1,800)	(201)
Increase/(decrease) in other provisions	(477)	663
Increase/(decrease) in other liabilities	(1,297)	705
(Increase)/decrease in land held for sale	8,007	(2,024)
	<u>5,713</u>	<u>(1,612)</u>
Net cash provided from operating activities from the statement of cash flows	<u>32,832</u>	<u>25,178</u>

* 2019 figures are restated due to prior period adjustments. Refer to Note 23 for details.

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27. Reconciliation of liabilities arising from finance activities

	As at 30/06/2019 \$'000	Cash flows \$'000	As at 30/06/2020 \$'000
Loans	80,530	(5,010)	75,520

	As at 30/06/2018 \$'000	Cash flows \$'000	As at 30/06/2019 \$'000
Loans	85,281	(4,751)	80,530

Note 28. Changes in accounting policy

During the year ended 30 June 2020, 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 117 Leases*, *AASB 118 Revenue*, *AASB 1004 Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained surplus at 1 July 2019. AASB 16 was adopted in the reporting period, however the impact on Council's financial position, performance and cash flows was not material.

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 modifications were minor.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Changes in accounting policy (continued)

Changes in accounting policy on adoption of AASB 15 and AASB 1058

	Balance at 01/07/2019 \$'000
Opening contract balances on transition at 1 July 2019	
Contract Assets	
Capital grants (Under AASB 1058)	449
Total Contract Assets	449
Contract liabilities	
Capital grants (Under AASB 1058)	2,301
Prepaid rates (Under AASB 1058)	3,355
Total Contract Liabilities	5,656
Net impact on opening balance of retained surplus	5,207

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

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

Statement of comprehensive income for the year ended 30 June 2020

	Carrying amount per Statement of Comprehens- ive Income Dr / (Cr) \$'000	Adjustments Dr / (Cr) \$'000	Carrying amount if previous standards had been applied Dr / (Cr) \$'000
Revenue			
Operating revenue - rates, levies and charges	75,821	465	76,286
Capital revenue - grants, subsidies and contributions	15,013	653	15,666
	90,834	1,118	91,952

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Changes in accounting policy (continued)

	Carrying amount per Statement of Financial Position Dr / (Cr) \$'000	Adjustments Dr / (Cr) \$'000	Carrying amount if previous standards had been applied Dr / (Cr) \$'000
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Comparison of affected financial statement lines between AASB 15 / AASB 1058 and previous revenue standards

Statement of financial position at 30 June 2020

Contract assets - current - Capital grants subject to AASB1058	66	(66)	-
Contract liabilities - current - Capital grants subject to AASB1058	(2,571)	2,571	-
Payables - prepaid rates	(3,820)	3,820	-
Retained surplus	(921,066)	(6,325)	(927,391)
	<u>(927,391)</u>	<u>-</u>	<u>(927,391)</u>

The adjustments above and in the previous page 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.

Statement of cash flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

Note 29. Events after the reporting period

There were no material adjusting events after the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Financial instruments

	2020	2019
	\$'000	\$'000

(a) Categorisation of financial instruments

Council has the following categories of financial assets and financial liabilities:

Financial assets

Cash and cash equivalents	56,152	39,758
Trade and other receivables (excluding prepayments)	5,495	5,288

Financial liabilities

Borrowings	75,520	80,530
Trade and other payables	8,335	10,135

(b) Financial risk management

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

Council's Audit, Risk and Business Improvement Committee and/or management (as appropriate) approves policies for overall risk management, as well as specifically for managing market, liquidity and credit 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 aim to manage volatility to minimise potential adverse effects on its financial performance.

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

(c) Market risk

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

Interest rate risk

Interest rate risk refers to the possible fluctuations caused by changes in the value of interest bearing financial instruments as a result of market rates. Council is exposed to interest rate risk through investments and borrowings with the Queensland Treasury Corporation (QTC).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Financial instruments (continued)

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

Council does not account for any fixed-rate financial assets or financial liabilities at fair value through the profit or loss, therefore a change in interest rates at the reporting date would not effect profit or loss.

Council's interest rate sensitivity to an expected 1% fluctuation in interest rates, if all other variables were held constant, is as follows:

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2020					
Financial assets	54,232	542	(542)	542	(542)
Financial liabilities	(75,520)	(755)	755	(755)	755
Net	(21,288)	(213)	213	(213)	213
2019					
Financial assets	38,340	383	(383)	383	(383)
Financial liabilities	(80,530)	(805)	805	(805)	805
Net	(42,190)	(422)	422	(422)	422

(d) Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting financial obligations as and when they fall due. Council is exposed to liquidity risk through its normal course of business. Council's objective is to maintain adequate access to highly liquid investments and borrowings.

Council's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation. This is done by maintaining sufficient cash deposits and undrawn facilities to cater for unexpected volatility in cash flows. Council has in place a working capital facility with the Queensland Treasury Corporation. Further details on this facility are disclosed in the borrowings note.

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Financial instruments (continued)

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2020					
Trade and other payables	8,335	-	-	8,335	8,335
Loans - QTC	8,844	35,376	54,140	98,360	75,520
	<u>17,179</u>	<u>35,376</u>	<u>54,140</u>	<u>106,695</u>	<u>83,855</u>
2019					
Trade and other payables	10,135	-	-	10,135	10,135
Loans - QTC	8,844	35,376	62,984	107,204	80,530
	<u>18,979</u>	<u>35,376</u>	<u>62,984</u>	<u>117,339</u>	<u>90,665</u>

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

(e) 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 principally arise from Council's investments with and receivables from customers.

The credit risk of financial assets that have been recognised in the Statement of Financial Position is the carrying amount net of any impairment. No significant concentration of credit risk has been identified, as exposure is spread over a large number of counterparties and customers.

Exposure to credit risk is managed through regular analysis of 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 the Queensland Treasury Corporation 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 of Council. The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for Council.

Council has assessed its exposure to credit risk at the reporting date. In the case of rates receivables, Council has the power to sell the property to recover defaulted amounts and in the case of sundry debtors, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise risk. Given the vast majority of Council's credit risk relates to general rates and utility charges receivables and other receivables due from the Queensland and Commonwealth governments, Council's exposure to credit risk is not material at the reporting date.

Notes to the Financial Statements
for the year ended 30 June 2020

Note 31. National competition policy

Business activities to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following activities:

Water and Sewerage Services
Waste Services
Caravan Parks
Building Certification

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities costs which would not be incurred if the primary objective of the activities was to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by Council.

The following activity statements are for activities subject to the competitive code of conduct:

	Water & Sewerage Services \$'000	Waste Services \$'000	Caravan Parks \$'000	Building Certification \$'000
Revenue for services provided to the Council	84	689	-	-
Revenue for services provided to external clients	29,548	7,976	321	264
Community service obligations	-	404	-	-
	29,632	9,069	321	264
Less: expenditure	(24,222)	(7,800)	(267)	(170)
Surplus	5,410	1,269	54	94

Description of CSO's provided to business activities:

Business Activity	CSO description	Actual \$'000
Waste Services	Waste vouchers	397
	Charity waste disposal	7
		<u>404</u>

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 32. Transactions with related parties

(a) Subsidiaries

Council has no interest in any subsidiaries.

(b) Associates

Council has no interest in any associates.

(c) Joint ventures

Council has no interest in any joint ventures.

(d) Transactions with key management personnel (KMP)

Key management personnel (KMP) include the positions of Mayor, Councillors, Chief Executive Officer, Executive Directors, Chief Financial Officer, Chief Technology Officer and Chief Human Resources Officer. The compensation paid to KMP comprises:

Benefit Type	2020 \$'000	2019 \$'000
Short-term employee benefits	2,295	1,803
Post-employment benefits	297	267
Long-term benefits	37	29
Total	2,629	2,099

Please refer to detailed remuneration disclosures that are provided in Council's annual report.

(e) Transactions with other related parties

Other related parties include the 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 and may include extended family members if they could be expected to influence, or be influenced by, KMP.

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

Details of Transaction	2020 \$'000	2019 \$'000
Purchase of materials and services from entities controlled by key management personnel or their close family members	33	61

Council purchased the following services from entities controlled by key management personnel or their close family members.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 32. Transactions with related parties (continued)

Consultancy services were purchased from Alderson & Associates Landscape Architects during both 2019-20 and 2018-19. During both of these years a close family member of the Acting Chief Executive Officer had control over the operations of this company. Total purchases in 2019-20 and 2018-19 were \$31,658 and \$60,670 respectively.

Catering supplies were purchased from Whisk Tappas Pty Ltd during 2019-20. The spouse of the Mayor had control over the operations of this company. The total purchases in 2019-20, post the Mayor's declaration of office, were \$117.

Professional photography services were purchased from Levi Appleton Studios during 2019-20. A close family member of the Deputy Mayor had control over the operations of this entity. Total purchases in 2019-20 were \$1,210.

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

(f) Outstanding balances

There were no material outstanding balances owing from related parties at reporting date.

(g) Loans and guarantees to/from related parties

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

(h) Commitments to/from other related parties

Council had commitments with Alderson & Associates Landscape Architects pertaining to project consultancy services as at 30 June 2020 totalling \$30,545.

(i) 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 Livingstone Shire Council. Therefore on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Borrowing books from Council's libraries
- Dog registration
- Lodgement of development applications
- Payment of rates and/or utility charges
- Use of Council's swimming pools

Council has not disclosed transactions of this type, where they are made on the same terms and conditions available to the general public.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 33. Council information and contact details

Principal place of business:

4 Lagoon Place
YEPPOON QLD 4703

Contact details**Mailing address:**

PO Box 2292
YEPPOON QLD 4703

Opening hours:

Monday to Friday
8:00am to 5:00pm

Telephone: 07 4913 5000

Facsimile: 07 4836 4776

Internet: www.livingstone.qld.gov.au

Email: enquiries@livingstone.qld.gov.au

Officers**ACTING CHIEF EXECUTIVE OFFICER**

B.C Bacon

Elected members**MAYOR**

A.D Ireland

COUNCILLORS

Adam Belot

Andrea Friend

Glenda Mather

Nigel Hutton

Patrick Eastwood

Tanya Lynch

AUDITORS

Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

Other information

ABN: 95 399 253 048

Livingstone Shire Council

General Purpose 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 Regulations) 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 Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, as set out on pages 3 to 50, 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.



A.D Ireland

MAYOR

26 October 2020



B.C Bacon

ACTING CHIEF EXECUTIVE OFFICER

26 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Livingstone Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Livingstone 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 management certificate given by the Mayor and the Acting 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 Livingstone Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement, the long-term financial sustainability statement and the financial and non-financial information included in the council's annual report.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the 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.



28 October 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement
for the year ended 30 June 2020

	Actual 2020	Target 2020
Measures of financial sustainability		
Council's performance at 30 June 2020 against key financial ratios and targets.		
Performance indicators		
1. Operating surplus ratio		
<u>Net result (excluding capital items) ⁽¹⁾</u>	-0.2%	0 - 10%
Total operating revenue (excluding capital items) ⁽²⁾		
An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.		
2. Asset sustainability ratio		
<u>Capital expenditure on the replacement of assets (renewals) ⁽³⁾</u>	51.9%	more than 90%
Depreciation expense		
An approximation of the extent to which the infrastructure assets managed are being replaced as they reach the end of their useful lives.		
3. Net financial liabilities ratio		
<u>Total liabilities less current assets</u>	42.7%	less than 60%
Total operating revenue (excluding capital items) ⁽²⁾		
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.		

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.

Notes

(1) Includes total recurrent revenue, interest and investment revenue, other income and total recurrent expenditure as disclosed in the Statement of Comprehensive Income. Excludes capital revenue grants, subsidies and contributions, other capital income and total capital expenses such as loss on disposal and write-off of assets.

(2) Includes total recurrent revenue, interest and investment revenue and other income as disclosed in the Statement of Comprehensive Income. Excludes capital revenue grants, subsidies and contributions and other capital income.

(3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Excludes land and plant & equipment assets.

Livingstone Shire Council

Current Year Financial Sustainability Statement 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.



A.D Ireland

MAYOR

26 October 2020



B.C Bacon

ACTING CHIEF EXECUTIVE OFFICER

26 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Livingstone Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Livingstone 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 Acting 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 Livingstone 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 Livingstone Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements, the long-term financial sustainability statement and the financial and non-financial information included in the council's annual report.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

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



C G Strickland
as delegate of the Auditor-General

28 October 2020

Queensland Audit Office
Brisbane

Livingstone Shire Council

Unaudited Long-Term Financial Sustainability Statement

prepared as at 30 June 2020

	Target 2020	Actual 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

Measures of financial sustainability

Council's performance at 30 June 2020 against key financial ratios and targets.

Performance indicators - Consolidated

1. Operating surplus ratio

Net result (excluding capital items) ⁽¹⁾

Total operating revenue (excluding capital items) ⁽²⁾

0 - 10%	-0.2%	0.4%	2.9%	3.3%	2.4%	3.4%	5.4%	7.9%	6.9%	7.6%	10.0%
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An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) ⁽³⁾

Depreciation expense

> 90%	51.9%	70.2%	118.4%	59.3%	49.0%	47.9%	81.7%	71.2%	65.9%	50.8%	47.4%
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An approximation of the extent to which the infrastructure assets managed are being replaced as they reach the end of their useful lives.

3. Net financial liabilities ratio

Total liabilities less current assets

Total operating revenue (excluding capital items) ⁽²⁾

< 60%	42.7%	40.8%	38.0%	27.3%	19.7%	18.5%	17.2%	9.6%	2.1%	-8.8%	-20.1%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Livingstone Shire Council

Unaudited Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2020

Livingstone Shire Council 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.

Notes

- (1) Includes total recurrent revenue, interest and investment revenue, other income and total recurrent expenditure as disclosed in the Statement of Comprehensive Income. Excludes capital revenue grants, subsidies and contributions, other capital income and total capital expenses such as loss on disposal and write-off of assets.
- (2) Includes total recurrent revenue, interest and investment revenue and other income as disclosed in the Statement of Comprehensive Income. Excludes capital revenue grants, subsidies and contributions and other capital income.
- (3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Excludes land and plant & equipment assets.

Livingstone Shire Council

Unaudited Long-Term Financial Sustainability Statement

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.



A.D Ireland

MAYOR

26 October 2020



B.C Bacon

ACTING CHIEF EXECUTIVE OFFICER

26 October 2020