



I hereby give notice that an Ordinary Meeting of Council will be held on:

Date: Wednesday, 21 October 2020
Time: 9:00am
Location: Council Chambers
Mission Road
Gununa

BUSINESS PAPER

Ordinary Council Meeting

21 October 2020

Peter Stewart
Acting Chief Executive Officer

To empower our Community – Our people
To feel solid and strong like the rock in Mundalbe
To taste and hear the breaking waves of change
To establish clean, safe, healthy lifestyles togetherness
Pride and respect for each other in our culture, achievements and successes.
To see and smell the compassion and peacefulness of our community

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1 OPENING OF MEETING**2 ACKNOWLEDGEMENT OF COUNTRY**

I would like to begin by acknowledging the Traditional Owners of the land on which we meet today, the Lardil people of Mornington Island and pay our respects to Elders past and present. We would also like to acknowledge the Kaiadilt and Yangkaal people who share our homelands.

3 PRESENT**4 APOLOGIES****5 DISCLOSURE OF INTEREST – COUNCILLORS AND STAFF****6 CONDOLENCES AND MEMORIALS****7 CONFIRMATION OF MINUTES**

Ordinary Meeting - 16 September 2020

Special Meeting - 23 September 2020

8 BUSINESS ARISING

9 ACTION SCHEDULE**9.1 ACTION SCHEDULE**

Author: Governance Coordinator

Attachments: 1 Action Schedule as at October 2020

PURPOSE (EXECUTIVE SUMMARY)

To provide Council with an up to date version of the Mornington Shire Council meetings Action Schedule that includes resolutions from previous Council meetings and actions taken regarding those resolutions.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

At each ordinary meeting of Council, when resolutions are passed that require any action, those resolutions are included in Council's Action Schedule for attention of the appropriate officer or elected member.

At each ordinary meeting of Council, the Action Schedule is tabled to outline those actions that have been taken in accordance with Council resolutions (see attached).

FINANCIAL & RESOURCE IMPLICATIONS

As per resolutions.

RECOMMENDATION

1. That Council note and receive the Mornington Shire Action Schedule as tabled, and
2. That Council endorse the removal of all completed items from the schedule as tabled.

Task Name	Assigned To	Resolution Number	Resolution Date	Updates
Acting EM – Finance and Human Services work on a dirt bike nuisance and mitigation strategy (including a plan) and report back to October Ordinary Council meeting	Acting EM Finance and Human Services	2020/105	16/9/2020	Acting EM Technical and Infrastructure Services met with Councillor Barnes to identify areas of nuisance activity around Gununa township. Currently quotations are being sourced for the purchase of barricades to be established at six identified locations.
The Acting CEO on behalf of Council as the only member of Mundalbe Enterprises call a General Meeting and seek nominations for Directors and review the Constitution	Acting CEO	2020/92	16/9/2020	Report to be tabled for October meeting
Council list Mayor Yanner and Acting CEO as Council's delegates on LGAQ Voting Entitlement Form	Governance Co-ordinator	2020/90	16/9/2020	Unable to attend conference due to other work commitments.

Council Powers to Provide Visitor Permissions	Lyndon Prior	2020/104	24/6/2020	<p>24.06.2020 Concern raised by Deputy Mayor Rogers in his report submitted to the June Ordinary Council meeting. Council adopted resolution 2020/104:</p> <p>3. That Council revisit and re-adopt the 'Permission to Visit' process.</p> <p>19.08.2020 Confidential report submitted to August Ordinary Council meeting by Acting Chief Executive Officer. Council adopted resolution 2020/151:</p> <p>2. That the Acting CEO commences process of making a local law to provide Council with the power to prevent entry or evict undesirable persons from Mornington Island.</p> <p style="text-align: center;">ONGOING</p>
State Government Funding - \$2.35 Million for Community Housing	Frank Mills	2020/24	24/2/2020	<p>18.02.2020 Technical Working Group meeting confirmed details required for submission of components of application to HPW for funding. Application to be submitted within 7 days of 19 February 2020.</p> <p>Council has received the first milestone instalment in having the Agreement signed. These funds have been set aside for these Works.</p> <p style="text-align: center;">ONGOING</p>
New Year's Eve Event	Kerry Whiting	2020/41	24/01/2020	<p>06.03.2020 Matter will be re-presented to the new Council after the Local Government elections.</p> <p>22.04.2020 Council re-considered this matter and passed resolution 2020/96: That Council liaises with other local stakeholders to form an events committee.</p> <p>11.09.2020 Governance Coordinator currently collating list of potential Events Committee members. A meeting to be held towards the end of September – informative report to be submitted to October Ordinary Council meeting.</p> <p style="text-align: center;">ONGOING</p>
Civic Centre – Administration Building (LGGSP)	Tatiana Ah Mat	2020/28	24/01/2020	<p>29.04.2020 Letter from the Office of Local Government Racing and Multicultural Affairs denying Council's 1st request but conceding to Council's 2nd request. Local Government Racing and Multicultural Affairs outlined a change of conditions attached to proposed project funding with Council now required to contribute \$590k towards eligible project costs, stipulating additional criteria to be met by 30th of June 2020.</p> <p>14.05.2020 Correspondence sent to the Office of LGR& MA advising of Council's intent and capability of meeting additional criteria.</p> <p>20.05.2020 Matter reported to May Ordinary Council meeting - resolution 2020/17 adopted: That Council endorse Executive's work toward meeting all the additional requirements contained within the attached correspondence to secure funding for the Civic Centre - Administration Building project.</p> <p style="text-align: center;">ONGOING</p>

Managing the Sustainability of Local Government Services	Kerry Whiting	2020/34	24/01/2020	<p>06.03.2020 Matter will be re-presented to the new Council after the Local Government elections.</p> <p>22.04.2020 Report submitted to April Ordinary Council meeting – Council adopted resolution 2020/90: That Council agree to the recommendations in this report being extended by 5 months.</p> <p>ACTION ITEM DEFERRED TO SEPTEMBER DUE TO COVID-19 PANDEMIC</p>
Visitors Accommodation Complex – Ongoing Security and Visitor Disturbances	Kerry Whiting	2020/43	24/01/2020	<p>06.03.2020 Matter will be re-presented to the new Council after the LG elections. An interim "nightwatchmen service" has been commenced.</p> <p>22.04.2020 Council re-visited this matter in Ordinary April Council meeting and passed resolution 2020/95: That Council defer the matter to a future Council meeting once the Visitor's Accommodation Centre Business Plan has been distributed and can be presented in correlation with this report.</p> <p>ACTION ITEM DEFERRED UNTIL VISITORS ACCOMMODATION CENTRE BUSINESS PLAN IS AVAILABLE</p>
Torres Cape Indigenous Council Alliance (TCICA) – Formation of a Regional Roads and Transport Group (RRTG)	Frank Mills	2020/21	24/01/2020	<p>05.02.2020 Torres Cape Indigenous Council Alliance advised Council of decision.</p> <p>24.01.2020 Council adopted resolution 2020/21:</p> <ol style="list-style-type: none"> 1. That Council approve the two suggested submissions for funding by the Aboriginal and Torres Strait Islander Transport Infrastructure Scheme in 2020 as outlined in this report. 2. That Council advise that Mornington Shire Council does not support the formation of the proposed Torres Cape Indigenous Councils Alliance, Regional Roads and Transport Group. <p>17.02.2020 Acting Executive Manager Technical Services to submit two proposals to TMR for ATSI TIDS funding.</p> <p>ONGOING</p>
Human Resource Policy – Work from Home	Tatiana Ah Mat	2019/186	20/11/2019	<p>07.01.2020 This matter has been deferred until further information has been obtained as to the strategic planning of Mornington Shire Council workforce.</p> <p>11.09.2020 Report submitted to September Ordinary Council meeting by Human Resources Manager.</p> <p>ONGOING</p>
Mornington Island Company	Kerry Whiting	2018/138	27/06/2018	<p>10.08.2018 Direction to be received from Council and MIACSED for matter to be finalised at August Ordinary Council meeting on 15th of August 2018.</p> <p>12.09.2018 Awaiting advice from Minister Scullions Office on structure.</p> <p>09.10.2018 Further request sent to Department of Prime Minister and Cabinet for advice previously agreed to be presented to Council.</p> <p>15.11.2018 Informative report submitted to November Ordinary Council meeting.</p>

				<p>06.12.2018 Awaiting confirmation from ML that setup of company with ASIC has been finalised and any associated new company requirements have been completed.</p> <p>10.01.2019 Advice received from MacDonnell's Law - company has been registered, details to be provided to Council within 7 working days.</p> <p>25.04.2019 MacDonnell's Law attending to the registration of the Entity once Director details have been compiled. Directors duties and checklist have been provided by MacDonnell's Law.</p> <p>04.07.2019 Still awaiting confirmation from MacDonnell's Law that 'Mundalbe Enterprises' has been incorporated. In the meantime, discussions are being held regarding independent Directors being recruited.</p> <p>08.08.2019 Awaiting clarification from the Integrity Commissioner regarding Conflict of Interest for Directors.</p> <p>11.09.2019 Meeting set for Council to meet with the Integrity Commissioner and Independent Assessor on 17th of October 2019 at the LGAQ Annual Meeting in Cairns.</p> <p>04.12.2019 Report included in January Ordinary Council meeting Agenda.</p> <p>07.02.2020 Council resolved at the January Ordinary Council meeting to defer this item until post 2020 Local Government Elections.</p> <p>06.03.2020 Matter will be re-presented to the new Council after the Local Government Elections.</p> <p>22.04.20 Matter re-presented at April Ordinary Council meeting and deferred to May Ordinary Council meeting via resolution 2020/98.</p> <p>24.06.2020 Matter re-presented at June Ordinary Council meeting; Council adopted resolution 2020/106:</p> <ol style="list-style-type: none"> 1. That the Acting CEO writes to the current Directors of Mundalbe Enterprises Ltd to ascertain their intent on remaining Directors. And the Acting CEO report to Council the responses received from the current Directors. 2. That Council pay the ASIC annual review fee when it becomes due. <p style="text-align: center;">ONGOING</p>
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Animal Management	David Torr	2015/11		<p>01.03.2017 Discussions held with Executive Manager of Infrastructure and Technical Services - an education program to be developed and tabled at April Ordinary Council meeting.</p> <p>10.05.2017 Animal Control Officer gathering data from the community about how many animals each household has, whilst also informing residents of local laws.</p> <p>17.05.2017 Executive Manager of Infrastructure and Technical Services to provide a report to Council on 21st of June 2017 containing data collected surrounding animal numbers in the</p>
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				<p>community and actions being taken to enforce Local Laws. 22.06.2017 Data is still being collected by Animal Control Officer. 08.08.2017 Data still being collected by Animal Control Officer.</p> <p>06.12.2017 Refer to Infrastructure and Technical Service Monthly report December Ordinary Council meeting.</p> <p>04.01.2018 Most residential premises have been visited and given both verbal and hand out notices to explain what's happening - notices have also been distributed and made available in public places within the community.</p> <p>13.02.2018 Environmental Health Officer and Animal Control Officer liaising with the school regarding the removal of animals in the school grounds and the possibility of creating educational programs specific to animal care/control.</p> <p>14.03.2018 We are currently advertising for a new Animal Control Officer; in the meantime, we are continuing to promote the introduction of Local Laws specific to Animal Control.</p> <p>09.10.2018 Two full-time positions have been filled (ACO and EHO) - both employees are currently undergoing Animal Control and Environmental Health Officer training.</p> <p>06.12.2018 Change of structure to utilise the Vet for home visits and communication with owners around animal welfare and Local Laws - next Vet visit scheduled for February 2019.</p> <p>06.02.2019 Burton Veterinary Contracting commenced veterinary services on the Island from 21st – 25th of January 2019. Future visits will include more community engagement as well as bringing in 'PetPep' to the school.</p> <p>05.04.2019 Animal Control Officer to undergo training with the AMW on the purpose and importance of an Animal Register - next Vet visit scheduled for April 2019.</p> <p>08.07.2019 Report to be submitted at the August Ordinary Council meeting regarding Council direction for Animal Management - next Vet visit scheduled for 8th of July 2019.</p> <p>02.10.2019 Matter deferred to November Ordinary Council meeting due to staff unavailability.</p>
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				<p>04.12.2019 Animal Management Officer will present to December Briefing Meeting at 12pm, expected to provide a PowerPoint presentation on Animal Management Strategy and directions with a view of finalising a report for early 2020.</p>
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				<p>07.01.2020 The current Animal Control Officer has put in his resignation as of February but left the island on 30th December 2019. The next Vet visit is scheduled for 10th – 14th of February 2020.</p> <p>20.05.2020 Draft Animal Management Plan presented to Council resolution 2020/17:</p> <ol style="list-style-type: none"> 1. That Council endorse the Animal Management Plan as a concept. 2. That this matter be deferred to July Council meeting once an Animal Management Officer has been recruited. 3. That the current veterinary contract be presented and reviewed at July Council meeting. 4. That the Acting Manager of Technical Services presents an Action Plan surrounding community consultation at July Council meeting. <p>15.06.2020 Ryan Anderson recruited as Mornington Shire Council's new Animal Control Officer.</p> <p>19.08.2020 Animal Management Report submitted to August Ordinary Council meeting by Animal Control Officer. Council adopted resolution 2020/143:</p> <p>That the Animal Control Officer:</p> <ol style="list-style-type: none"> 1. Instigate public notification and community liaison with owners to identify preferred approach to Animal Control specific to pigs and horses and; 2. Present findings at September Ordinary Council meeting. <p>20.08.2020 Animal Control Officer has put in his resignation, effective 26th of August 2020.</p> <p>01.09.2020 Ryan Anderson has left the island; Human Resources Department is currently recruiting for a new Animal Control Officer.</p> <p>11.09.2020 Update received from Human Resources Manager - no successful candidates have been identified to fill the Animal Control Officer position yet.</p> <p style="text-align: center;">ACTION ITEM DEFERRED UNTIL NEW ANIMAL CONTROL OFFICER IS RECRUITED</p>
<p>Ergon Energy – Lights on Basketball Courts and Playgrounds</p>	<p>David Torr</p>			<p>16.07.2019 Council waiting on report from Ergon Energy.</p> <p>02.10.2019 Ergon conducting works on Mornington Island from 15th - 21st of October 2019.</p> <p>07.01.2020 Investigation conducted to identify a lighting type that will not disturb surrounding residents.</p> <p style="text-align: center;">ONGOING</p>

10 CALL FOR ITEMS OF GENERAL BUSINESS

RECEPTION & CONSIDERATION OF COMMITTEE REPORTS

11 COMMITTEE REPORTS

Nil

RECEPTION & CONSIDERATION OF OFFICERS REPORTS

12 MAYOR AND COUNCILLORS REPORTS

Nil

13 CHIEF EXECUTIVE OFFICER'S REPORTS**13.1 ACTING CHIEF EXECUTIVE OFFICER'S REPORT****Author:** Acting Chief Executive Officer**Attachments:** Nil**PURPOSE (EXECUTIVE SUMMARY)**

To provide Council with an update on the activities undertaken by the Acting CEO for the reporting period.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

The Acting CEO attended the following meetings on behalf of Council:

22 September 2020	Mornington Island and A&TSIHD, Qld Health
29 September 2020	Qld Health - Scott Lithgow, Director Facilities Management, Building, Engineering & Maintenance Service, North West Hospital and Health Service. <i>Air conditioner upgrade for Hospital - \$10.5 funding.</i>
1 October 2020	NWRHS - Sonja Johnson, Director iProgram and Planning and HEOC Executive Officer, Camilla Pope, Public Health Nurse, Retha DeBeer, Public Health Nurse. <i>Co-ordinated response to Covid-19.</i>
2 October 2020	Remote Indigenous Interim Capital Delivery Program Jenny Hogan, Department of Housing and Works <i>State Funding of \$40M to Indigenous Councils \$2.3M for Mornington Shire Council. New Dwellings</i>
2 October 2020	Carpentaria Electrical – Robin Ah Kit. <i>Contract arrangements.</i>
6 October 2020	Dual Event Exercise – District Disaster Management Group <i>To understand the impacts of a simultaneous natural disaster event while responding to an outbreak of Covid-19 in Queensland</i>
6 October 2020	NDIS – Maggie Jackson, Assistant Director, Market Development North West, Market Intervention and Commissioning Branch, Provider and Market Development. <i>Setting up a clinic to encourage applications from residents.</i>
7 October 2020	Queensland Fire and Emergency Services – Fiona Quirk, Inspector, Area Director, North West Area and Tony Hazel, Rural Fire Service, North West
7 October 2020	Mornington Island Health Council – Susan Sewter. <i>Council support.</i>
9 October 2020	Queensland Reconstruction Authority (QRA) – Daniel Piat, Liaison Officer and Gael Levy. SBSM Project Management and Consultancy - Kelly Barbarch, Superintendent
12 October 2020	Bilby Security – Bradley Wilson. <i>Contract arrangements.</i>

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications associated with this report or its recommendations. Any and all incidental costs such as attendance, memberships and or subscriptions made as a consequence of this report are met within Council's approved budget.

RECOMMENDATION

That Council receive and note this report.

13.2 SPECIAL PROJECTS REPORT

Author: Special Project Manager

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to inform Council of the planning, development and progress of current Special Projects on Mornington Island.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION***Overview***

Works are proceeding on all projects.

Civic Centre – Administration Building (LGGSP)

Community Consultation commenced 29 September 2020. The Architects and Project Manager for the project attended the island and met with Council and several key stakeholder groups. The site and surrounds were inspected.

Concept designs have commenced, and the preliminary concept will be presented to Council in the Council Chambers via teleconference / video link

- Preliminary teleconference presentation
- 10.00am Tuesday 3 November 2020

With the feedback from this meeting the Architects will refine the concepts for final presentation to Council on:

- Final Council presentation
- 10.00am Wednesday 11 November 2020

and for Community consultation which will occur via a community meeting at the Festival Grounds

- New Council Building Community Meeting
- 5.00pm Thursday 12 November 2020

With feedback from the Community consultation the Architects will refine the design and develop documentation to go to tender for final design and construction.

Library

A library building will be investigated for funding to be constructed on the Civic Centre site as Stage 2

Splash Park

A splash park will be the highest priority for funding from upcoming programs. The splash park had previously been considered to be constructed on the Civic Centre site, however this is an incompatible use with the Council administration building as users of both facilities would be negatively impacted.

A new site is being investigated for the splash park. A specialist design consultant has been sourced to provide expert advice. A number of sites are currently being considered. The site that currently has the most merit is adjacent to the existing playground within the sports precinct. This site is about to have a shade shelter, bubbler and picnic tables installed. The amenities block is also under investigation to recommission for use.

This site has good access and sufficient separation from other sensitive uses such as residential and businesses. The site has a number of compatible uses adjacent which would augment, support and increase the use of the splash park such as:

- Playground – this would provide children and parents good access and supervision of children within both spaces which would likely see both more heavily utilised. Co-location with this use will also allow for facilities such as shade shelters, picnic tables, bubblers, toilets to be shared between the two spaces.
- Sports oval – this use is compatible with the splash park and could be utilised in conjunction with the splash park – after undertaking sports, participants could utilise the splash park to cool down. Parents are able to watch older children undertaking sporting activities on the sports oval while younger children play in the splash park and playground.
- Gym – gym participants may use the splash park to cool down after a workout.
- Tavern – the outdoor area of the tavern is currently under development as an entertainment space with a stage, dancefloor, movie screen, amphitheatre, etc planned. These uses are compatible with the splash park and helps to form an entertainment/sports precinct in this locale.

Lelka Murrin Tavern Refurbishment

Works are underway on the tavern refurbishment. The arborist works have been completed to protect the existing Davidson Plum adjacent the tavern and to contain the fig tree roots which were impacting the building. New block walls have been completed in the toilets with services being finalised. Retaining walls and steps are being installed in preparation for stormwater drainage works and paving along the northern face of the tavern. The following works are planned for the next period:

- Retaining walls
- Filling to make level surface adjacent building
- New stormwater drainage
- New paving
- New steel arbour

Red Shed Defects

Some remediation works are required to reinstate the table drain and stabilise the bank to prevent overland stormwater ingress into the shed. This work will be undertaken in between works at the tavern.

Airport Terminal Horse Proof Fence

Materials have been ordered for this project and consultations undertaken with the Airport Officer and Technical Services Manager. This work will be undertaken in between works at the tavern.

Dog Pound Termite Proofing

Termite management system is due to be installed from 15 October 2020.

Service Station Canopy Lining

Materials have been ordered for this project. This work will be undertaken in between works at the tavern.

Batch Plant Amenities

The design of this project is underway.

Training Centre

A number of minor additional works are to be completed on this project in coming weeks, none of the works prevent the facility from being utilised. This work will be undertaken in between works at the tavern.

W4Q COVID Projects

The following projects are to be undertaken under this program

1. Chambers restumping and handrail replacement
 - Initial investigations have been undertaken. Engineering advice will now be sought
2. Tavern outdoor area works – funds from the jetty insurance claim will also be utilised to complete this project
 - Design and documentation of the works is underway
3. Staff housing
 - Initial concepts have commenced
4. Guest house improvements
 - Design complete, site inspections to be undertaken for materials
5. VAC improvements
 - Yet to be scoped
6. Motel improvements
 - Yet to be scoped

LRCI Program

Three sites have been selected to construct picnic shelters, picnic tables and water bubblers:

1. Sports oval playground
2. Basketball court playground
3. Post Office

Materials are being sourced. Bubblers with graphics panels will be sourced, artwork by Lardil man John Williams of water spouts will be purchased for use on the bubblers.

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council notes and supports this report and the planned works.

13.3 FUNDING PROGRAMS REPORT

Author: Special Project Manager

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to update Council on funding programs.

QRA Qld Resilience and Risk Reduction Fund

The following application has been successfully funded:

- Radio Network – Disaster management equipment - \$117,095

Regional Connectivity Program

An assessment has been undertaken and a partner organisation recommended to assist with the application for this program. The recommended partner is Airbridge as they have the solution that is likely to best support Council and the Community.

Airbridge have requested a mud map of the areas requiring increased internet and phone service coverage. The town extends are proposed as the area to provide coverage.

Regional Aviation Access Program – Remote Airstrip Upgrade Program

Up to \$500,000 can be applied for with no contribution required from Council. Investigations have been undertaken with the current airport auditing consultant and the airport Airport Reporting Officer (ARO). The following list of projects is being assessed against the funding program eligibility criteria:

1. Illuminated Wind Indicator moved away from the runway so it does not infringe on the transitional surface (circa \$30,000).
2. Trees in the yards along southside of the aerodrome need lopping (circa \$20,000).
3. The secondary runway is currently closed due to having a rough surface as it crosses the main runway. A full investigation (survey) and design is required to ascertain the amount of work required to make smooth and safe. It will require reconstruction on either side of the main runway and possibly a section of the main runway at the intersection. The alternative as recommended last year was to close the gravel runway. It is mostly redundant. (Cost of the work could be \$250,000).
4. A new manual must be written along with a risk assessment (preferably a Safety Management Plan).
5. An overhaul of record keeping methods and procedures.
6. An Accountable Manager needs to be appointed.
7. Additional AROs need to be trained.
8. Stormwater drainage works around general aviation area.
9. Purchase of a tractor with a boom mower to mow berm on northern side of airport.

RECOMMENDATION

That Council notes and supports this report.

14 STAFF REPORTS - FINANCIAL SERVICES

14.1 FINANCIAL REPORT AS AT 30TH SEPTEMBER 2020

Author: Acting Executive Manager Finance and Human Services
Attachments: 1 Financial Statements as at September 2020
 2 Capital Budget Summary as at September 2020

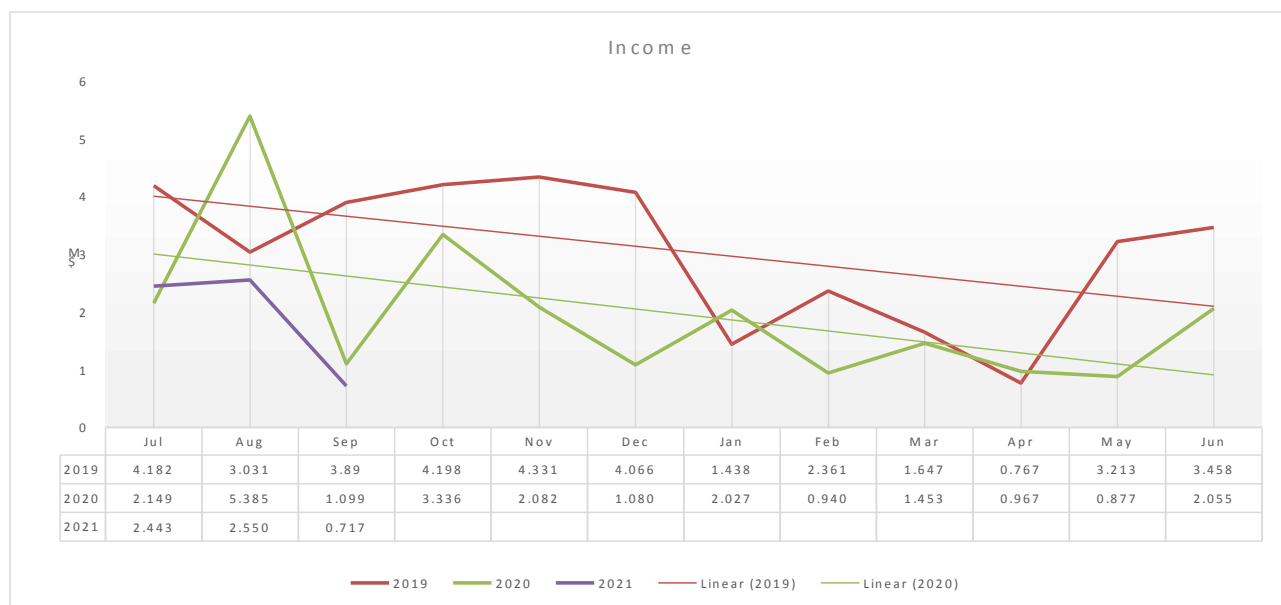
PURPOSE (EXECUTIVE SUMMARY)

This report provides Council with a financial report as required under Section 204 of the Local Government Regulation 2012. The financial report must state the progress that has been made in relation to the local government’s budget for the period of the financial year up to a day as near as practicable to the end of the month before the meeting is held. This report provides the following attachments as supporting information as at 30th September 2020 (i.e. 25.00% through the financial year);

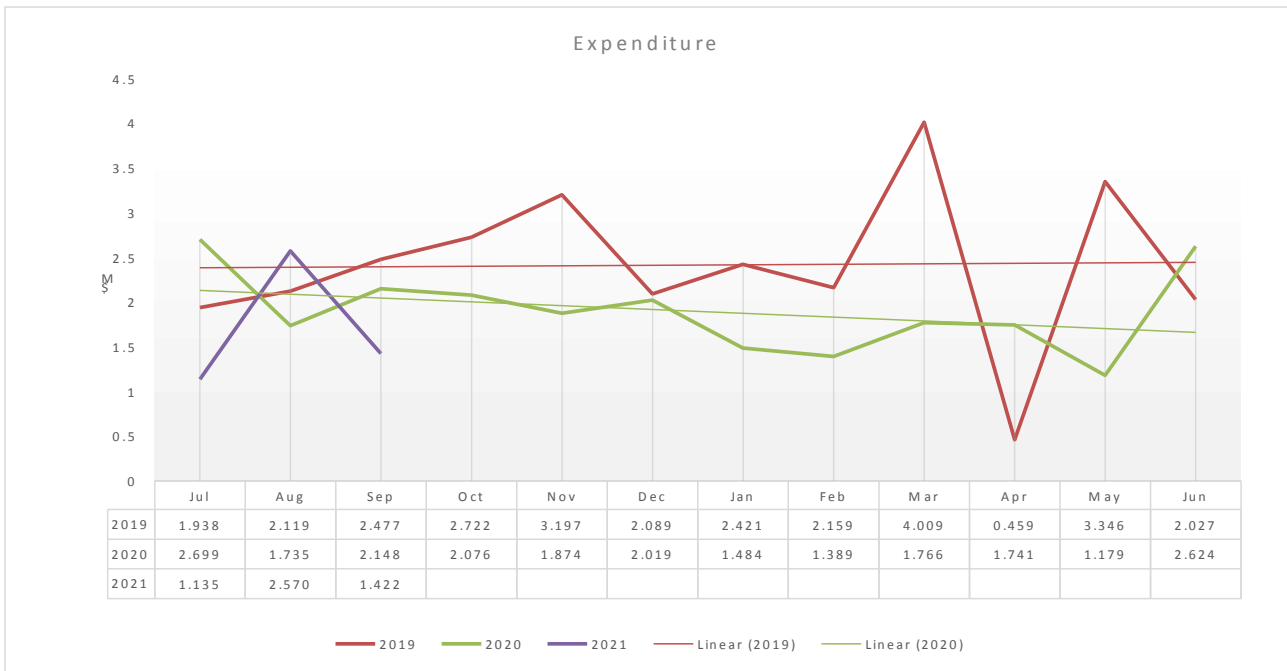
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Capital Budget Summary

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

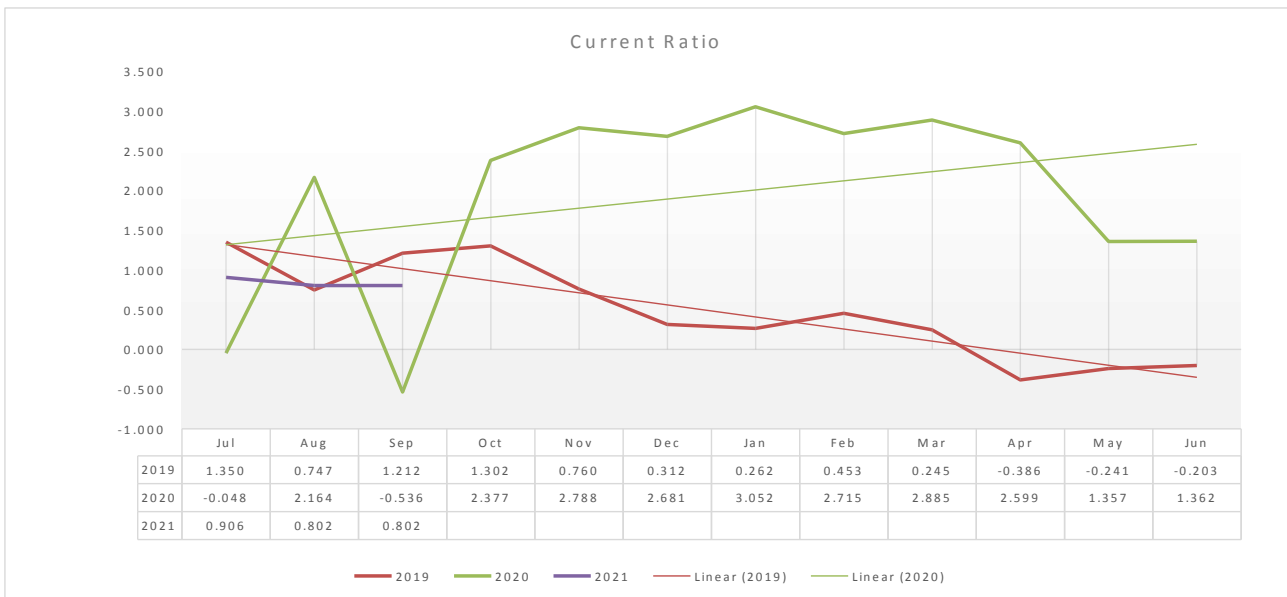
The following graphs illustrate the main points of interest. The data is drawn from the attached documents and comparative information which has been drawn from information presented to Council in previous reporting months.



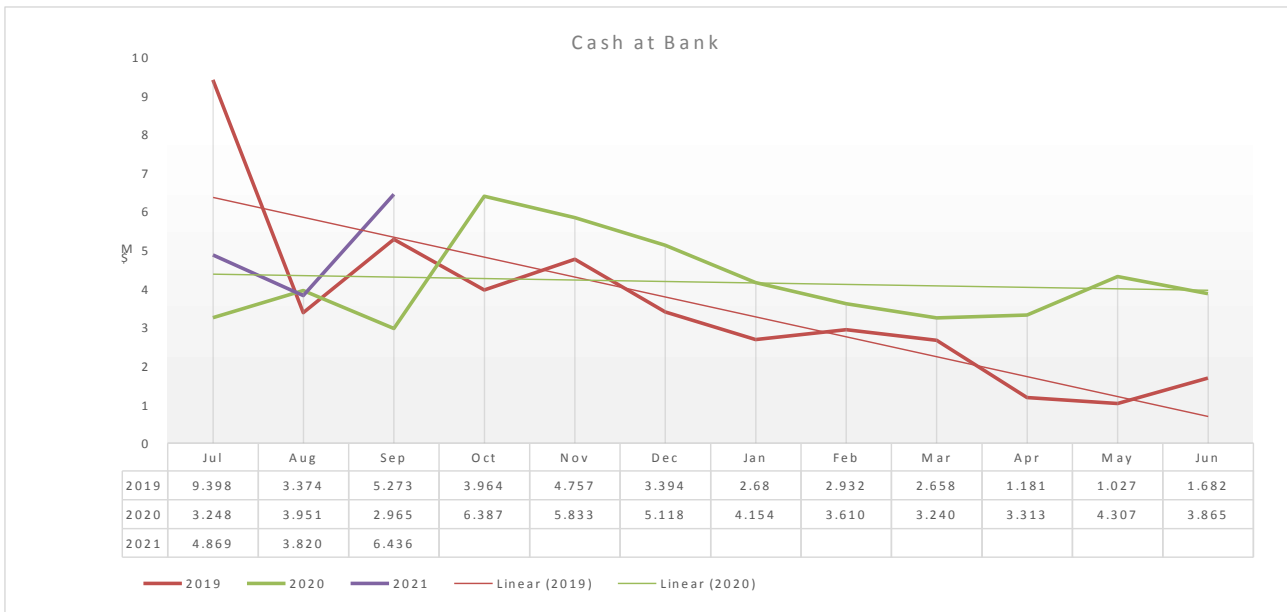
Comment: Total Income at 19% of total budget. Slightly down on budget YTD, predominantly as a result of timing of forecasted capital grants and contributions for disaster recovery works. Total recurrent revenue is 28% of budget as at 30 September 2020.



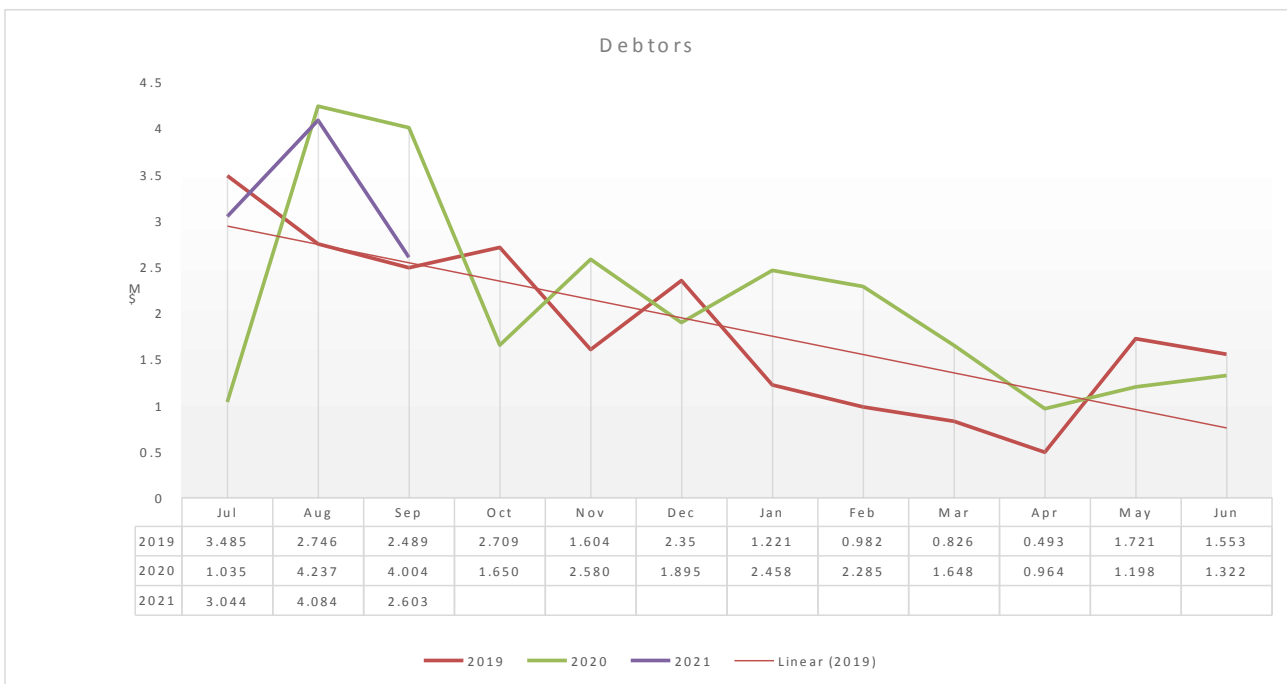
Comment: Expenditure at 23% of total budget and below the current budget. Employee benefits are currently 20% of budget as at 30 September 2020, materials and services are currently at 25% of budget.



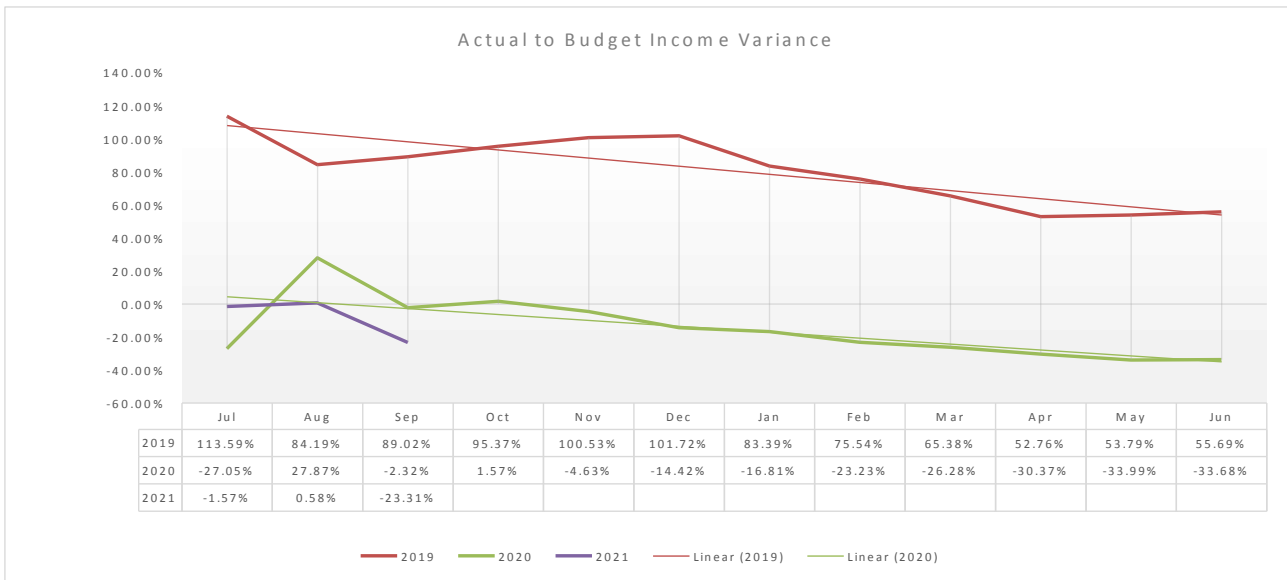
Comment: A current ratio above 1 is considered a minimum. Compared to 2018 this indicator excludes unexpended grant balances and debtors older than 30 days being included from current assets. It is envisaged this indicator will decrease in the later half of the year as Council draws down on the operational assistance grants received.



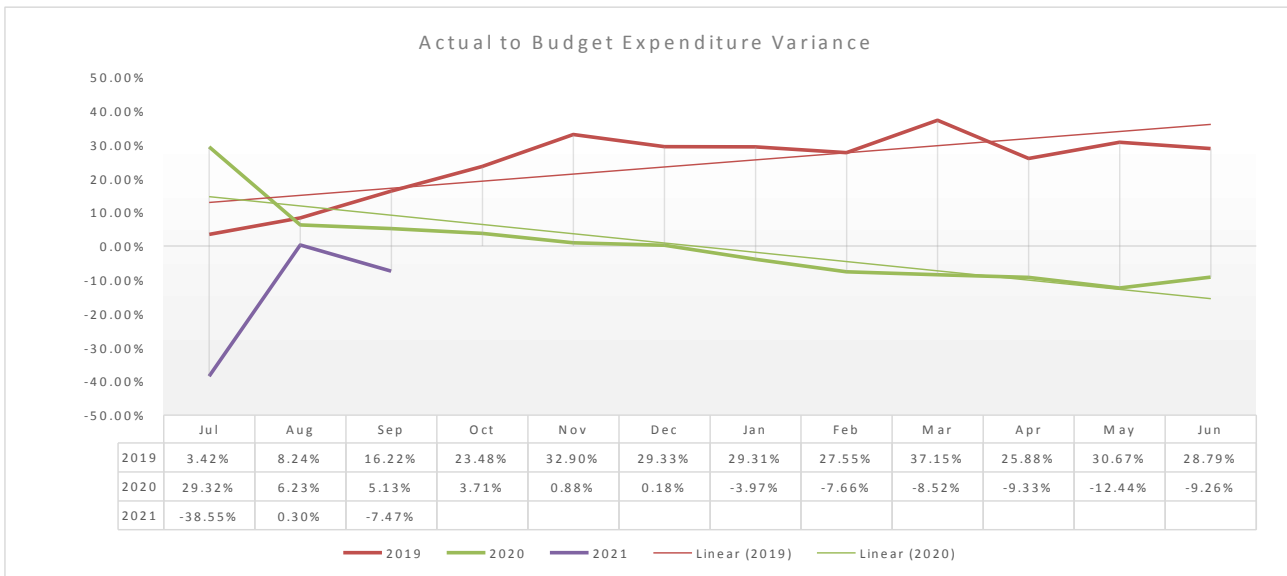
Comment: This graph provides comfort if it is trending upwards. This has increased in September 2020, predominantly due to receiving \$1.464m in Disaster Recovery Funds for disaster recovery works, and also collection of levies and charges. When unexpended grants are excluded, Council has a positive cash at bank of \$2.403m as at September 2020.



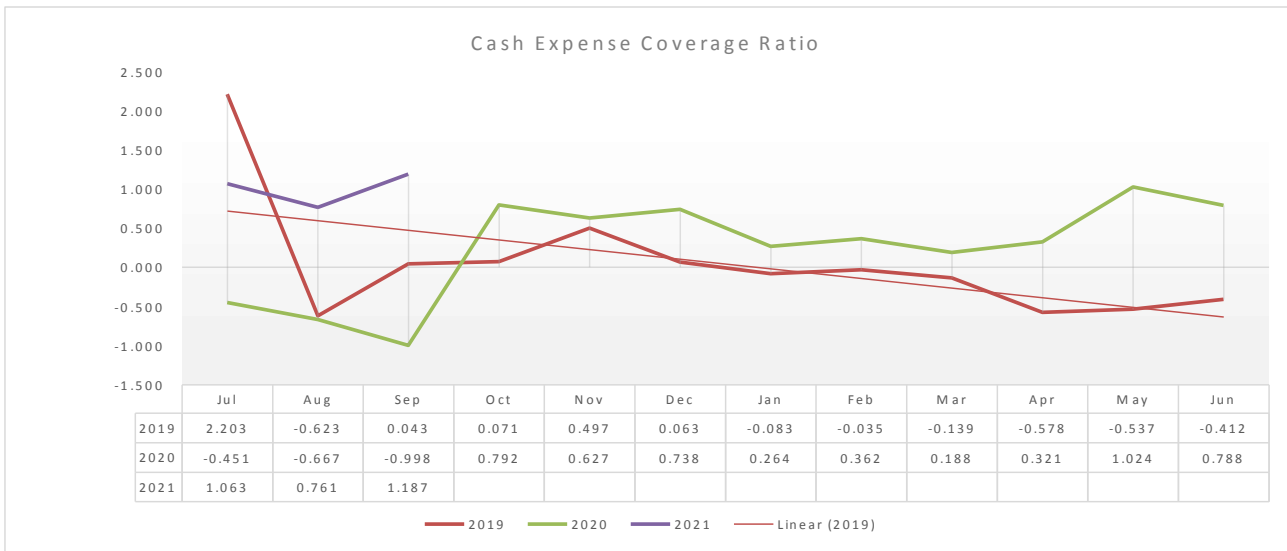
Comment: This graph should be trending downwards from the commencement of each year. Whilst good progress has been achieved in the collection of Council service charge revenue and ongoing housing program works, there are still several general service charges being followed up. Council will refer old accounts not being paid to debt collectors.



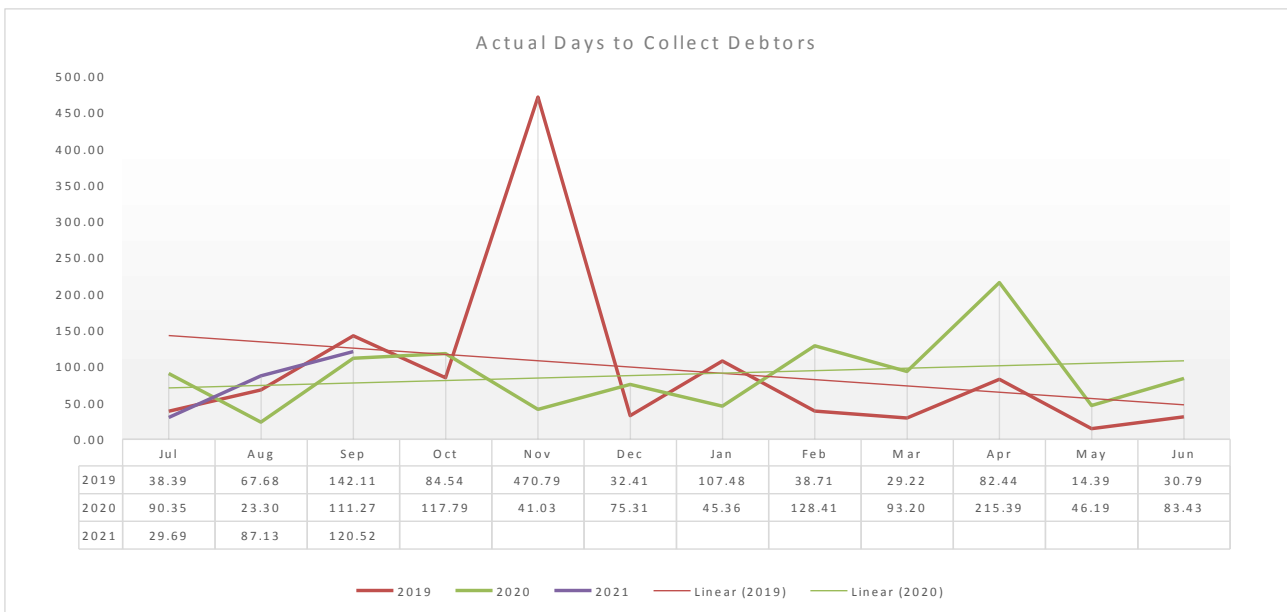
Comment: This graph should hover around the 0 +/- 5% trend line. This would represent an organisation on track with budget management and may take years to develop. A large diversion from 0% indicates a poor budget prediction for income by managers. Increased ownership and education measures have been developed as part of this year’s budget process. The Actual to Budget Income variance is at -23.31% as at September 2020. This difference is due to a timing difference in the receipt and recognition of capital grants and contributions.



Comment: This graph should hover around the 0 +/- 5% trend-line. This would represent an organisation on track with budget management and may take many years to develop. The actual to budget expenditure variance below budget is at -7.47% as at September 2020. This is due to the lower than forecasted salaries and wages for the quarter ended 30 September 2020.



Comment: The expense coverage ratio has been included for the first time in 2019/2020 as is considered by QAO as a good indicator of a Council’s short term liquidity. A healthy target as suggested by QAO is between three (3) and six (6). Mornington is one of nine (9) QLD councils with a cash expense coverage ratio of less than 3 months. This indicator needs to increase and further cost control measures may need to be taken if the ratio does not increase to acceptable levels. This ratio will decrease again as Council draws down on this cash. There is further works being reviewed to reduce operational expenditure, and maximise income opportunities. The cash expense coverage ratio is currently 1.187 months.



Comment: The actual days to collect debtors measures how quickly cash is being collected from debtors. A shorter number of days is preferred, else Council is financing debts of individuals and organisations. Council has implemented an interest charge for overdue debtors. It is hoped this acts as a disincentive for debtors with outstanding debts. The actual number of days to collect debtors increased during the month to an average of 120 Days. This has increased due to levies and charges invoiced in August 2020 for some government departments electing to pay these in instalments.

FINANCIAL & RESOURCE IMPLICATIONS

Following the Covid-19 restrictions impacting the later half of 2020, Council operations are working towards business as usual, with contractors travelling to the island, and backlog of projects are recommencing to be completed. Council's overall cash position is still positive in September 2020.

RECOMMENDATION

That Council receives and notes the information in this report.

Mornington Shire Council
Statement of Comprehensive Income
For the month ended 30 September 2020

	ACTUALS	ACTUALS/ BUDGET	ORIGINAL BUDGET	ORIGINAL BUDGET
	30-Sep-20	%	30-Sep-20	30-Jun-21
Revenue				
Recurrent revenue				
Local Government Levies	3,281,405	100%	820,375	3,281,500
Fees and Utility Charges	377,827	72%	131,925	527,700
Rental Income	11,649	1%	449,050	1,796,200
Interest Earned	6,339	9%	17,000	68,000
Sales-Contracts and Recoverable Works	1,670,412	16%	2,579,620	10,318,480
Other Recurrent Income	10,732	9%	29,685	118,740
Grants, Subsidies and Contributions	351,321	8%	1,084,925	4,339,700
Total recurrent revenue	5,709,685	28%	5,112,580	20,450,320
Capital revenue				
Capital Grants, Subsidies, and Contributions	0		2,278,284	9,113,137
Total capital revenue	0	0%	2,278,284	9,113,137
Total revenue	5,709,685	19%	7,390,864	29,563,457
Capital Income	0	0%	55,000	220,000
Total income	5,709,685	19%	7,445,864	29,783,457
Expenses				
Recurrent expenses				
Employee Benefits	1,460,385	20%	1,811,394	7,245,577
Materials and Services	2,544,531	25%	2,541,210	10,164,840
Finance Costs	3,186	13%	6,000	24,000
Depreciation and Amortisation	1,459,184	31%	1,181,651	4,726,605
Total recurrent expenses	5,467,286	25%	5,540,256	22,161,022
Capital Expenses	-340,663		0	0
Total capital expenses	-340,663		0	0
Total expenses	5,126,623	23%	5,540,256	22,161,022
Net surplus	583,062	8%	1,905,609	7,622,435
Operating Capabilities before Depn and Capital Inc.	2,042,246		753,976	3,015,903
Operating Capabilities before Capital Income	583,062		-427,676	-1,710,702

Morningside Shire Council
Statement of Financial Position
For the month ended 30 September 2020

1

	ACTUALS	ORIGINAL BUDGET	ACTUALS
	30-Sep-20	30-Jun-21	31-Aug-20
Current Assets			
Cash and cash equivalents	6,436,499	5,161,224	3,819,908
Trade and other receivables	2,602,879	1,671,338	4,083,680
Inventories	620,539	756,761	538,778
Contract Asset	114,420	0	246,151
Leases	208,092	247,187	208,092
Total current assets	9,982,430	7,836,510	8,896,609
Non-current Assets			
Leases	6,199,478	5,731,595	5,084,779
Property, plant and equipment	111,006,959	126,820,334	112,795,102
Total non-current assets	117,206,437	132,551,929	117,879,881
TOTAL ASSETS	127,188,866	140,388,439	126,776,490
Current Liabilities			
Trade and other payables	522,622	286,822	435,134
Contract Liability	3,959,372	0	2,749,432
Provisions	487,735	703,514	487,735
Total current liabilities	4,969,728	990,336	3,672,300
Non-current Liabilities			
Provisions	1,549,816	1,219,527	1,549,816
Total non-current liabilities	1,549,816	1,219,527	1,549,816
TOTAL LIABILITIES	6,519,544	2,209,863	5,222,115
NET COMMUNITY ASSETS	120,669,322	138,178,576	121,554,374
Community Equity			
Asset revaluation reserve	99,160,206	107,141,328	99,160,206
Retained surplus/(deficiency)	21,509,116	30,120,988	22,394,168
Other reserves	0	916,260	0
TOTAL COMMUNITY EQUITY	120,669,322	138,178,576	121,554,374

Mornington Shire Council
Draft Statement of Cash Flows
For the month ended 30 September 2020

	ACTUALS	ORIGINAL BUDGET
	30-Sep-20	30-Jun-21
Cash flows from operating activities:		
Receipts from Customers	4,544,029	14,246,420
Payments to Suppliers and Employees	-7,791,148	-17,410,417
	-3,247,119	-3,163,997
Interest Received	5,082	68,000
Rental Income	50,489	1,796,200
Non-Capital Grants, Subsidies and Contributions	2,527,596	4,339,700
Borrowing Costs	0	-24,000
Net cash inflow (outflow) from operating activities	-663,952	3,015,902
Cash flows from investing activities:		
Payments for Property, Plant and Equipment	-104,783	-9,492,400
Payments for intangible assets	0	0
Proceeds from Sale of Property, Plant and Equipment	340,663	220,000
Finance lease Receipts	218,812	0
Capital Grants, Subsidies and Contributions	2,785,383	9,113,137
Net cash inflow (outflow) from investing activities	3,240,075	-159,263
Cash flows from financing activities	0	0
Repayment of Borrowings	0	0
Net cash inflow (outflow) from financing activities	0	0
Net increase (decrease) in cash held	2,576,123	2,856,640
Cash at Beginning of Reporting Period	3,860,376	2,304,584
Cash at End of Reporting Period	6,436,499	5,161,224

Capital Budget Summary

Mornington Shire Council
30/09/2020

	Department	Budget	2019	2020	YTD Capital Expenditure	Closing Balance	Committed Exp	Warehouse not posted	Adjusted Total	% of Budget	Grant Received in Previous Years	Current Year Grant	Total Grant Received	Restricted Funds
Project														
4100 Airport Terminal Building (RAAP)	Airport	1,790,000	1,652,401	121,521	690	1,774,812	8,500	-	1,783,312	100%	1,883,000	-	1,883,000	99,688
4100 Civic Centre (LGGSP)	Administration	5,908,547	22,875	9,920	4,178	36,973	49,805	-	86,778	1%	1,562,514	-	1,562,514	1,475,736
4100 Cyclone Shelter			11,321	-	-	11,321	-	-	11,321	-	-	-	-	-
4100 Dog Pound (W4Q)	Animal Control	472,000	460,334	20,273	326	480,933	-	-	480,933	102%	424,800	-	424,800	-
4100 Kiosk Upgrade	Leika Murrin: Kiosk		1,985	1,985	-	-	-	-	0	-	-	-	-	0
4100 Leika Murrin Tavern Upgrade (BOR)	Leika Murrin: Tavern	1,202,500	3,828	281,394	12,533	297,754	2,016	57	299,827	25%	500,000	-	500,000	200,173
4100 Places of Refuge (W4Q)		1,430,000	80,847	1,155,693	85,528	1,302,068	32,011	8,373	1,342,452	94%	715,000	-	715,000	-
4100 Staff Housing Install (W4Q)	Facilities: Residential Housing	358,000	359,750	2,964	-	362,713	-	163	362,877	101%	322,200	21	322,221	-
4100 Storage Shed Refurb (W4Q)		340,000	44,904	327,791	441	373,137	4,587	6	377,729	111%	306,000	-	306,000	-
4100 Warehouse Shelving (W4Q)	Warehouse	210,000	214,897	-	-	214,897	-	-	214,897	102%	189,000	-	189,000	-
4100 RTO Dismountable		-	-	-	-	-	-	-	-	100%	-	-	-	-
4150 Effluent Outflow Pipe (ICCIIP)	Sewerage Management	835,431	278,789	507,252	72	786,112	-	-	786,112	94%	816,067	-	816,067	29,955
4150 Sewer Pond Desludging (ICCIIP)	Sewerage Management				72	72	-	-	118	-	-	-	-	-
4150 Sewer Pump Station Upgrade (ICCIIP)	Sewerage Management	200,000		410,013	72	410,085	-	-	410,085	-	-	-	-	-
4250 Chlorine Hypo Dosing Upgrade (ICCIIP)	Water Management	103,011	111,648		42	111,690	-	-	111,690	-	-	-	-	-
4450 Airport Safety (RAAP)	Airport	1,210,000	946,545	393,189	105	1,239,839	750	335	1,240,924	103%	1,117,000	-	1,117,000	-
4450 Basketball Court Fencing			35,000	-	-	35,000	-	-	35,000	-	35,000	-	35,000	-
4450 Concrete Batch Plant (BOR)	Batching	496,556	484,970		65	485,035	-	-	485,035	98%	369,560	-	369,560	-
4450 Fuel Facility Upgrade (BOR)	Bowser	800,000	917,422	3,961	-	921,384	-	-	921,384	115%	501,220	-	501,220	-
4450 Service Station Upgrade (BOR)	Workshop and Plant	400,000	431,102	3,927	457	435,486	-	-	435,486	109%	400,000	-	400,000	-
DRFA - 2019 Event	Roads and Civil		114,446	2,051,247	-	2,165,694	-	-	2,165,694	-	2,164,766	-	2,164,766	-
Total		15,756,045	5,941,416	5,398,807	104,783	11,445,005	97,669	8,980	11,551,654	73%	11,306,127	21	11,306,148	1,805,552

14.2 FINAL 2020 AUDIT CLOSING REPORT

Author: Acting Executive Manager Finance and Human Services
Attachments: 1 Final 2020 Audit Closing Report

PURPOSE (EXECUTIVE SUMMARY)

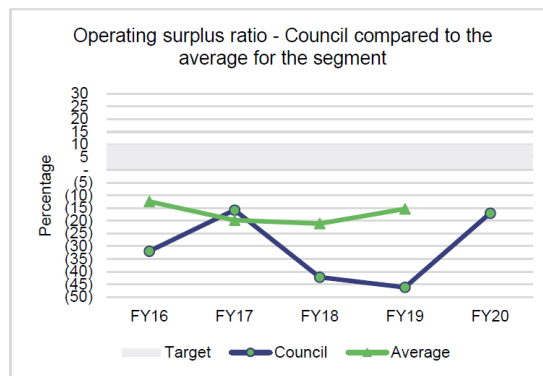
The purpose of this report is to table the 2020 Queensland Audit Office, Final Closing Audit Report as provided to Council on 13 October 2020.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

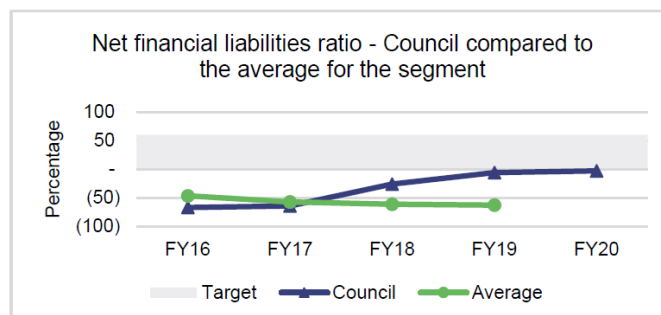
Each financial year the Queensland Audit Office conducts an audit of Council operations to determine the operating effectiveness of Council. To achieve this, the Queensland Audit Office appoints a delegate and in the case of Council this is BDO Audit (Nth Qld) Pty Ltd, based in Cairns.

The attached final closing audit report for the financial year ending 30th June 2020 is based on the audit work performed to 30 June 2020. In this report, the auditors have commented on the results of the audit of the financial statements, performance and sustainability matters, and any significant internal control issues identified.

Based on the following criteria, the auditor’s assessment of Council’s overall financial sustainability risk is rated as high risk.

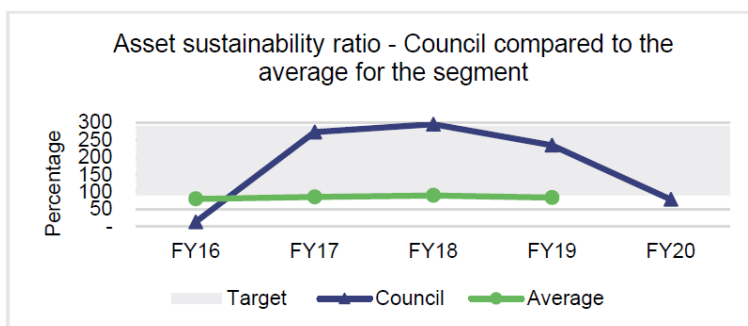


Council’s five-year average operating ratio is -30%. This is outside the target range. This indicates that Council is unable to generate enough funding from its own source revenue. There is significant reliance on grants and contributions from various sources, in the absence of which Council may not be able to sustain its ongoing operations. This also indicates that Council has no ability to fund any capital projects without capital grants and contributions. Council should prioritise looking at options to increase its revenue and reduce its spending levels in the short-term.



Council’s net financial liabilities ratio as at 30 June 2020 is -3%. This is within the target range. The net financial liabilities ratio indicates that while Council’s capital structure appears adequate, the

low operating surplus ratio can add pressure to service any additional borrowings that Council may need for future capital projects.



Council's average asset sustainability ratio is 178%. This is within the target range. Council has monitored its assets in line with its asset management plan and have adequately replaced its assets as they near the end of their useful life. This suggests that Council has managed its asset replacement in line with its service potential.

The audit closing report provided an update on emerging risks, and identified potential areas of concerns and associated risks arising from Covid-19.

At the date of the report, the auditors identified corrected misstatements that resulted in a decrease in net assets of \$180,000 and an increase in operating results amounting to \$1,475,000. In addition the auditors identified uncorrected misstatements that resulted in an increase in net assets of \$458,000 and an increase in operating results amounting to \$212,000.

	Number of significant deficiencies		Number of deficiencies		Rating
	Current year	Prior year unresolved	Current year	Prior year unresolved	
Control environment <i>Structures, policies, attitudes and values that influence daily operations</i>	-	-	1	1	
Risk assessment <i>Processes for identifying, assessing and managing risk</i>	1	-	-	-	
Control activities <i>Implementation of policies and procedures to prevent or detect errors and safeguard assets</i>	1	1	6	1	
Information and communication <i>Systems to capture and communicate information to achieve reliable financial reporting</i>	-	-	-	-	
Monitoring activities <i>Oversight of internal controls for existence and effectiveness</i>	-	-	-	-	

Effective No significant deficiencies identified	Partially effective One significant deficiency	Ineffective More than one significant deficiency
--	--	--

This table summarises our reporting on deficiencies in internal controls. Management is addressing these items identified and has set a schedule for these to be resolved.

The new internal control deficiencies identified for this year included:

- Failure to comply with purchasing policy (Action Date - December 2020)
- Year End processes (Action Date - December 2020)
- GST Errors (Action Date - October 2020)

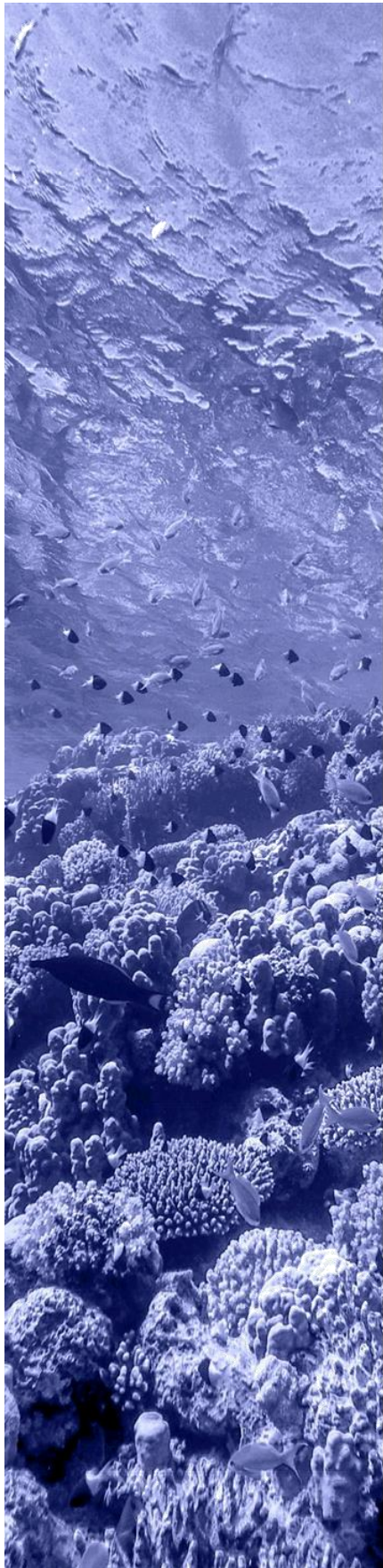
This report summarises an action list of internal control deficiencies, financial reporting issues, and other matters which management has made a commitment to resolving.

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council receives and notes the information in this report.



Mornington Shire Council 2020 Closing report

13 October 2020

● Queensland
● Audit Office
Better public services

Our ref: 100334

SENSITIVE

13 October 2020

Mr Peter Stewart
Acting Chief Executive Officer
Mornington Shire Council
c/- Post Office
GUNUNA QLD 4892

Dear Mr Stewart

2020 Closing report

We present to you our closing report for Mornington Shire Council ("Council"), for the financial year ended 30 June 2020. It includes the results of our audit, identified audit misstatements, and other matters.

Our audit was conducted in accordance with our external audit plan issued 9 April 2020. We confirm that up to the date of this report we have maintained our independence obligations in relation to our conduct of this audit.

Based on the information that has been assessed as part of our audit, we expect to issue an unmodified audit opinion.

We will be issuing a report to parliament incorporating your Council. In this report, we will comment on the results of our audit of your financial report, performance and sustainability matters, any significant internal control issues we identified, and the overall results of the local government sector, including, major transactions and events. This report is prepared in accordance with the *Auditor-General Act 2009*.

We are keen to hear your views about the audit services we provide and will seek your feedback via an online survey. This survey will help us understand what is working well and where there are opportunities for us to improve our engagement with you.

If you have any questions or would like to discuss the audit report, please contact me on 07 4046 0044.

Yours sincerely



Greg Mitchell
Partner
BDO Audit (NTH QLD) Pty Ltd

Enc.

cc. Mr Kyle Yanner , Mayor

Owen Jensen, Acting Executive Manager of Finance and Human Service

Queensland Audit Office
Level 13, 53 Albert Street, Brisbane Qld 4000
PO Box 15396, City East Qld 4002

Phone 07 3149 6000
Email qao@qao.qld.gov.au
Web www.qao.qld.gov.au
 Queensland Audit Office (QAO)

1. Summary

This closing report documents our audit of Mornington Shire Council financial statements for the year ended 30 June 2020, including how we have responded to significant financial reporting risks.

The final audit opinion is subject to the completion of the financial statement audit process. Key aspects still to be finalised are included in highlights below.

Highlights



Expected audit opinion
We expect to issue an unmodified opinion on the financial statements.






Financial statement preparation process

 Year-end close process Partially implemented	 Timeliness Timely	 Quality No significant adjustments
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Internal control environment

Control environment	Risk assessment	Control activities	Information and communication	Monitoring controls
 Effective	 Partially effective	 Ineffective	 Effective	 Effective

Refer to *Section 6 Audit* issues for further details



Materiality \$240,000
Decrease of \$64,000 to planning



Estimated final fees
To be advised

Outstanding audit matters

Item	Responsibility
Financial statements review—quality check over final version	Audit
Subsequent events update—review of transactions to date of signing	Management and Audit
Management representation letter—to be signed with the financial statements	Management
Financial report certification—signing of the financial statements by management following adoption by the Council	Management and Audit

SENSITIVE



2. Financial sustainability assessment

The table below details our assessment of your financial sustainability and is based on the results of your asset sustainability, operating surplus and net financial liabilities ratios. Our likely 2020 assessment of Council's overall financial sustainability risk is **high risk**.

Refer to Appendix D for guidance on how these ratios are calculated and our financial sustainability risk rating definitions.

Operating surplus ratio	Commentary
<p>Operating surplus ratio - Council compared to the average for the segment</p>	<p>Council's five-year average operating ratio is -30%. This is outside the target range.</p> <p>The average operating surplus ratio indicates that Council is unable to generate enough funding from its own source revenue. There is significant reliance on grants and contributions from various sources, in the absence of which Council may not be able to sustain its ongoing operations. This also indicates that Council has no ability to fund any capital projects without capital grants and contributions. Council should prioritise looking at options to increase its revenue and reduce its spending levels in the short-term.</p>

Net financial liabilities ratio	Commentary
<p>Net financial liabilities ratio - Council compared to the average for the segment</p>	<p>Council's net financial liabilities ratio as at 30 June 2020 is -3%. This is within the target range.</p> <p>The net financial liabilities ratio indicates that while Council's capital structure appears adequate, the low operating surplus ratio can add pressure to service any additional borrowings that Council may need for future capital projects.</p>

Asset sustainability ratio	Commentary
<p>Asset sustainability ratio - Council compared to the average for the segment</p>	<p>Council's average asset sustainability ratio is 178%. This is within the target range.</p> <p>Council has monitored its assets in line with its asset management plan and have adequately replaced its assets as they near the end of their useful life. This suggests that Council has managed its asset replacement in line with its service potential.</p>



SENSITIVE

3. Update on emerging risks

In our interim letter dated 6 August 2020, we had identified the potential areas of concerns and associated risks that arose from COVID-19. The table below provides our understanding of the impact areas of concern and associated risks had on Mornington Shire Council and our conclusion:

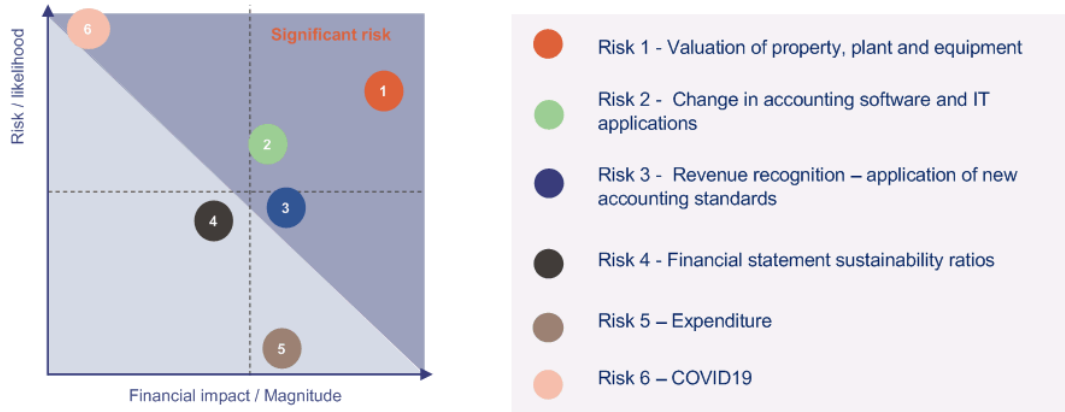
Area of concerns and associated risk	Audit conclusion
<p>Going concern</p> <p>Material uncertainties that cast significant doubt on the ability to continue as a going concern, such as the extent of the effect on future revenue and costs and the unknown duration of the event.</p> <p>Several revenue streams such as investment revenue, sale of goods and services and rental income may reduce. Timing of cash inflows may also be impacted.</p>	<p>There was no significant decreases in revenue, therefore we were satisfied that COVID-19 has not resulted in a material uncertainty that cast significant doubt on the ability of the Council to continue as a going concern.</p>
<p>'Everyday' internal controls</p> <p>Most entities have expanded to working from home to support social distancing. With any change in working arrangements comes an increased risk of controls failing, particularly manual controls and where controls previously operated with a high level of management oversight within an office environment.</p>	<p>There was no change in internal controls, as the Council finance team is already decentralised as staff are based on Mornington Island and in Brisbane. We did not identify any breakdowns in internal controls.</p>
<p>Information technology and cyber security</p> <p>Entities' exposure to cyber security risks increases in vulnerable and uncertain times as their resources are focused on being re-deployed to address critical matters. There is also a risk that identifying cyberattacks may be potentially delayed causing financial and/or reputational risks.</p>	<p>No issues noted in relation to information technology and cyber security.</p>
<p>Valuation of property, plant and equipment</p> <p>Economic uncertainty and imposed community restrictions may impact the ability of valuers to accurately perform comprehensive and/or desktop valuations and meet the fair value measurement requirements of AASB 13.</p>	<p>As these are valued based on current replacement cost, the valuation inputs for these asset classes are rarely volatile and the condition and useful lives of these long-term assets are also unlikely to be impacted as a result of COVID-19. There was no significant impact on the values assigned to property, plant and equipment.</p>
<p>Financial statement disclosure</p> <p>Several disclosures in the financial statements will be impacted.</p>	<p>Note 27 has been included in the financial statements in relation to the impacts of COVID-19.</p>



4. Audit conclusions

Areas of audit significance

We identified the areas of your financial report that we considered to be at significant risk of material error. The risk map below sets out the identified areas of audit significance, together with any changes in our assessment of the risk of material error during the audit period.



Our overall conclusions on these key risk areas are outlined in the table below.

Risk	Description	Audit conclusion
1	Valuation of property, plant and equipment	<p>Management conducted a review of indices and determined that no revaluation adjustment was required. We performed the following procedures:</p> <ul style="list-style-type: none"> Reviewed managements assumptions Reviewed industry benchmarks Considered the impact of industry benchmarks on the revaluation. <p>Audit conclusion Based on the audit work performed above, we have reasonable assurance that property plant and equipment is in accordance with AASB 116 Property, plant and equipment and AASB 13 Fair value measurement.</p>
2	Change in accounting software and IT applications	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Reviewed the implementation of Xero and identified any control gaps or weaknesses within the internal control environment Reviewed transfer of balances from the existing system Practical general ledger to the new Xero general ledger accounts Performed reasonability checks over final figures used in preparing the financial statements Traced transactions from IT applications to ensure correct recording within the general ledger. <p>Audit conclusion Based on the audit work performed above, we have reasonable assurance that no material misstatements resulted from the change in accounting software.</p>



SENSITIVE



4. Audit conclusions (continued)

3	Revenue recognition – application of new accounting standards	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Review of updated position papers • Review of calculation of revenue from contracts with customers, contract assets and contract liabilities • We reviewed opening adjustments on transition. <p>Audit conclusion</p> <p>Based on the audit work performed above, we have reasonable assurance that revenue has been appropriately recognised in accordance with AASB 1058 and AASB 15.</p> <p>Note adjustments made during the audit process are detailed in Appendix B.</p>
4	Financial statement sustainability ratios	<p>We performed the following procedures over the financial sustainability ratios:</p> <ul style="list-style-type: none"> • Tested a sample of asset renewals to supporting documentation to confirm they meet the Financial Sustainability guidelines • Reviewed financial statement disclosure of grants and subsidies as operational versus capital, including management's detailed analysis of these • Checked the input and mathematical accuracy of calculated ratios. <p>Audit conclusion</p> <p>We have performed sufficient audit procedures over additions and renewals and capital and operating revenue to address Council's compliance with the requirements of the Financial Sustainability (Sustainability) Guideline 2013 Version 1.1.</p>
5	Expenditure	<p>We performed the following procedures over expenditure:</p> <ul style="list-style-type: none"> • Targeted testing of material transactions or payments where there is an increased risk of unauthorised adjustments/errors or circumnavigation of controls • Review tendering processes and probity assessments for major contracts • Review transactions to ensure compliance with Council's Procurement Policy, Local Government Act 2009 and Local Government Regulation 2012 • Analytical review of expense accounts vs. Council's published budget • Perform subsequent payment testing to identify any unrecorded liabilities at year-end • Review of transactions paid for using Council credit cards • Review of significant related party transactions and if these are recorded within the related party disclosure. <p>Audit conclusion</p> <p>We have performed sufficient audit procedures over expenditure to address Council's compliance with the Local Government Act 2009, Regulation 2012, Probity and/or propriety principles.</p>
6	COVID19	<p>We assessed the potential risks identified by management and the potential impact on Council's internal control environment and financial statement disclosures at Section 3.</p> <p>Audit conclusion</p> <p>We have assessed that the accounting treatment and financial statement disclosures are considered appropriate.</p>

SENSITIVE



4. Audit conclusions (continued)

Audit materiality

Our audit materiality thresholds have been reassessed based on your year-end financial statement balances and have changed since we communicated those in the external audit plan as expenditure for the year was lower than expected.

We used these thresholds in assessing misstatements.

Overall	Performance	Reported misstatements	Specific—property, plant & equipment
\$240,000	\$ 180,000	\$12,000	\$5,655,000
[per external audit plan \$304,000]	[per external audit plan \$228,000]	[per external audit plan \$30,400]	[per external audit plan \$5,665,000]

Evaluation of misstatements

At the date of this report, we have identified corrected misstatements that resulted in a decrease in net assets of \$180,000 and an increase in operating results amounting to \$1,475,000.

At the date of this report, we have identified uncorrected misstatements that resulted in an increase in net assets of \$458,000 and an increase in operating results amounting to \$212,000.

Details of these corrected and uncorrected misstatements are included in Appendix B to this closing report.













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5. Audit issues


Internal controls

This table summarises our reporting on significant deficiencies/deficiencies in internal controls. See Appendix A for details.

	Number of significant deficiencies		Number of deficiencies		Rating
	Current year	Prior year unresolved	Current year	Prior year unresolved	
 Control environment <i>Structures, policies, attitudes and values that influence daily operations</i>	-	-	1	1	
 Risk assessment <i>Processes for identifying, assessing and managing risk</i>	1	-	-	-	
 Control activities <i>Implementation of policies and procedures to prevent or detect errors and safeguard assets</i>	1	1	6	1	
 Information and communication <i>Systems to capture and communicate information to achieve reliable financial reporting</i>	-	-	-	-	
 Monitoring activities <i>Oversight of internal controls for existence and effectiveness</i>	-	-	-	-	

 **Effective**
No significant deficiencies identified

 **Partially effective**
One significant deficiency

 **Ineffective**
More than one significant deficiency

Financial reporting issues and other matters

This table summarises our financial reporting and other issues raised in the current year and those carried forward from prior years. See Appendix A for details.

	Financial reporting issues—risk ratings			Other matters*
	High	Moderate	Low	
Current year				
Unresolved				2
Resolved				
Prior year				
Unresolved				1
Resolved				

* We only track resolution of other matters where management has committed to address the item raised.






6. Audit assessments

Effectiveness of financial statements preparation process

Our assessment of the effectiveness of your financial statement preparation process involved considering three components: your year-end close process, the timeliness of your financial statements, and the overall quality of your financial statements. We assessed these based on the criteria disclosed in the external audit plan. These are further explained below.

We assessed the outcomes of your year-end close processes, based on the dates outlined below, unless we agreed an earlier date in your financial reporting timetable. EAPs should have established the key dates for year-end processes and those dates should be shown below.

Year-end close processes  Your rating: ● Partially implemented	Timeliness of certification of financial statements  Your rating: ● Timely	Quality of draft financial statements  Your rating: ● No significant adjustments
<p>We assessed the outcomes of your year-end close processes, based on the agreed dates in the external audit plan. Three out of five milestones were met:</p> <ul style="list-style-type: none"> Finalising non-current asset valuations (29 May) ✓ Preparing complete pro forma financial statements (29 May) ✓ Position papers on known accounting issues (29 May) ✓ Final workpapers available (10 August) ✗ Final financial statements completed (10 August) ✗ 	<p>We will assess the date we issue our audit opinion against the benchmark we have established as timely, being approximately two weeks before the statutory deadline of 31 October. Finalising your audit in a timely manner facilitates you publishing your annual report and this aligns with the local government principles enshrined in the <i>Local Government Act 2009</i>.</p>	<p>We assessed the quality of your financial statements in terms of adjustments you make between the first draft of the financial statements and the final version we receive. This includes adjustments to current year, prior year and other disclosures. This is an indicator of how effective your review of the financial statements is at identifying and correcting errors.</p>

Our ratings criteria

● Fully implemented
All key processes completed by the planned date

● Partially implemented
Three to four key processes completed by the planned date

● Not implemented
Less than three key processes completed by the planned date

● Timely
Audit opinion issued on or before 13 October 2020

● Legally compliant
Audit opinion issued between 14 and 31 October 2020 (inclusive) or met approved ministerial extension

● Untimely
Audit opinion issued after 31 October 2020

● No adjustments
No adjustments were required

● No significant adjustments
Immaterial adjustments to financial statements

● Significant adjustments
Material adjustments to financial statement components



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7. Other required information

We are required to report certain matters to those charged with governance. The table below provides a summary of the matters usually communicated at the end of our audit.

Matters for QAO to consider	How these were addressed
Disagreements with management	During our audit, we received full co-operation from management and had no unresolved disagreements over the application of accounting principles and the scope of our audit. At the date of this report, management are finalising the disclosures to include in the final financial statements.
Significant difficulties	<p>We encounter significant difficulties during the audit.</p> <p>Due to staffing issues, the capacity of the finance team was significantly reduced during the audit period. This resulted in delays completing the audit and the revision of completion dates.</p> <p>A number of misstatements were identified during the audit (refer Appendix B). These misstatements need to be documented, investigated and discussed with management resulting in additional time being required to complete the audit.</p>
Compliance with laws and regulations	We did not identify any instances of non-compliance with laws and regulations that may have a material effect on the financial report.
Matters significant to related parties	We did not note any significant matters in relation to related parties during the audit.
Changes to accounting policies	We confirm there were no significant changes to accounting policies during the period, except for those changes arising from the adoption of the new accounting standards.
Other matters significant to the oversight of the financial reporting process	We did not note any significant matters in relation to the financial reporting process during the audit.
Fraud and illegal acts	<p>We have made enquiries of management regarding:</p> <ul style="list-style-type: none"> • knowledge of any fraud or suspected or alleged fraud affecting the entity involving management, employees who have significant roles in internal control, or others where fraud could have a material effect on the financial report • knowledge of any allegations of fraud, or suspected fraud, affecting the financial information. <p>We did not become aware of any fraud or illegal acts during our audit.</p>
Other information in the entity's annual report	We have not undertaken audit procedures to verify other information in the entity's annual report as required by Australian Auditing Standard ASA 720 <i>The Auditor's Responsibilities Relating to Other Information</i> . Our review will examine whether annual report financial information and non-financial information is not inconsistent with the financial report.



Appendix A1—Internal control deficiencies

The following table details control deficiencies and other matters identified since our last interim report dated 10 September 2020. It includes a response from management.

Our risk ratings are as follows—refer to [Internal controls rating definitions](#) for more detail.

 Significant deficiency
  Deficiency
  Other matters

Deficiencies

20 CR-1 Failure to comply with purchasing policy

Control activities

As per the procurement policy, purchase orders are required to be raised for all purchases other than the exemptions listed in the procurement policy. It was identified during expense testing that purchase orders have not been raised.

QAO recommendation

We recommend that Council ensures the correct processes are being followed and that all purchases are being raised in accordance with Council's Procurement Policy and the procurement requirements of the Local Government Regulations as outlined in section 224 to 235 of the regulations.

Management response

Council will follow up that the correct processes are in place that all purchases are in accordance with Council's Procurement Policy and Local Government Regulations. Council is currently investigating options available through establishing preferred vendor and supplier panels and increased use in Local Buy as part of its procurement process.

Responsible officer:	Executive Manager Finance and Human Services
Status:	Work in progress
Action date:	December 2020

20 CR-2 Year end processes

Control activities

As detailed in Appendix B, a number of misstatements were identified during the audit. These related to revenue cut-off, calculation of employee provisions, inventory, work in progress, unrecorded creditors, contributed assets, land fill provision and grants repayable. This is due to a lack of reconciliation process for revenue streams and deficiencies in the quality assurance processes for other balances.

QAO recommendation

It is recommended that reconciliations should be prepared for all balance sheet accounts on a monthly basis. A person independent of the preparer should review the completed reconciliations.

A monthly timetable should be established for completing the month-end reconciliations and reports.

Management response

Management agrees with the recommendations and will ensure processes are in place that the above items are routinely reconciled on a monthly basis and independently reviewed.

Responsible officer:	Finance and Administration Manager
Status:	Work in progress
Action date:	December 2020



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Appendix A1—Internal control deficiencies (continued)

20 CR-3 GST errors

Control activities

The GST receivable recorded at 30 June 2020 is higher than the amount reported on the Business Activity Statement for 30 June 2020. A review of the monthly GST reports for the year indicated that none of the totals agreed to the Business Activity Statement lodged.

It appears that adjustments have been made to the Xero file after Business Activity Statements have been lodged and that no amendments have been lodged with Australian Taxation Office.

In addition, errors were noted with GST being incorrectly attributed to grant funds which were GST free.

QAO recommendation

It is recommended that a GST review be conducted and amended Business Activity Statements be lodged with the Australian Taxation Office.

A review and reconciliation of GST transactions should be conducted on a monthly basis. A person independent of the preparer should review the completed reconciliation.

Management response

Management agrees with the recommendations and a review and reconciliation of GST transactions will be conducted on a monthly basis and independently reviewed.

Responsible officer:	Management Accountant
Status:	Work in progress
Action date:	October 2020



Appendix A2—Financial reporting issues

There were no financial reporting issues identified through our audit.
















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Appendix A3—Matters previously reported

The following table summarises all control deficiencies, financial reporting issues and other matters that we have raised this year and those issues raised in in prior years but are not yet resolved.

Reference	Rating	Issue	Status
Internal control issues			
20IR-1		Control Activity - Lack of formal periodic review of users, access privileges and process when assigning and terminating user access	Work in Progress – October 2020
20IR-2		Risk Assessment - Lack of evidence or review of financial management and fraud risks and control measures	Work in Progress – November 2020
CR19		Control Activities - Payroll records & pay rates	Work in Progress
20IR-3		Control Activities - Incorrect pay rates	Work in Progress – December 2020
20IR-4		Control Environment - Policies and procedures	Work in Progress – December 2020
20IR-5		Control Activities - Control ownership	Work in Progress – November 2020
20IR-6		Control Activities - Credit card reconciliations	Work in Progress – September 2020
16IR		Control Environment - Compliance matters Council has not implemented an Asset management strategy and has not adopted a Long-term asset management plan	Work in Progress
17IR		Control Activities - No review of Bank Reconciliations	Work in Progress
Financial reporting issues			
CR18		Conditions over contributions - unexpended grant funds exceed cash balance	Resolved
Other matters			
20IR-7		Outdated policies and procedures	Work in Progress – December 2020
20IR-8		Compliance with Act & Regulations	Work in Progress – December 2020
18IR		Conflict of interest implementation	Work in progress – June 2020

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Appendix A4—Our rating definitions



Internal controls rating definitions

	Definition	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> the risk of material misstatement in the financial statements the risk to reputation the significance of non-compliance with policies and applicable laws and regulations the potential to cause financial loss including fraud, or where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Financial reporting issues rating definitions

	Potential effect on the financial statements	Prioritisation of remedial action
High 	<p>We assess that there is a high likelihood of this causing a material misstatement in one or more components (transactions, balances and disclosures) of the financial statements, or there is the potential for financial loss including fraud.</p>	This requires immediate management action to resolve.
Medium 	<p>We assess that there is a medium likelihood of this causing a material misstatement in one or more components of the financial statements.</p>	We expect management action will be taken in a timely manner.
Low 	<p>We assess that there is a low likelihood of this causing a material misstatement in one or more components of the financial statements.</p>	We recommend management action to resolve; however, a decision on whether any action is taken is at management's discretion.



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Appendix B—Misstatements

In total, the effect of the corrected misstatements on the financial statements has resulted in an increase in net profit result of \$1,475,000 and a decrease in net assets of \$180,000.

Summary of corrected misstatements

The following misstatements were identified during the audit and have subsequently been corrected by management in the financial statements.

#	Details	Profit or loss	Balance sheet
		Increase/(decrease) \$000	Increase/(decrease) \$000
1	Finance leases		896
	Gain on finance leases	896	
	Adjustment resulting from a revision of the discount rate used		
2	Contract assets		57
	Contract liabilities		(1,133)
	Retained earnings		1,655
	Capital grant revenue	579	
	Additional contract liabilities relating to capital grants identified		
	Total	1,475	1,475

Summary of uncorrected misstatements

During the course of our audit, we identified the following uncorrected misstatements and request that they be corrected. Management has concluded that these matters are not material and do not propose adjustment. We consider the misstatements are not material either to the financial statements as a whole or to individual line item presentations.

#	Details	Profit or loss	Balance sheet
		Increase/(decrease) \$000	Increase/(decrease) \$000
1	DR Various revenue accounts	(205)	
	DR Receivables		138
	CR Retained earnings		(343)
	Cut-off errors identified in relation to revenue		
2	DR Landfill provision		40
	CR Capital expense - landfill	40	

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<i>Estimated impact of adjustments to discount rate and future maintenance costs</i>		
3	DR Doubtful debts expense	(54)
	CR Provision for doubtful debts	(54)
<i>Estimated adjustment to doubtful debts</i>		
4	DR Employee provisions	34
	CR Employee costs	34
<i>Annual leave loading included twice in calculation and estimate impact of adjustments to discount rates</i>		
5	DR Cost of sales - fuel	(18)
	CR Inventory stores	(18)
<i>Pricing variance on fuel stocks</i>		
6	DR Sales – contract works	(19)
	CR Accounts receivable	(19)
<i>Adjustment to BAS invoices</i>		
7	DR Various expense accounts	(86)
	DR Capital work in progress	20
	CR Accounts payable	(124)
	CR Retained earnings	18
<i>Unrecorded creditors identified in current and prior year</i>		
8	DR GST receivable	25
	CR Sundry expenses	25
<i>Unreconciled GST variance</i>		
9	DR Buildings	433
	CR Capital revenue – Contributed assets	433
<i>Error in calculation of the fair value of contributed assets</i>		
10	DR GST receivable	79



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	Cr Recurrent grant revenue	79	
	<i>GST incorrectly remitted on grant funding</i>		
11	DR Recurrent grant revenue	(17)	
	DR Retained earnings		78
	CR Accounts payable		(95)
	<i>Liability for grants repayable not recorded</i>		
	Total	212	212



Appendix C—Assessment of Financial Sustainability



Assessment of financial sustainability

Section 169(5) of the *Local Government Regulation 2012* outlines the following relevant measures of financial sustainability for all Queensland local governments must report on:

Sustainability measure	Purpose	How is it measured?	Target
Operating surplus ratio	The Operating Surplus Ratio indicates the extent to which operating revenues raised cover operating expenses.	<i>Net operating result/Total operating revenue (excluding capital items)</i>	Between 0% and 10% per annum
Net financial liabilities ratio	The Net Financial Liabilities Ratio indicates the extent to which operating revenues (including grants and subsidies) can cover net financial liabilities (usually loans and leases).	<i>(Total Liabilities – current assets)/Total operating revenue</i>	< 60% per annum
Asset sustainability ratio	The Asset Sustainability Ratio indicates the extent to which assets are being replaced as they reach the end of their useful lives.	<i>Capital Expenditure on replacement of assets (renewals)/Depreciation</i>	> 90% per annum

We assigned a risk rating to each measure using the below criteria.

Risk rating measure for Individual Ratios	Operating surplus ratio	Net financial liabilities ratio	Asset sustainability ratio
Higher	Less than negative 10% (i.e. losses) Insufficient revenue is being generated to fund operations and asset renewal	More than 80% Potential long term concern over ability to repay debt levels from operating revenue	Less than 50% Insufficient spending on asset replacement or renewal resulting in reduced service levels and increased burden on future ratepayers
Moderate	Negative 10% to zero A risk of long term reduction in cash reserves and inability to fund asset renewals	60% to 80% Some concerns over the ability to repay debt from operating revenue	50% to 90% Irregular spending or insufficient asset management practices creating a backlog of maintenance/renewal work
Lower	More than zero (i.e. surpluses) Well positioned to fund operations and asset renewals	Less than 60% No concern over the ability to repay debt from operating revenue	More than 90% Likely to be sufficiently replacing or renewing assets as they reach the end of their useful lives






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Appendix C —Assessment of Financial Sustainability (continued)

Our assessment of financial sustainability risk factors does not take into account Council's long-term forecasts or credit assessments undertaken by Queensland Treasury Corporation. We calculate the overall financial sustainability risk assessment using the ratings determined for each measure using the criteria in the table below.

Risk level	Detail of risk
Higher risk 	Higher risk of sustainability issues arising in the short to medium term if current operating income and expenditure policies continue, as indicated by average operating deficits (losses) of more than 10 per cent of operating revenue.
Moderate risk 	Moderate risk of sustainability issues over the longer term if current debt financing and capital investment policies continue, as indicated by: <ul style="list-style-type: none"> • current net financial liabilities more than 80 per cent of operating revenue or • average asset sustainability ratio over the last 5 years is less than 50 per cent or • average operating deficits (losses) over the last five years of between two and 10 per cent of operating revenue or • realising two or more of the individual ratios for moderate risk assessments (per the table opposite).
Lower risk 	Lower risk of financial sustainability concerns based on current income, expenditure, asset investment and debt financing policies.

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Appendix D —Performance audit update



Planned performance audits

QAO's Strategic Audit Plan outlines the performance audit topics we plan to undertake in the next three years. Performance audits provide independent assurance that public resources are being used appropriately and that government programs are delivering on their objectives efficiently, effectively, and economically.

We are in the process of recalibrating our Strategic Audit Program given the direct and indirect impacts of COVID-19 on public sector entities and public sector services. We will reassess our proposed audits to see if these topics remain relevant in light of the pandemic or whether alternative topics need to be prioritised.

Recently tabled reports

We have provided below a list of recently tabled audit report that we believe may be of interest to you.

Report	Key message
Effectiveness of audit committees in state government entities	In this report we drew connections between effective audit committees and the success of an entity's governance framework. This report identified what entities can do in establishing an effective audit committee.
<p><u>Report 2</u> September 2020</p>	
Queensland Government response to COVID-19	The speed and depth of the impacts from the COVID-19 pandemic, and the ongoing government responses to them, are unprecedented. The Queensland Government has announced a range of measures with the aim of supporting the state economy, promoting public safety, and assisting households and businesses. As at 21 August 2020, the Queensland Government had announced over \$7 billion in response measures. The costs of the government's response are significant and will largely depend on the ongoing health and economic impacts of the pandemic.
<p><u>Report 3</u> September 2020</p>	
	The report includes details of: <ul style="list-style-type: none"> • COVID-19 key events • Government's response measures to COVID-19.

Our reports are available on our website: <https://www.qao.qld.gov.au/reports-resources/parliament>



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Appendix E—Other matters of interest



QAO's online blog

Our blog available on our website: www.qao.qld.gov.au/blog

Our blog provides updates on topical accounting and auditing standard issues, as well as wider learnings from our recently tabled reports to parliament and general news from QAO.

The latest posts that may be of interest to your entity include:

- [Local government audit committees—getting the right membership](#)
- [Increased scrutiny of going concern](#)
- [Financial reporting considerations in uncertain times](#)
- [Returning to the office: does this affect your control environment?](#)

Other matters of interest

<https://www.dlgrma.qld.gov.au/about-ilgp/news-media-and-events/local-government-bulletins.html>

<https://www.ccc.qld.gov.au/publications>

<https://www.ccc.qld.gov.au/media>



qao.qld.gov.au



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[Contribute to a performance audit in progress](#)

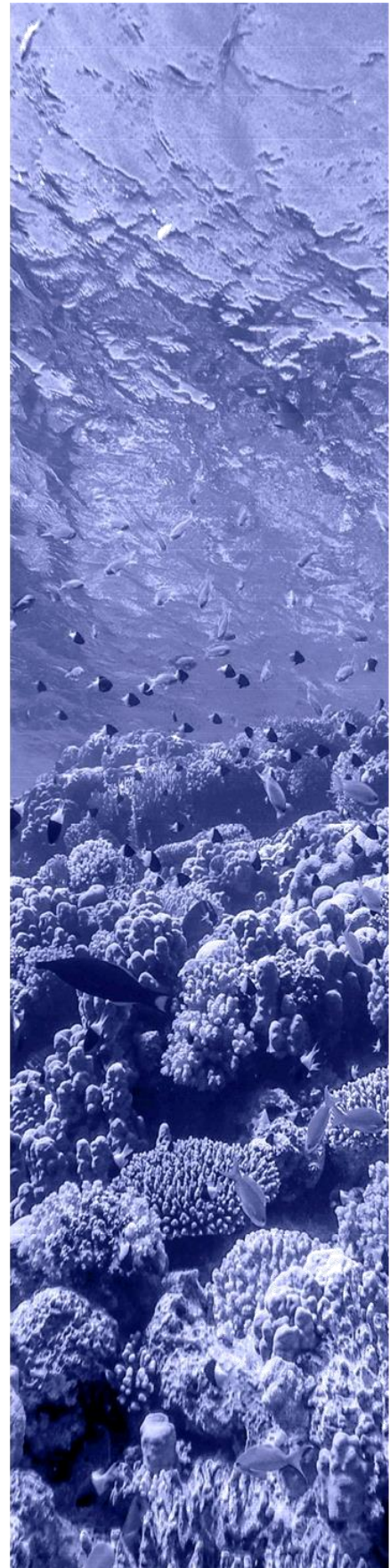
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14.3 ANNUAL FINANCIAL STATEMENTS (FOR THE YEAR ENDED 30 JUNE 2020)

Author: Acting Executive Manager Finance and Human Services

Attachments: 1 Annual Financial Statements (For the year ended 30 June 2020)

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to table the 2020 Annual Financial Statements for Mornington Shire Council.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

The General Purpose Financial Statements for the year ended 30 June 2020 have been completed, and audited. A copy of these statements and Current Year Sustainability Statement has been forwarded to the Minister for Local Government. The Queensland Audit Office has issued an unmodified opinion. Council has submitted these statements within the required regulatory timetables.

Council achieved a net result of \$1,676,761 (2019 - \$6,122,496) for the financial year ended 30 June 2020. These results included grants and contributions for capital purposes. After consideration of these, Council's results before capital grants and contributions for 2020 was a deficit of (\$3,615,906) (2019 – deficit of (\$9,222,631)). This represents an improvement of \$5,606,725 (60.8%) as compared to 2019. This pro-active management of revenue and improvement in expenditure monitoring and control has led to an improvement in Council's cash reserves to be positive at June 2020 whereas at June 2019 there were insufficient cash reserves to fund unexpended grants.

Council's performance at 30 June 2020 against key financial ratios and targets were as follows;

Ratio	How the measure is calculated	Actual	Target
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	-18.1%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	79.1%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-3.2%	< 60%

The operating surplus ratio has improved from -46.2% in 2019 to -18.1% in 2020. This ratio is slightly unfavourable to the budget of -15.60%. Council's community equity remains consistent at a value of \$120,086,259.

Whilst the result before capital grants and contributions improved in the year, there is still much work to be done in looking at opportunities to increase revenue and reduce expenditure as Council has outlined in its Long Term Financial Plans.

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council receives and notes the information in this report.

Mornington Shire Council
Financial Statements
for the year ended 30 June 2020

Mornington Shire Council Financial Statements

For the year ended 30 June 2020

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

	Note	Council	
		2020 \$	2019 \$
Income			
Revenue			
Recurrent revenue			
Levies and charges	3(a)	2,821,145	2,051,943
Fees and charges	3(b)	1,607,553	1,342,131
Sales revenue	3(c)	9,709,264	10,866,027
Grants, subsidies and contributions	3(d)(i)	5,033,643	5,127,652
		<u>19,171,605</u>	<u>19,387,753</u>
Capital revenue			
Grants, subsidies and contributions	3(d)(ii)	5,270,214	16,634,018
Total capital revenue		<u>5,270,214</u>	<u>16,634,018</u>
Rental income	13	517,719	443,226
Interest revenue	4(b)	46,952	76,304
Other income	4(a)	258,973	61,711
Capital income	5	504,624	375,826
Total income		<u>25,770,087</u>	<u>36,978,838</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(6,102,777)	(8,875,705)
Materials and services	7	(11,658,427)	(14,141,963)
Finance costs	8	(147,224)	(62,480)
Depreciation	14	(5,702,727)	(6,111,477)
		<u>(23,611,155)</u>	<u>(29,191,625)</u>
Capital expenses	9	(482,171)	(1,664,717)
Total expenses		<u>(24,093,326)</u>	<u>(30,856,342)</u>
Net result		<u>1,676,761</u>	<u>6,122,496</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Movement in asset revaluation surplus	18	-	(8,512,693)
Total other comprehensive income for the year		<u>-</u>	<u>(8,512,693)</u>
Total comprehensive income for the year		<u>1,676,761</u>	<u>(2,390,197)</u>

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

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

	Note	Council	
		2020 \$	2019 \$
Current assets			
Cash and cash equivalents	10	3,860,376	2,181,213
Trade and other receivables	11	1,308,961	1,570,189
Inventories		629,560	573,239
Contract asset	12	303,551	-
Leases	13	208,092	208,092
Total current assets		6,310,540	4,532,733
Non-current assets			
Leases	13	6,199,478	5,909,712
Property, plant and equipment	14	113,274,150	113,117,099
Total non-current assets		119,473,628	119,026,811
Total assets		125,784,168	123,559,544
Current liabilities			
Trade and other payables	16	1,500,451	2,072,592
Contract liability	12	2,622,740	-
Provisions	17	24,902	84,208
Total current liabilities		4,148,093	2,156,800
Non-current liabilities			
Provisions	17	1,549,816	1,215,975
Total non-current liabilities		1,549,816	1,215,975
Total liabilities		5,697,909	3,372,775
Net Community assets		120,086,259	120,186,769
Community Equity			
Asset revaluation surplus	18	99,160,205	99,160,205
Retained surplus		20,926,054	21,026,564
Total Community equity		120,086,259	120,186,769

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

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

Note	Council	
	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	14,328,973	14,666,332
Payments to suppliers and employees	(18,222,034)	(22,250,788)
	(3,893,061)	(7,584,456)
Rental Income	517,719	443,226
Interest received	46,952	76,304
Operating grants and contributions	5,033,643	5,127,652
Net cash inflow (outflow) from operating activities	19 1,705,253	(1,937,274)
Cash flows from investing activities		
Payments for property, plant and equipment	(5,887,185)	(20,249,026)
Proceeds from sale of property plant and equipment	9 81,955	-
Lease receipts	13 214,857	329,622
Grants, subsidies, contributions and donations	5,564,283	16,634,018
Net cash inflow (outflow) from investing activities	(26,090)	(3,285,386)
Net increase (decrease) in cash and cash equivalent held	1,679,163	(5,222,660)
Cash and equivalents at the beginning of the financial year	2,181,213	7,403,873
Cash and equivalents at end of the financial year	10 3,860,376	2,181,213

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

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

Note	Asset Revaluation Surplus 18 \$	Retained Surplus \$	Total \$
Balance as at 1 July 2019	99,160,205	21,026,564	120,186,769
Adjustment on initial application of AASB 15/ AASB 1058		(1,777,271)	(1,777,271)
Restated balance at 1 July 2019	99,160,205	19,249,293	118,409,498
Net operating surplus	-	1,676,761	1,676,761
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	18 -	-	-
Balance as at 30 June 2020	99,160,205	20,926,054	120,086,259
Balance as at 1 July 2018	107,672,898	14,904,068	122,576,966
Net operating surplus	-	6,122,496	6,122,496
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	(8,512,693)	-	(8,512,693)
Balance as at 30 June 2019	99,160,205	21,026,564	120,186,769

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

Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

1 Significant Accounting Policies

1.A Basis of Preparation

Mornington 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 and have been 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 non-current assets.

Current/ Non-Current Classification

Assets and liabilities are presented as "current" or "non-current" in the Statement of Financial Position on the following basis:

Current assets and liabilities include financial and non-financial items which are either held primarily for the purpose of trading or is expected to arise and be realised or settled in the normal course of the operating cycle, or does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Non-current assets and liabilities include financial and non-financial items which are either not expected to be realised or settled in the normal course of the operating cycle, or contain an unconditional right to defer settlement for a period greater than 12 months.

Recurrent/Capital Classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers and fair value gains on infrastructure assets or housing leases.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- revaluations of infrastructure assets
- revaluation of housing leases

All other revenue and expenses have been classified as "recurrent".

1.B Adoption of New and Revised Accounting Standards

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

Refer to the change in accounting policy Note 24 for transition disclosures for AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not for Profit Entities*.

Mornington Shire Council
Notes to the Financial Statements
 For the year ended 30 June 2020

1.C Standards Issued 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. The standards are not expected to have a material impact upon Council's future financial statements.

1.D Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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. These significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Judgements, Estimates and Assumptions	Note
Valuation and depreciation of property, plant and equipment	14, 15
Impairment of property, plant and equipment	14
Provisions	17
Valuation of finance leases	13
Contingent liabilities	22
Financial instruments and financial liabilities	20

1.E Inventories

Stores and raw materials held for resale are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

1.F National Competition Policy

The Council has reviewed its activities and has identified that there are no business activities to which the code of competitive conduct applies.

1.G Rounding and Comparatives

The financial statements have been rounded to the nearest \$1. Comparative information is restated where necessary to be consistent with disclosures in the current reporting period.

1.H Taxation

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

Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

2. Analysis of Results by Function

2(a) Components of Council Functions

The activities relating to the Council's components reported on in Note 2(b) are as follows :

Council and Executive Leadership Team

Council's current structure consists of three departments each headed by an Executive Manager. The Executive Managers, along with the Chief Executive Officer form the Executive Leadership Team.

Financial Services

This comprises the support functions for the management of Council's finances, information technology and financial reporting obligations.

Governance

The Governance department advises on legal, human resources and governance issues and is responsible for managing the service delivery reform program and ensuring the good governance of Council. Activities performed by Governance were previously the responsibility of the Council and Executive Leadership Team Function.

Infrastructure/ Technical Services

To provide and maintain infrastructure such as roads, drainage, footpaths, aerodromes, marine facilities, water supply and services, sewerage, plant and machinery, and the construction and maintenance of community buildings and facilities.

Human Services

The Human Services function includes:

- Administration
- Bakery
- Council Warehouse
- Grants
- Payroll
- Property Management (Residential and Commercial)
- Sports and Recreation
- Workplace Health and Safety

Mornington Shire Council
Notes to the Financial Statements
 For the year ended 30 June 2020

2 Analysis of Results by Function

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2020

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2020	2020	2020	2020							
\$	\$	\$	\$	2020	2020	2020	2020	2020	2020	2020	
Council and Executive Leadership Team	-	57,509	-	-	57,509	(1,893,943)	-	(1,893,943)	(1,836,434)	(1,836,434)	16,058,684
Financial Services	4,603,773	1,118,249	53,794	504,624	6,280,441	(3,243,187)	-	(3,243,187)	2,478,835	3,037,254	7,226
Governance	114,000	15,791	-	-	129,791	(504,757)	-	(504,757)	(374,965)	(374,965)	267,133
Infrastructure/ Technical Services	315,870	11,893,573	3,500,200	-	15,709,643	(14,653,547)	(482,171)	(15,135,719)	(2,444,104)	573,924	81,422,179
Human Services	-	1,876,483	1,716,220	-	3,592,703	(3,315,721)	-	(3,315,721)	(1,439,238)	276,982	28,028,946
Total Council	5,033,643	14,961,606	5,270,214	504,624	25,770,087	(23,611,155)	(482,171)	(24,093,326)	(3,615,906)	1,676,761	125,784,168

Year ended 30 June 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019							
\$	\$	\$	\$	2019	2019	2019	2019	2019	2019	2019	
Council and Executive Leadership Team	3,080	443,225	-	-	446,305	(1,729,230)	-	(1,729,230)	(1,282,925)	(1,282,925)	10,442,440
Financial Services	4,670,641	89,496	715,000	375,826	5,850,963	(2,025,451)	-	(2,025,451)	2,734,686	3,825,512	-
Infrastructure/ Technical Services	322,173	12,877,036	15,191,818	-	28,391,027	(20,917,213)	(1,664,716)	(22,581,929)	(7,718,004)	5,809,098	86,945,022
Human Services	131,758	1,431,583	727,200	-	2,290,541	(4,519,730)	-	(4,519,730)	(2,956,389)	(2,229,189)	26,172,075
Total Council	5,127,652	14,841,339	16,634,018	375,826	36,978,838	(29,191,624)	(1,664,716)	(30,856,342)	(9,222,632)	6,122,496	123,559,537

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

3 Revenue

	AASB 15 \$	AASB 1058 \$
Revenue recognised at a point in time		
Levies and charges	-	2,821,145
Fees and charges	81,530	400,444
Grants, subsidies, donations and contributions		5,383,109
Sale of goods and services	1,926,618	-
	<u>2,008,148</u>	<u>8,604,698</u>
Revenue recognised over time		
Fees and charges	1,087,427	38,152
Revenue relating to grants for assets controlled by Council	201,934	4,718,814
Sale of goods and services	7,712,968	69,678
	<u>9,002,329</u>	<u>4,826,644</u>
Total Revenue	<u>11,010,477</u>	<u>13,431,342</u>

(a) Levies and Charges

2020 accounting policy: Levies and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Service charges are levied annually based on the quantity of the specified unit of measure associated with each property. The charge and corresponding unit of measure are set out in Council's Fees & Charges.

2019 accounting policy: Where monies are received prior to the commencement of the levying period, the amount is recognised as revenue in the period in which they are received.

	2020 \$	2019 \$
Water	1,091,165	908,652
Sewerage	558,070	553,503
Garbage charges	523,910	589,788
General service charges	648,000	-
	<u>2,821,145</u>	<u>2,051,943</u>

(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 customers and generally the payments are within 30 days of the provision of services or in some cases paid upfront. There is no material obligation for Council in relation to refunds or returns.

Airport landing fees are measured based on the number of passengers and recognised net of amounts not expected to be recoverable.

Accommodation fees consists of revenue from bookings at Council run Motel and Visitor Accommodation Centre and other accommodation which is not subject to a commercial leasing arrangement. Revenue is recognised at the time of occupancy of the premises (subject to conditions of cancellation policies) and measured at the prices listed in the Fees and Charges.

2019 accounting policy: Fees and charges relate to local government levy, levy on staff houses and airport landing fees. Levels of fees and charges are determined by Council at the commencement of each year and recognised as revenue upon receipt.

	2020 \$	2019 \$
Airport landing fees	400,443	428,828
Accommodation fees	1,125,580	843,857
Other fees and charges	81,530	69,446
	<u>1,607,553</u>	<u>1,342,131</u>

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

(c) Sales Revenue

Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Contract and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. The revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. Council has a number of contracts in progress at year end (2019: nil). The contract work carried out is not subject to retentions.

	2020	2019
	\$	\$
Sale of Services		
Contract works	6,196,187	8,072,578
Other recoverable works	2,546,011	1,746,025
	<u>8,742,198</u>	<u>9,818,603</u>
Sale of goods		
Sale of goods	967,066	1,047,424
	<u>967,066</u>	<u>1,047,424</u>
	<u>9,709,264</u>	<u>10,866,027</u>

(d) Grants, Subsidies and Contributions

2020 accounting policy:

Grant income under AASB 1058

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

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is

deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

2019 accounting policy:

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

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

	2020	2019
	\$	\$
(i) Recurrent		
Commonwealth government subsidies and grants	-	3,080
General purpose grants	4,553,276	4,777,713
State government subsidies and grants	395,575	325,062
Other	84,792	21,797
	<u>5,033,643</u>	<u>5,127,652</u>

Grants and contributions are to be classified as recurrent or capital depending on the purpose for which they were received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

(ii) Capital

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

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

Commonwealth government subsidies and grants	-	900,000
NDRRA/ DRFA funding	2,051,246	12,590,151
State government subsidies and grants	2,667,568	3,143,867
Other contributions - Non cash	551,400	-
	<u>5,270,214</u>	<u>16,634,018</u>

(iii) Conditions over Grants

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

Grants for expenditure on services	114,940	
Grants for expenditure on infrastructure	-	2,676,245
	<u>114,940</u>	<u>2,676,245</u>

4 Interest and Other Income

	2020	2019
	\$	\$
(a) Other Income		
Other Income	258,973	61,711
	<u>258,973</u>	<u>61,711</u>

(b) Interest Revenue

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

Interest received on deposits	46,952	76,304
	<u>46,952</u>	<u>76,304</u>

5 Capital Income

	2020	2019
	\$	\$
Gain/ (loss) on revaluation of finance leases	504,624	375,826
Fair value of newly recognised controlled assets	-	-
Total Capital Income	<u>504,624</u>	<u>375,826</u>

Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

6 Employee Benefits	2020	2019
	\$	\$
Total staff wages and salaries	4,167,030	5,825,158
Councillors' remuneration	294,049	321,512
Annual, sick and long service leave entitlements	482,558	1,293,549
Superannuation	607,125	845,175
	<u>5,550,762</u>	<u>8,285,394</u>
Other employee related expenses	586,050	1,011,432
	<u>6,136,812</u>	<u>9,296,826</u>
Less: Capitalised employee expenses	(34,035)	(421,121)
	<u><u>6,102,777</u></u>	<u><u>8,875,705</u></u>

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

Total Council employees at the reporting date:	2020	2019
Elected members	5	5
Administration staff	17	22
Depot and outdoors staff	62	84
Total full time equivalent employees	<u>84</u>	<u>111</u>

7 Materials and Services	2020	2019
	\$	\$
Administration expenses	1,513,443	1,504,261
Audit of annual financial statements *	76,991	99,075
Community and civic expenses	153,266	194,955
Contract works	2,251,521	5,315,984
Contractors and consultants	4,131,165	2,518,818
Cost of goods sold	1,579,796	440,782
Management fees and subscriptions	380,705	340,275
Motor vehicle expenses	388,725	843,217
Other materials and services	682,155	1,039,382
Other recoverable works	299,566	625,769
Repairs and maintenance	201,094	1,219,445
	<u>11,658,427</u>	<u>14,141,963</u>

* Total estimated audit fees by the QAO relating to the 2020 annual financial statements are \$78,750 (2019: Actual \$77,000).

8 Finance Costs	2020	2019
	\$	\$
Bank charges	13,968	21,749
Impairment of receivables	124,088	40,731
Unwinding of discount on provisions	9,168	-
	<u>147,224</u>	<u>62,480</u>

9 Capital Expenses	2020	2019
	\$	\$
Gain / (loss) on disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	81,955	-
Less: Book value of property, plant and equipment disposed	(278,939)	(569,900)
Total Gain/ (loss) on disposal of non-current assets	<u>(196,984)</u>	<u>(569,900)</u>
Provision for restoration of landfill		
Initial recognition of landfill restoration provision	-	(1,094,817)
Discount rate adjustment to landfill restoration provision	(285,187)	-
	<u>(285,187)</u>	<u>(1,094,817)</u>
Total Capital Expenses	<u><u>(482,171)</u></u>	<u><u>(1,664,717)</u></u>

Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

10 Cash and Cash Equivalents

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

	2020 \$	2019 \$
Cash at bank and on hand	3,860,376	2,181,213
Balance per Statement of Cash Flows	<u>3,860,376</u>	<u>2,181,213</u>

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

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	114,940	2,676,245
Total unspent restricted cash	<u>114,940</u>	<u>2,676,245</u>

	2020 \$	2019 \$
--	------------	------------

Trust funds held for outside parties

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	80	80
	<u>80</u>	<u>80</u>

11 Trade and Other Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

	2020 \$	2019 \$
Current		
Trade debtors	1,210,548	1,703,261
Other debtors	82,444	13,725
Less: Impairment	(157,096)	(216,502)
GST recoverable	173,065	69,705
	<u>1,308,961</u>	<u>1,570,189</u>

No interest is charged on debtors. There is no concentration of credit risk for service charges, fees and other debtors receivable.

Movement in accumulated impairment losses is as follows:

	2020 \$	2019 \$
Opening balance at 1 July	216,502	176,394
Impairment debts written off during the year	(56,213)	-
Additional impairments recognised	124,087	40,108
Impairments reversed	(127,280)	-
Closing balance at 30 June	<u>157,096</u>	<u>216,502</u>

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

12 Contract Balances

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

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

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

a Contract assets	303,551
b Contract liabilities	
Funds received upfront to construct Council controlled assets	2,602,740
Deposits received in advance of services provided (e.g. accommodation fees, hire fees)	20,000
	<u>2,622,740</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	
Funds received upfront to construct Council controlled assets	2,399,673
	<u>2,399,673</u>

c Significant changes in contract balances

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position. Refer to the change in accounting policy Note 24 for transition disclosures for AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities.

13 Leases

Council as a Lessor

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

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

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

Finance leases:

Council has leased 230 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year is between \$800 - \$907.60. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (current replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

There are no unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
Current		
Finance leases	208,092	208,092
	<u>208,092</u>	<u>208,092</u>
Non-Current		
Finance leases	6,199,478	5,909,712
	<u>6,199,478</u>	<u>5,909,712</u>
A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:		
Gross minimum lease payments receivable:		
Not later than one year	208,092	208,092
Later than one year but not later than five years	832,368	832,368
Later than five years	5,376,941	5,587,002
	<u>6,417,401</u>	<u>6,627,462</u>
Add: Estimated contingent rent	2,632,138	3,327,843
Less: Present value adjustment	(2,641,969)	(3,837,501)
Fair value of lease payments	<u>6,407,570</u>	<u>6,117,804</u>
The fair value of lease payments are receivable as follows:		
Not later than one year	208,092	208,092
Between one and two years	207,787	213,294
Between two and three years	207,482	218,626
Between three and four years	207,178	224,092
Between four and five years	206,875	229,694
Later than five years	5,370,156	5,024,006
	<u>6,407,570</u>	<u>6,117,804</u>
	2020	2019
	\$	\$
Movements in finance leases were as follows:		
Opening balance	6,117,804	6,071,600
Less: Lease receipts	(214,857)	(329,622)
Add: Gain/ (loss) on revaluation	504,624	375,826
Closing balance	<u>6,407,570</u>	<u>6,117,804</u>

Key estimates and assumptions		
Consumer Price Index (CPI)	2.2% : 2019/20	2.5% : 2018/19
Any increase in the consumer price index would result in an increase in actual lease receipts due not later than one year, an increase in estimated contingent rent and a corresponding increase in the revaluation gain (net of discounting). A decrease in CPI would result in a reduction in the estimated contingent rent		
Discount Rate	2.4% : 2019/20	3.5% : 2018/19
An increase in the discount rate would result in a reduction in the fair value of lease payments and a corresponding decrease or loss on revaluation. A decrease in the discount rate would result in an increase in fair value of lease payments and a corresponding gain on revaluation.		

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

Operating leases:

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and related to several buildings held as property, plant and equipment in the statement of financial position for strategic purpose and to provide a social service.

Rent from investment and other property is recognised as income on a periodic straight line basis over the lease term

	2020	2019
	\$	\$
Investment property income (excluding variable lease payments not dependent on an index or rate)	517,719	443,226

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

The Council has entered into commercial property leases on some of its buildings.

The minimum leases receipts are as follows:

	2020	2019
	\$	\$
Not later than one year	274,859	350,242
One to five years	894,658	973,039
Later than five years	3,034,186	3,134,484
	<u>4,203,703</u>	<u>4,457,765</u>

Key estimates and assumptions		
Consumer Price Index (CPI)	1.8% : 2019/20	2.5% : 2018/19
Any increase in the consumer price index would result in an increase in lease revenue due, with any decrease in CPI reducing the lease revenue expected over the term of the lease, limited by the contractual minimum lease payable.		

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

14 Property, Plant and Equipment

Council - 30 June 2020

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2019

Additions

Disposals

Transfers between classes

Closing gross value as at 30 June 2020

Buildings	Plant and Equipment	Road and Drainage Network	Water	Sewerage	Other Infrastructure Assets	Work in Progress	Total
Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$
45,147,443	6,289,973	60,874,535	33,374,706	14,044,498	22,939,946	5,924,259	188,595,360
1,254,403	110,351				281,598	5,490,992	7,137,344
(865,458)	(160,514)				(12,946)	(14,026)	(1,052,944)
807,067	211,026					(1,018,093)	-
46,343,455	6,450,836	60,874,535	33,374,706	14,044,498	23,208,598	10,383,132	194,679,760

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Fair value adjustment on recognition of property, plant and equipment

Accumulated depreciation as at 30 June 2020

21,917,244	3,932,095	24,296,242	12,668,207	8,304,366	4,360,107	-	75,478,261
1,096,428	262,650	3,002,635	491,058	256,885	593,071		5,702,727
(670,799)	(78,175)				(11,004)		(759,978)
984,600							984,600
23,327,473	4,116,570	27,298,877	13,159,265	8,561,251	4,942,174	-	81,405,610

Total written down value as at 30 June 2020

Residual Value

Range of estimated useful life in years

23,015,982	2,334,266	33,575,658	20,215,441	5,483,247	18,266,424	10,383,132	113,274,150
-	-	-	-	-	-	-	-
15-60	5-40	5-50	10-100	15-100	1-50	-	

Additions Comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$
642,275	321,377	-	-	-	169,950	3,488,683	4,622,285
1,419,195					111,648	984,216	2,515,059
2,061,470	321,377	-	-	-	281,598	4,472,899	7,137,344

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

14 Property, Plant and Equipment

Council - 30 June 2019

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2018
Additions
Disposals
Revaluation adjustment to other comprehensive income (asset revaluation surplus)
Transfers between classes
Closing gross value as at 30 June 2019

Buildings	Plant and Equipment	Road and Drainage Network	Water	Sewerage	Other Infrastructure Assets	Work in Progress	Total
Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$		\$
44,048,998	5,401,106	59,249,770	32,560,689	13,473,737	22,138,117	12,934,599	189,807,016
-	-	-	-	-	-	15,720,201	15,720,201
(1,605,000)	(56,363)	-	-	-	(273,686)	(390,095)	(2,325,144)
976,212	-	(17,389,718)	814,017	336,843	655,933	-	(14,606,713)
1,727,233	945,230	19,014,483	-	233,918	419,582	(22,340,446)	-
45,147,443	6,289,973	60,874,535	33,374,706	14,044,498	22,939,946	5,924,259	188,595,360

Accumulated depreciation and impairment

Opening balance as at 1 July 2018
Depreciation provided in period
Depreciation on disposals
Revaluation adjustment to asset revaluation surplus
Accumulated depreciation as at 30 June 2019

21,368,118	3,570,409	28,583,450	11,985,399	7,900,509	3,418,068	-	76,825,953
1,125,935	384,610	2,935,918	373,827	201,855	1,089,332	-	6,111,477
(1,068,539)	(22,924)	-	-	-	(273,686)	-	(1,365,149)
491,730	-	(7,223,126)	308,981	202,002	126,393	-	(6,094,020)
21,917,244	3,932,095	24,296,242	12,668,207	8,304,366	4,360,107	-	75,478,261

Total written down value as at 30 June 2019

Residual value
Range of estimated useful life in years

23,230,199	2,357,878	36,578,293	20,706,499	5,740,132	18,579,839	5,924,259	113,117,099
-	-	-	-	-	-	-	-
15-60	5-40	5-50	10-100	15-100	1-50	-	-

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

14 Property, Plant and Equipment (Continued)

a) Recognition

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings 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.

Capital and Operating Expenditure

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

Deed of Grant in Trust Land

Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the Land Act 1994.

The land is administered by the Department of Natural Resources and Mines and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

b) Measurement

Acquisition of assets

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

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

Capital Work in Progress

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

c) Depreciation

Depreciation on 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, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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 the Council.

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

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

14 Property, Plant and Equipment (Continued)

Depreciation methods and estimated useful lives 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 written down current replacement cost are used to estimate the useful lives of these assets at each reporting date.

Key judgements and estimates:

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

d) Impairment

The recoverable amount of specialised non-current assets held for continuing use of their service capacity is considered to be materially equivalent to its fair value.

Other non-specialised non-current physical asset and group of assets are assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Key judgements and estimates:

In assessing impairment, management estimates the recoverable amount of each asset, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

e) Valuation

Key judgements and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Council engages third party qualified valuers to perform the valuation. The Council works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed within this note.

f) Valuation Processes

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. Desktop valuations are conducted in intervening years and, where material, are applied to the asset values.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

14 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.

Key judgements and estimates:

At 30 June 2020, alternative procedures were performed to consider and assess indicators or factors which may materially impact the measurement of fair value. These procedures included the consideration of recent projects, movement in current indices and recent events. Alternative procedures did not identify any indicators or factors which would significantly impact the fair value, therefore indexation was not required to be applied at balance date.

15 Fair Value Measurements

(i) Recognised Fair Value Measurements

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

- Property, plant and equipment
 - Buildings
 - Road and Drainage
 - Water
 - Sewerage
 - Other Infrastructure Assets

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

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

Council does not have any assets measured at fair value which meet the criteria for categorisation as level 1 or level 2.

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

(ii) Valuation techniques used to derive fair values for level 3 valuations

Buildings (Level 3)

The last full valuation of Council's building assets was performed effective 30 June 2018 by AssetVal Pty Ltd with reference to detailed condition assessments performed by CT Management. The desktop indexation assessments are based on inputs from producer price data, construction indices and recent cost guides (2019: +2.3%). Due to the nature of Mornington Island, there is neither an active market for the assets or the Council buildings are of a specialist nature. Therefore the determination of fair value has been performed using the Cost approach valuation technique.

The valuer has determined the fair value of building infrastructure through the following process:

* Where there is no market for an asset (consideration of either a principal market or most advantageous), the net current value of the asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

15 Fair Value Measurements (Continued)

* Published/ available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. The replacement cost of the assets was determined by applying unit rates to each component of the asset.

The unit rates applied include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinson's' Construction Handbook.

* A condition assessment was applied, based on factors such as the age of the asset, overall condition as noted through physical inspection, economic and/or functional obsolescence. The condition assessment was utilised to calculate and reflect the current serviceability level of the asset.

In determining the level of accumulated depreciation for building assets, the assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives).

The assessment of remaining useful life was made by the valuer taking into consideration the current physical condition of assets, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Infrastructure Assets (Level 3)

All Council infrastructure assets were valued using written down current replacement cost. There is no market for Council's roads, water, sewerage and drainage assets and other infrastructure assets as these are held to provide essential services to the community. The fair value comprises the estimated current cost of replacement of the asset with a similar asset which is not necessarily an exact reproduction but which has similar service potential and function (plus where applicable an amount for installation), less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

Current replacement cost was calculated by reference to the assets linear and width characteristics, overhead allocations and service costs. Where construction is outsourced, current replacement cost was based on the average of similar projects over the last few years. Reference was also made to recent costs for construction works within the similar remote locations and Rawlinson's Construction Cost Guide.

The last full valuation of Council's water, sewer and other infrastructure was undertaken by AssetVal Pty Ltd effective 30 June 2017. The desktop indexation assessments are based on using a composite utilities index developed by combining the Electrical Equipment Manufacturing Index, the Engineering Design and Management Index, the Metal Product Manufacturing Index and the Concrete Product Manufacturing Index from the ABS Producer Price Index. The weighting of each index is based on an estimated project cost breakdown at 10%, 40%, 10% and 40% respectively (2019: +2.5%).

The last full valuation of Council road infrastructure was undertaken by AssetVal Pty Ltd effective 30 June 2017. The desktop indexation assessments are based on ABS Producers' Price Index "Roads and Bridges Construction" (2019: + 2.8%).

A desktop road condition assessment was performed by CT Management for the year ended 30 June 2019. The assessment of condition was performed with reference to completion photos of restoration works for damage incurred during declared weather events in 2017 and 2018. The condition ratings of roads damaged during declared weather events in March 2019 and February 2020 were subsequently reassessed based on the nature and extent of damage with consideration of required restoration methods. Road assets which had not been damaged since the last comprehensive revaluation have been revised based on deterioration assumptions and overall asset lives.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

15 Fair Value Measurements (Continued)

For the year ended 30 June 2020 Council assessed the relevant indexes and determined that there was no material movement in the current replacement cost of infrastructure assets. Accordingly a nil indexation rate was applied.

Componentisation

Council categorises the road infrastructure into urban and rural roads with further sub categories of sealed and unsealed roads. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Calculating Remaining Useful Lives

The remaining useful lives used in the depreciation calculations are estimated using the following methods:

- * Condition;
- * Known Age; and
- * Estimated Age

In determining total useful life, remaining life and accumulated depreciation, assets were generally subject to an inspection or an assessment to determine remaining life. Where site inspections were conducted, (I.e. for active assets, buildings and roads), the assets were allocated a condition assessment, which was used to estimate remaining life.

Where water and sewer assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date.

Where detailed condition is not available or the age of the asset is known, the remaining life is estimated using the current age of the assets, adjusted for obsolescence after visual inspection.

In determining the level of accumulated depreciation for infrastructure assets, the assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives). Annual depreciation is calculated on a straight line basis over the remaining life of the asset.

16 Trade and Other Payables

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

The fair value of trade payables is assumed to approximate the value of the original transaction.

A liability for annual leave is recognised. All amounts have been recognised as current due to the entitlement of staff to take their leave at any time, subject to operational requirements.

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

Current	2020	2019
	\$	\$
Creditors and accruals	962,782	1,358,726
Annual leave	462,832	619,306
Other payables	74,837	94,560
	<u>1,500,451</u>	<u>2,072,592</u>

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

17 Provisions

Long Service Leave

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

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

Key estimates and assumptions		
Wage Price Index	3% : 2019/20	1.5% : 2018/19
Any increase in the wage price index would result in an increase in estimated gross liability and increase the corresponding employee entitlement expense.		
Discount Rate	1.75% : 2019/20	2.75% : 2018/19
An increase in the discount rate would result in a reduction in the gross liability and a corresponding decrease in the corresponding employee entitlement expense. A decrease in the discount rate would result in an increase in the net liability and a corresponding increase in the employee entitlement expense.		

Refuse dump restoration

A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

Key estimates and assumptions	
The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the current trenches will close in 2030 and that the restoration and monitoring will occur progressively over the subsequent 30 years.	

	2020	2019
	\$	\$
Current		
Long service leave	24,902	84,208
	<u>24,902</u>	<u>84,208</u>
Non-current		
Long service leave	160,644	121,158
Refuse restoration	1,389,172	1,094,817
	<u>1,549,816</u>	<u>1,215,975</u>

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

17 Provisions (Continued)

Details of movements in provisions:

	2020 \$	2019 \$
Long service leave		
Balance at beginning of financial year	205,366	132,010
Long service leave entitlement arising	102,425	77,949
Long Service entitlement extinguished	(49,035)	(4,472)
Long Service entitlement paid	(73,210)	(121)
Balance at end of financial year	<u>185,546</u>	<u>205,366</u>
Refuse restoration		
Balance at beginning of financial year	1,094,816	-
Initial recognition of restoration costs	-	1,094,816
Increase in provision due to unwinding of discount	9,168	-
Increase (decrease) in provision due to change in discount rate	285,187	-
Balance at end of financial year	<u>1,389,172</u>	<u>1,094,816</u>

18 Asset Revaluation Surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

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

	2020 \$	2019 \$
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	99,160,205	107,672,898
Net adjustment to non-current assets at end of period to reflect a		
- Buildings	-	484,482
- Road and drainage network	-	(10,166,592)
- Water	-	505,036
- Sewerage	-	134,841
- Other structures	-	529,540
Balance at end of financial year	<u>99,160,205</u>	<u>99,160,205</u>

Asset revaluation surplus analysis

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

	2020 \$	2019 \$
Buildings	64,411,045	64,411,045
Road and drainage network	7,933,732	7,933,732
Water	16,299,706	16,299,706
Sewerage	3,463,235	3,463,235
Other structures	7,052,487	7,052,487
	<u>99,160,205</u>	<u>99,160,205</u>

Mornington Shire Council
Notes to the Financial Statements
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19 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	Note	2020 \$	2019 \$
Net result		1,676,761	6,122,496
Non-cash items:			
Depreciation and amortisation	14	5,702,727	6,111,477
Other contributions - Non Cash	3(d)(ii)	(551,400)	
Discount rate adjustment to landfill restoration provision	9	285,187	1,094,816
 Brought forward work in progress expensed in current year	14	14,026	390,095
(Gain)/ loss on revaluation of finance leases	5	(504,624)	(375,826)
		<u>4,945,916</u>	<u>7,220,562</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	9	196,984	569,900
Changes in accounting policy	24	(1,777,271)	
Capital grants and contributions	3(d)(ii)	(2,941,543)	(16,634,018)
		<u>(4,521,831)</u>	<u>(16,064,118)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		261,228	454,526
(Increase)/ decrease in contract assets		(303,551)	-
(Increase)/decrease in inventory		(56,321)	(73,505)
Increase/(decrease) in payables		(571,486)	329,408
Increase/(decrease) in contract liabilities		-	-
Increase/(decrease) in other provisions		274,537	73,356
		<u>(395,593)</u>	<u>783,786</u>
 Net cash inflow from operating activities		<u>1,705,253</u>	<u>(1,937,274)</u>

**Mornington Shire Council
Notes to the Financial Statements
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20 Financial Instruments

Mornington Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Risk Management Framework

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

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

The 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. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Mornington Shire Council does not enter into derivatives.

Credit Risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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

The carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

The Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. This is due to economic issues e.g. low employment and various cultural issues all of which have a general economic impact.

Lease receivables

Council has elected to use the simplified approach for lease receivables. Whilst historical data shows that defaults have occurred, even in the event of a default occurring, Council has determined expected credit losses for this receivables grouping to be immaterial, accordingly an expected credit loss of lease receivables is not calculated.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

20 Financial Instruments

At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2020	2019
	\$	\$
Property charges	397,931	38,004
Community organisations	200,044	1,159,759
Other	695,017	519,222
	<u>1,292,992</u>	<u>1,716,986</u>

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	2020	2020	2019	2019
	Not credit-	Credit-	Not credit-	Credit-
	impaired	impaired	impaired	impaired
	\$	\$	\$	\$
Not past due	648,899	-	1,313,944	11,025
Past due 31-60 days	20,611	-	113,588	9,736
Past due 61-90 days	13,062	-	(4,602)	16,271
More than 90 days	453,323	157,096	77,554	179,470
Total gross carrying amount	<u>1,135,895</u>	<u>157,096</u>	<u>1,500,484</u>	<u>216,502</u>
Loss allowance	-	(157,096)	-	(216,502)
	<u>1,135,895</u>	<u>-</u>	<u>1,500,484</u>	<u>-</u>

Accounting Policies

Accounting policies - Receivables

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade receivables are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase/ contract price. Settlement of these amounts is required within 30 days from invoice date.

Accounting policies - Groupings

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. Where material, the loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. When assessing expected credit losses, the ageing of receivables, historical collection rates and specific knowledge of the debtors financial position form part of the impairment assessment .

Liquidity Risk

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

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

All of Council's payables will mature within 12 months.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

20 Financial Instruments

Sensitivity

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

	Net	Effect on Net Result		Effect on Equity	
	carrying	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2020					
Other Deposits	3,860,376	38,604	(38,604)	38,604	(38,604)
Net total	<u>3,860,376</u>	<u>38,604</u>	<u>(38,604)</u>	<u>38,604</u>	<u>(38,604)</u>
2019					
Other Deposits	2,181,211	21,812	(21,812)	21,812	(21,812)
Net total	<u>2,181,211</u>	<u>21,812</u>	<u>(21,812)</u>	<u>21,812</u>	<u>(21,812)</u>

21 Commitments for Expenditure

Council has not entered into any contractual arrangements at year end which are not recognised in the financial statements.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

22 Contingent Liabilities

Local Government Mutual

The 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 is to the total pool contributions in respect to any year that a deficit arises.

The latest audited financial statements for LGM Queensland are as at 30 June 2019 and show accumulated member funds (equity) of \$76,992,954.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$190,275.34.

The latest audited financial statements for Local Government Workcare are as at 30 June 2019 and show accumulated member funds of \$49,217,850. It is not anticipated that any liability will arise.

23 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 AASB 119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

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

Technically Council can be liable to the scheme for a portion of another local 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.

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." The 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.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

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

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

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

	Note	2020 \$	2019 \$
Superannuation contributions made to the Regional Defined Benefits Fund		544,767	789,941
Other superannuation contributions for employees		62,358	55,234
Total superannuation contributions paid by Council for employees:	6	607,125	845,175
		2021 \$	2020 \$
Contributions council expects to make to the Regional Defined Benefits Fund for 2020-21		727,000	700,000

24 Changes in Accounting Policy

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

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

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

Revenue Standards - AASB 15 and AASB 1058

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

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

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

Opening contract balances on transition at 1 July 2019

	Balance at 1 July 2019 \$
Contract Assets	
- Under AASB 1058	622,403
Total contract assets	<u>622,403</u>
Contract Liabilities	
- Under AASB 1058	2,399,673
Total contract liabilities	<u>2,399,673</u>
Adjustment on initial application of AASB 15/ AASB 1058	<u>(1,777,270)</u>

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

24 Changes in Accounting Policy (Continued)

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

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

Statement of financial position at 30 June 2020

	Carrying amount per Statement of Financial Position Dr/ (Cr) \$	Adjustments Dr/ (Cr) \$	Carrying amount if previous standards had been applied \$
Contract assets	303,551	(303,551)	-
Other assets		-	-
Contract liabilities - current	(2,622,740)	2,622,740	-
Contract liabilities - non-current		-	-
Retained earnings	(20,926,054)	(2,319,189)	(23,245,243)
	<u>(23,245,243)</u>	<u>-</u>	<u>(23,245,243)</u>

Statement of comprehensive income for the year ended 30 June 2020

	Carrying amount per Statement of Comprehensive Income Dr/ (Cr) \$	Adjustments Dr/ (Cr) \$	Carrying amount if previous standards had been applied
Revenue - Operating			-
Grants	(5,033,643)	(20,000)	(5,053,643)
Fees and charges			-
Revenue - Capital	(5,270,214)	(2,299,190)	(7,569,404)
	<u>(10,303,857)</u>	<u>(2,319,190)</u>	<u>(12,623,047)</u>

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

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.

25 Events after the reporting period

There were no material adjusting events after the balance date.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

26 Transactions With Related Parties

a) Key Management Personnel Compensation

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether Executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and Executive Managers. The compensation paid to KMP for 2019/20 comprises:

	2020 \$	2019 \$
Short-term employee benefits	1,329,193	1,023,460
Post-employment benefits	136,591	90,353
Termination benefits	-	30,000
Total	1,465,784	1,143,813

Detailed remuneration disclosures are provided in Council's Annual Report.

b) 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.

Details of transactions between Council and other related parties are

	Additional information	2020 \$	2019 \$
Employee expenses for close family members of key management personnel	b) i)	199,992	344,679
Purchase of materials and services from entities controlled by key management personnel	b) ii)	336,950	-

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

The council employs 84 staff (2019: 106) of which 5 (2019: 6) are close family members of key management

ii) During the year Council purchased the following materials and services from entities that are controlled by key management personnel and/or close family members of key management personnel:

	2020 \$	2019 \$
Security services	129,932	-
Electrical services	207,018	-
	336,950	-

Included in the above are security services provided by Bilby Security, a company controlled by former Mayor, Councillor Bradley Wilson. The services were rendered in accordance with the services contract awarded as part of a commercial, arms-length tender process. At 30 June 2020 there were no amounts owed by Council to the company.

Included in the above are electrical services provided by Gulf Lynx Dynamic (trading as Carpentaria Electrical), a company controlled by close family of Executive Manager Tatiana Ah Mat and former Councillor Maureen Ah Kit. All services are provided at arms-length and are incurred according to the Council endorsed service agreement. At 30 June 2020 there were no amounts owed by Council to the company.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

c) Other related entities

On the 18th of June 2019 a beneficial entity comprising three KMP was registered with ASIC. The entity, Mundalbe Enterprises Limited is a public company limited by guarantee and was established as an entity to undertake a range of services in and around the Mornington Shire Council local government area. The first service that Mundalbe will be involved with is a joint venture with Bynoe CACs Ltd to undertake the Community Development Program (CDP) funded by the Commonwealth. Mundalbe Enterprises Limited had not traded in the financial year ended 30 June 2020. No transactions have occurred between Council and Mundalbe Enterprises Limited for the year ended 30 June 2020.

d) Outstanding balances

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

Receivables	2020	2019
	\$	\$
Amounts owed by entities controlled by key management personnel and close family members of key management personnel		
Current	30,868	-
Past due 31 - 60 days	4,249	-
Total Owing	35,117	-

Gulf Lynx Dynamic (trading as Carpentaria Electrical), a company controlled by a related party owed \$35,117 in property related charges. These transactions were conducted at arms-length and were levied in accordance with the schedule of fees and charges and commercial lease agreement. All amounts outstanding have now been received.

e) Loans and guarantees to/from related parties

Council does not have any loans to/from related parties. No guarantees have been provided.

During the financial year it was identified that the dissection of Councillor remuneration had not been calculated in accordance with the Remuneration Tribunal Report 2019, resulting in the overpayment of the meeting fee to former Councillors. Arrangements for repayment have been entered into with each of the individuals affected.

f) Commitments to/from other related parties

Council has no outstanding commitments to/from other related parties.

g) Transactions with related parties that have not been disclosed

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

- Purchase of fuel and other workshop services
- Purchase of gas bottles and other general stores items
- Payment of barge handling and other fees

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

Due to the size and location of Mornington Shire, Council is one of the primary employers. Therefore staff members may be identified as close family members of key management personnel.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

27 Impacts of Novel Coronavirus (COVID-19) Pandemic

Council's response to the COVID-19 pandemic from March 2020 has been managed under the guidance, advice and directives of the Local Disaster Management Group (LDMG) and the District Disaster Management Group (DDMG) in conjunction with the wider State and Commonwealth pandemic plans and subsequent roadmaps to recovery.

As part of the initial response to the declared pandemic, additional travel and quarantine restrictions were put in place for remote communities under the Commonwealth Biosecurity Act. From 3 July 2020 the Queensland Government, in consultation with Aboriginal and Torres Strait Islander leadership in remote communities, has implemented a three-stage plan to safely ease restrictions to remote communities.

Revenue items which have, or likely to have direct impact from the COVID-19 pandemic have been identified as follows:

Accommodation Revenue

Accommodation revenue is largely derived from visiting service providers and contractors involved with construction within the community. Council own and operate the sole commercial accommodation on Mornington Island, therefore it was directly impacted by travel restrictions.

For the period of March to 30 June 2020, Council forego accommodation revenue of \$39,270 to assist staff and members of the community to comply with the 14-day quarantine period under the prevailing COVID-19 response.

If restrictions were to transition back to Stage 1 or Stage 2 of the roadmap, the foregone motel accommodation revenue would total \$3,640 per quarantined individual.

At the time of this report, hotel quarantine costs are no longer being borne by the Queensland Government and are required to be paid to the Queensland Government by the individuals at the end of their stay. The eligibility for recovery of accommodation costs by Council applicable to the Queensland Government directive is not yet known.

Airport Landing Fees

Airport landing fees are recognised and measured per the accounting policy disclosed in Note 3 (b) of this report. Impact on gross landing fees for the period of March to June 2020 was a decrease in fees levied to airlines of between 7% and 57% (\$17,142 to \$37,380) on the average of preceding 9 months from 1 July 2019 to 29 February 2020 (Average: \$40,143).

For the month of July 2020, gross landing fees levied increased by 16% on June 2020 fees and representing a decrease of 14% on the average of 1 July 2019 to 29 February 2020.

**Mornington Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020**

27 Impacts of Novel Coronavirus (COVID-19) Pandemic (Continued)

Airport landing fees are expected to normalise along with eased restrictions, however, are likely to decrease if restrictions are transitioned back to Stage 1 or Stage 2 on direction of the Chief Health Officer.

Capital Grants

Council received COVID-19 specific grant funding from DLGRMA under the COVID Works for Queensland Program. The objective of the funding is to support economic recovery by providing economic and job stimulus through the maintenance or construction of Council infrastructure.

The guidelines set out the definition of eligible costs, being those directly related to eligible projects and do not cover on-going maintenance or recovery of COVID preparedness costs.

The program will assist Council in funding backlog asset maintenance which is not ordinarily able to attract external funding and will assist in sustaining and creating trade related jobs for Council and the community.

Identifiable expense items which have, or likely to have impact from the COVID-19 pandemic include:

Employee Benefits

Staff wages and salaries at 30 June 2020 include \$33,506 in time and wages specific to the COVID-19 response through the Local Disaster Management Group (LDMG) and the implementation of the permit system which was required for the duration of the enactment of the Biosecurity Determination 2020

Staff wages and salaries at 30 June 2020 also included \$14,919 in special leave granted and paid to Council staff which were required to self-isolate and/or quarantine under provisions of Council's Pandemic Plan in response to the COVID-19 pandemic.

Materials and services

Additional support services of \$17,732 were required for specialised communications and media, including website maintenance specific to assist with management of pandemic response.

Additional cleansing costs of \$4,907 were incurred to 30 June 2020 which were specifically attributable to the response under the Pandemic Plan.

Whilst the costs noted above have decreased or ceased subsequent to the end of the financial year, they are likely to increase if restrictions are required to transition back to Stage 1 or Stage 2 of the roadmap.

The expenses are directly related to the active pandemic situation with the impact in the future not able to be readily estimated. To date no dedicated financial assistance for recovery of direct costs relating to the pandemic have been announced.

In addition to the above, consideration has been given to the measurement, presentation and disclosure of assets and liabilities at balance date. Specific consideration and impact at balance date have been disclosed within the related notes, with no additional requirement for adjustment or remeasurement of balances identified to the date of this report.

**Mornington Shire Council
Financial Statements
For the year ended 30 June 2020**


**Management Certificate
For the year ended 30 June 2020**

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements as set out on pages 1 to 36 present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Kyle Yanner

Acting Chief Executive Officer
Peter Stewart

Date: 13 / 10 / 2020

Date: 13 / 10 / 2020



INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mornington Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

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

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and 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 Mornington Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement

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.

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.

A handwritten signature in blue ink, appearing to read "Sri Narasimhan", with a horizontal line extending to the right.

Sri Narasimhan
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

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

Measures of Financial Sustainability

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

Ratio	How the measure is calculated	Actual	Target
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	-18.1%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	79.1%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-3.2%	< 60%

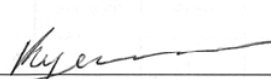
Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.


Mornington Shire Council
Certificate of Accuracy
For the year ended 30 June 2020

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

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



Mayor
Kyle Yanner
Date: 13, 10, 2020.



Acting Chief Executive Officer
Peter Stewart
Date: 13, 10, 2020



INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mornington Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Mornington 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 Mornington 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 Mornington Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.



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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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



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

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

A handwritten signature in blue ink, appearing to read "Sri Narasimhan".

13 October 2020

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

**Mornington Shire Council
Long-Term Financial Sustainability Statement (Un-Audited)
Prepared as at 30 June 2020**

Measures of Financial Sustainability	Measure	Target	Actuals 30 June 2020	Projected for the years ended								
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
Council												
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	-18.1%	-8.4%	-7.9%	-5.4%	-3.0%	-0.6%	0.2%	1.1%	1.9%	2.8%
Asset Sustainability Ratio	Capital expenditure on renewals divided by depreciation expense.	> 90%	79.1%	200.8%	160.2%	169.1%	178.2%	187.6%	190.7%	194.4%	198.3%	202.1%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 60%	-3.2%	-27.5%	-23.0%	-25.7%	-28.9%	-32.7%	-36.8%	-41.3%	-45.8%	-50.8%

Mornington Shire Council's Financial Management Strategy

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

Mornington Shire Council
For the long-term financial sustainability
Prepared as at 30 June 2020

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

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



Mayor
Kyle Yanner

Date: 13, 10, 2020



Acting Chief Executive Officer
Peter Stewart

Date: 13, 10, 2020

15 STAFF REPORTS - GOVERNANCE AND COMMUNICATIONS**15.1 ACCEPTABLE REQUESTS GUIDELINES POLICY**

Author:	Acting Executive Manager Corporate Governance and Communications
Attachments:	1 Acceptable Request Guidelines for Councillors Policy - October 2020
	2 Acceptable Requests Guidelines Policy Authorised Officers List

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to update Council's Acceptable Requests Guidelines for Councillors Policy in accordance with legislative changes in effect from 12 October 2020

BACKGROUND AND PREVIOUS COUNCIL CONSIDERATION

Section 170A(7) of the Local Government Act 2009 (Act) requires all Councils to adopt by resolution Acceptable Requests Guidelines (Guidelines) in relation to managing requests for advice or information by Councillors. Council last reviewed these guidelines on 20 May 2020 via Resolution Number 2020/106. Given changes to legislation and the recent election of the new Council it is appropriate for Council to review its Guidelines.

REPORT

Section 170A (7) of the Act requires Council to adopt by resolution Guidelines about:-

- a) the way in which a Councillor may ask a local government employee for advice to help the Councillor carry out his or her responsibilities under the Act; and
- b) reasonable limits on requests that a Councillor may make.

Recent amendments to the legislation has set prescribed time limits for the Chief Executive Officer (CEO) to respond to any requests made in accordance with Council's adopted Guidelines.

The CEO must comply with such requests within 10 business days after receiving the request; or if the CEO reasonably believes it is not practicable to comply with the request within 10 business days, then within 20 business days after receiving the request. A maximum penalty of 20 penalty units (\$2669) applies to a breach of this requirement.

Where the CEO forms the belief that a request cannot be completed within the 10 business day period, the CEO must give the Councillor who made the request notice about that belief and the reasons for it within 10 business days after receiving the request.

The Act provides a number of exemptions as to what may be requested by Councillors, including information or a document: -

- a) that is a record of the conduct tribunal; or
- b) that was a record of a former conduct review body; or
- c) if disclosure of the information or document to the Councillor would be contrary to an order of a court or tribunal; or
- d) that would be privileged from production in a legal proceeding on the ground of legal professional privilege.

Other restrictions may apply as detailed within section 4.2 of the attached Guidelines.

A list of "Other Approved Staff Members" per the Policy is also attached to this report. This is a document with responsibility attached to the CEO and will be updated from time to time where necessary with updates communicated to the Mayor and Councillors.

Section 170A (6) of the Act exempts the Mayor from the Guidelines in addition to the Chairperson of a Committee of a Local Government if the request relates to the role of the Chairperson.

Importantly, Section 170 of the Act prohibits any Councillor from giving a direction to a local government employee, other than the Mayor giving a direction to the CEO which must be consistent with a resolution, or a document adopted by resolution, of the Local Government.

Contravention of Section 170 of the Act is an automatic misconduct offence which may result in disciplinary action being taken against a Councillor.

FINANCIAL & RESOURCE IMPLICATIONS

Nil

CONSULTATION

Chief Executive Officer

Acting Executive Manager Governance & Communications

Mayor and Councillors

CONCLUSION

Council must adopt Guidelines to manage the way in which Councillors may seek advice and make requests to assist in undertaking their roles. Recent changes to the legislation has changed who a direction may be placed upon and also placed time restrictions on the CEO for complying with requests received by Councillors when made in accordance with the Guidelines.

RECOMMENDATION

That in accordance with Section 170A of the Local Government Act 2009, the revised Acceptable Requests Guidelines for Councillors Policy, as presented be adopted.



Policy Name	Acceptable Request Guidelines for Councillors Policy		
Type	Council Policy		
Owner	Executive Manager Governance & Communication		
Responsible Officer	Executive Manager Governance & Communication		
Decision Number	20-10/XXX	Approval Date	XX/10/2020
Records Number	V4	Next Review Date	20/05/2024

DOCUMENT VERSION CONTROL			
VERSION	DATE	RESOLUTION NO.	DETAILS
V1	30/11/2014	Approved by CEO	Responsible Officer Exec Manager Human Services
V2	21/09/2016	2016/158	Responsible Officer Executive Manager Human Services
V3	20/05/2020	2020/106	Responsible Officer Executive Corporate Governance & Communication
V4	xx/10/2020	20-10/xxx	Responsible Officer Executive Manager Governance & Communication

Introduction

This is a copy of the **Acceptable Request Guidelines for Councillors Policy** of **Morrington Shire Council**, made in accordance with the provisions of *Local Government Act 2009 and Local Government Regulations 2012, Public Records Act, Morrington Shire Council's Local Laws, Subordinate Local Laws and current Council Policies*.

This policy is made in specific compliance with Sec 170A Local Government Act [Qld] 2009, which requires this policy to be considered and adopted by a resolution of Council.



1 Purpose

These acceptable request guidelines are adopted by resolution of the Council to:

- a) Provide guidance to Councillors and staff members about the acceptable manner in which a Councillor may ask those staff members for advice to help the Councillor carry out his or her responsibilities under the *Local Government Act, 2009*; and
- b) Establish reasonable limits on requests that a Councillor may make; and
- c) Define the staff members to whom Councillors may make requests for information.

2 Application of the Policy

This policy applies to all Councillors, including the Mayor where appropriate and all Council staff.

Requests for advice or information under these guidelines must comply with the principles that guide decision making by Councillors and Council employees' states in section 4 of the Local Government Act 2009 as:

- Transparent and effective processes, and decision making in the public interest; and
- Sustainable development and management of assets and infrastructure, and delivery of effective services; and
- Democratic representation, social inclusion and meaningful community engagement; and
- Good governance of, and by, local government; and
- Ethical and legal behaviour of Councillors and local government employees.

3 Definitions

"Other Approved Staff Member" – for the purpose of this policy, means any staff member nominated in writing by the Chief Executive Officer as approved to receive requests for advice directly from Councillors.

"Staff Member" – includes all local government employees, contractors, volunteers and all others engaged by and who perform work on behalf of Council.

"the Act" means the Local Government Act [Qld] 2009

"the Regulations" means the Local Government Regulation [Qld] 2012



4 Scope and Application

4.1 *Directions to Staff Members*

All Councillors and elected representatives together with Council staff are bound under section 170 of the Act which states:

4.1.1 The Mayor may give a direction to the chief executive officer.

4.1.2 No Councillor, including the Mayor, may give a direction to any other local government employee. Councillors must ensure that when making a request for advice that the manner and working of their request is not capable of being construed as an unlawful direction to the staff member.

4.2 *Mayor and Chairpersons*

Section 170A(5) of the Act provides that these reasonable request guidelines do not bind the mayor, or the chairperson of a committee, who makes a request for advice about his or her role as chairperson. To facilitate efficient provision of service by council staff members the mayor and chairpersons are encouraged to comply with these guidelines in all cases.

4.3 *Staff Member Attendance at Meetings*

Any councillor may request the Chief Executive Officer or relevant Executive Manager to arrange for a council staff member to attend a meeting with a member of the public. Such a request is not a request for advice under section 170A of the Act.

4.4 *Routine Operational Requests*

A request for assistance from staff members about routine operational matters – for example the location of a meeting, or lodgement of a customer service request – is not a request for advice under section 170A of the Act and these guidelines do not apply to that request. Councillors are encouraged to raise routine operational matters through the Chief Executive Officer or Executive Manager.

4.5 *Interaction between Councillors and Staff Members*

Interaction between Councillors and Council Staff members must, at all times, be carried out in professional and courteous manner.

4.6 *Requests for Advice*

4.6.1 If the Councillor expects to receive a written response to the request for advice, the Councillor must make the request in writing (including by email).

4.6.2 Councillors must ensure that any requests for advice they make is not in conflict with the Council's adopted policies, local laws, resolutions, corporate plan and budget.

4.6.3 Councillors must ensure that a request for advice does not substantially and unreasonably divert the resources of the Council from the performance of its functions.



- 4.6.4 Councillors must consider the likely cost implications when making requests for advice and if the cost of providing the information is likely to be high, the Councillor may make the request only to the Chief Executive Officer, who is expressly authorised by the Council under these guidelines to seek to minimise the costs of provide the advice.
- 4.6.5 Subject to guideline 4.6.4, Councillors may make the requests for advice to the Chief Executive Officer about any Council issue and to the Executive Manager about any matter relevant to the Executive Managers Department.
- 4.6.6 Councillors may make requests for advice to other approved staff members only if the Councillor believes that the matter about which advice is sought is a matter that falls within the area of responsibility of the staff member. When making a written request for advice to any other approved staff member a Councillor must ensure that a copy of the request if provided to the relevant Executive Manager.

4.7 Other Approved Staff Members

- 4.7.1 Other approved staff members responding to a Councillor's request for advice must ensure that their Executive Manager is informed of the making of, and response to, all significant Councillor requests.
- 4.7.2 If an 'approved staff member' believes that the cost of actioning a Councillor request will have budget implications, then the request must be brought to the attention of the Chief Executive Officer for authorisation before being actioned.
- 4.7.3 Council staff member must advise the Chief Executive Officer as soon as practical of any requests from a Councillor that do not comply with this policy.

5 Related Legislation

Local Government Act, 2009

Section 13(3)(f) – Chief Executive Officer's obligations to provide assistance and information to Councillors
Section 170 – Giving directions to the local government staff
Section 170A – Requests by Councillors for assistance or information
Section 171 – Use of Information by Councillors
Section 200 – Use of information by local government employees and council advisors

6 Variations

This policy is deemed to be the current policy until altered, changed or replaced by an updated or amended version made by a resolution of Council.



Acceptable Requests Guidelines Policy - List of Other Approved Staff Members

I (Peter Stewart – Acting Chief Executive Officer) have approved the following positions (with current incumbents names provided) to assist the Mayor and Councillors with requests for assistance which exceed requests ordinarily received from members of the public:

- Acting Chief Executive Officer
Peter Stewart (Peter.Stewart@mornington.qld.gov.au)
4745 7801
0477 348 503
- Acting Executive Manager Governance and Communication
Darren Foster (Darren.Foster@mornington.qld.gov.au)
0408 483 537
- Acting Executive Manager Finance and Human Services
Owen Jensen (Owen.Jensen@mornington.qld.gov.au)
4745 7812
0421 014 206
- Acting Executive Manager Infrastructure & Technical Services
David Torr (David.Torr@mornington.qld.gov.au)
0447 664 914
- Special Projects Manager
Lana Maki (Lana.Maki@mornington.qld.gov.au)
0439 003 671

15.2 GOVERNANCE AND COMMUNICATIONS OCTOBER MONTHLY REPORT

Author: Acting Executive Manager Corporate Governance and Communications

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

To provide Council with an update of activities being undertaken by the Governance and Communications Directorate.

BACKGROUND AND PREVIOUS COUNCIL CONSIDERATION

The Governance and Communications Directorate, consists of the following Departments:

- Governance
- Communications
- Service Delivery
- Human Resources

As the Executive Manager for Governance and Communications is presently on leave, a fixed term appointment has been made to this position. Human Resources has temporarily been assigned to supervision of the Acting Chief Executive Officer.

Having started with Council on Wednesday, 7 October 2020, I offer the following by way of update on activities undertaken and identifying upcoming matters for Council's information.

Governance

The Department of Local Government, Racing and Multicultural Affairs' (DLGRMA) Regional Services Team (Northern) delivered workshops to Councillors and the Executive Management Team on 7 and 8 October 2020. The workshops were facilitated by DLGRMA's, Mr Jim Evans, Regional Manager and Ms Kristy Nau, Senior Advisor. The focus of these workshops was to provide updates on the legislative changes relating to Conflicts of Interests and Register of Interests. These legislative changes took effect from 12 October 2020. Councillors, Chief Executive Officer and Senior Employees will need to update their Registers of Interest and those of related persons within 30 days of 12 October 2020.

Policy reviews like the Acceptable Guidelines Request Policy (before Council at this meeting) will be a focus for the Governance Department. Following recent legislative changes and new guidelines having been provided by DLGRMA, further reports and updates to policies affected by the legislative changes will be developed for Council's consideration at its November meeting.

Communications:

Work on the new Council's website is continuing with further reviews of content occurring during October. The existing site is also being updated at present to ensure legislative compliance.

FINANCIAL & RESOURCE IMPLICATIONS

Nil

RECOMMENDATION

That Council note and receive the Acting Executive Manager Governance and Communications October 2020 Report.

16 STAFF REPORTS - INFRASTRUCTURE & TECHNICAL SERVICES**16.1 HOUSING REPORT****Author:** Housing Manager**Attachments:** Nil**PURPOSE (EXECUTIVE SUMMARY)**

The purpose of this report is to provide the Council with an update of the Housing Program for the month of September 2020.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION**CURRENT BAS WORKS PROGRAMS UNDERWAY****2019/20 QBuild Do & Charge Program**

27 jobs out of a total of 1396 current jobs issued remain outstanding and are detailed below:

1. Plumbing – 8
2. Electrical – 1
3. Carpentry – 15
4. Fencing Repairs – 3

2020/21 QBuild Do & Charge Program

39 jobs out of a total of 244 current jobs issued remain outstanding and detailed below:

1. Plumbing – 29
2. Carpentry – 7
3. Fencing – 1
4. Electrical – 2

QBuild Do & Charge Jobs Summary 2019/20 to 2020/21 at 13.10.2020:

Total number of jobs issued at 13.10.20	74
Less: Total completed closed off jobs / ready for billing	4
Equals: Total open jobs on the QBuild Portal at 13.10.20	70
Total jobs attributed to Technical Services (Mow/Tidy, Trees)	4
Actual total jobs outstanding/attributed to Housing	66

2019/20 QBuild Purchase Orders Program

QBuild had released a total of 137 jobs to date valued at \$6.5 million (GST-inclusive). 113 jobs valued at \$4.9 million have been completed and paid. A remainder 23 jobs valued at \$1.6 million are yet to be completed.

Below shows a summary of the 23 jobs at 8 properties valued at \$1.6 million that have yet to be completed followed by commentaries:

1x Flooring Upgrade (valued at \$5.3K) – works scheduled for when vinyl layers visit island next;

1x Roof Replacement Project (valued at \$57.7K) – scheduled to be completed in conjunction with roof replacement to D Block at Mornington Island State School;

MISS Security Fencing Project – works commenced Thursday 21/05/20

- All PCYC Oval works completed and billed
- All materials have arrived on the island
- Works on Lardil Street have been completed, all internal fencing works completed and billed
- Works on Maarn Maarn Katha Street have been completed
- Internal fence between School and PCYC have been completed
- School Residence fencing works and Save The Children portions remain, expected completion is late October
- Initial contract value is \$2.4 million
- Total value of works completed and paid to date \$2.1 million
- Total value of works yet to complete is \$890K

3x Veranda Rectification jobs at 2 properties (valued at \$95.5K) – 90% of materials have arrived on island, the remaining is scheduled for delivery on the next barge; Res 9A and 9B scheduling in works with occupied tenants, Res 5 is 100% completed and billed;

10 listed jobs for 1x Full Refurbishment project (valued at \$205.9K) – majority of materials have arrived, works commenced, demolition completed, kitchen 80%;

2 listed jobs for Wheelchair Access Ramps (valued at \$345.5K) – materials arrived for F Block and D Block, D Block has commenced, works to commence pending RFI response from client.

2020/21 QBuild Purchase Orders Program

QBuild has released a total of 39 jobs to date valued at \$3.4 million (GST-inclusive). 3 jobs valued at \$50K have been completed while the remainder 36 jobs valued at \$3.35 million is planned to be completed throughout the course of the financial year.

Below is a summary of the status of the current jobs:

1x Door & Awning (valued at \$25K) – materials have arrived and planned commencement this week;

3x Dismods (valued at \$166K) – 230B Dunlyu St materials on island, planned start date 14/09/20, works to commence at 81 Lardil St after completion of 230B Dunlyu St, 43 Wardirran St works is scheduled to commence with D Block Refurbishment to utilise ACM Contractors;

1x Repair/Treat steel Posts (valued at \$15K) – 100% completed, replacement steel posts required and due in next Wednesday (16/09/20);

1x D Block Refurbishment (valued at \$474K) – to commence during the December school holidays;

2x Flooring Upgrades (valued at \$32K) – purchase order has been placed on the contractor and to be scheduled in conjunction with 202 Lardil St.

10x Dept of Education Garages (valued at \$1.8 million) –purchase order to awarded contractor raised to H.C. Building company, currently establishing a program of works with the contactor, and sourcing materials for Res 10/500 Lardil Street which was retained by the department for apprentice training purposes;

Carport & Concrete 2020 Program (20x Carports valued at \$867K) – purchase order to be placed on N & J Building & Construction as per Council's tender process. Program of works to be supplied once contractor has received PO from MSC.

STAFFING REPORT

The Housing Department is currently sourcing a Housing Manager and a Housing Supervisor to replace QBuild contracted employees Dale Harvey and Rohan Gibbs who will be moving back to QBuild headquarters. Completion date is 17/12/2020. The department is also sourcing a second Housing Supervisor/Estimator.

FINANCIAL AND RESOURCE IMPLICATIONS

1. Plug Ins x10 Project – Outstanding		
Sep19 Claim (Variation) - Submitted	\$290,824.60	Paid
TOTAL	\$290,824.60	

Commentary: The Progress Claim 12 (Variation Claim) for this project was initially raised for \$527,894 in September 2019. Received Quantity Surveyor Assessment values on walkways and doorway variations assessment. Variations have been approved and as at 13.10.20, this variation has been paid.

2. QBuild PO Jobs				
	Jun20	Jul20	Aug20	Sep20
Total Revenue (\$)	\$1,498,452	\$333,099	\$436,081	\$110,300
Invoice Quantity	39 Invoices	16 Invoices	13 Invoices	7 Invoices

Average \$/invoice	\$38,422	\$20,818	\$33,544	\$15,757
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Commentary: The table above again indicates stable revenue figures for the QBuild Purchase Order Projects this month compared to the previous month.

3. QBuild D&C Jobs				
	Jun20	Jul20	Aug20	Sep20
Total Revenue (\$)	\$187,733	\$112,808	\$96,522	\$114,995
Invoice Quantity	116 Invoices	66 Invoices	41 Invoices	62 Invoices
Average \$/invoice	\$1,618	\$1,709	\$2,354	\$1,855

Commentary: The table above showed revenue figures remained relative to previous months. Much of the aged cards have been closed off. Some work has been affected due to COVID-19 and associated travel restriction, however a shift in direction has ensured and secured a constant work and revenue flow for Council.

4. MSC Private Works Jobs			
Sep20 Invoices	\$0	0 Invoices	N/A
TOTAL	\$0		

Commentary: No Private Works jobs undertaken in the month have been billed.

RECOMMENDATION

That Council review and note this report.

16.2 TECHNICAL SERVICES MONTHLY REPORT

Author: Technical Services Administration Officer

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

To provide Council with an update regarding monthly activities conducted by the Technical Services Department.

BACKGROUND AND PREVIOUS COUNCIL CONSIDERATION**WATER AND SEWERAGE**

Water samples are taken daily from several sample points, throughout the township, to monitor the chlorine residual of the drinking water. Weekly water mains flushing has been conducted to also maintain chlorine residual. Daily clean out of sewer grates at the ponds and monitoring pump stations A, B, and C. Daily maintenance work is being carried out at Clearwater to keep treatment process running efficiently. Results of routine water sampling has continued to be within the drinking water standards and guidelines.

Various maintenance and safety works were performed during the month, including the installation of safety signs and identification stickers for pipework at Clearwater and pump station sites.

Fire Hydrants and valves around the community have had some maintenance work carried out, with inspection showing that there is more work to be done. A schedule of ongoing works is to be put in place and carried out in the community.

R.P.Z valves are currently being installed at the Sewer pump stations and Sewer Ponds to comply with regulations.

Table 1: Processed water going to community

Month End	Usage in KL	Month End	Usage in KL	Month End	Usage in KL	Month End	Usage in KL
Jan	24,624 KL	April	24,855 KL	July	30,535 KL	Oct	
Feb	24,112 KL	May	28,883 KL	Aug	32,701 KL	Nov	
March	25,368 KL	June	28,152 KL	Sept	37,175 KL	Dec	
Total	74,104 KL	Total	81,890 KL	Total	100,411 KL	Total	

Table 2: Monthly rainfall

Month End	Rainfall	Month End	Rainfall	Month End	Rainfall	Month End	Rainfall
Jan	-	April	38 mm	July	1mm	Oct	
Feb	-	May	8 mm	Aug	0	Nov	
March	6mm	June	0 mm	Sept	0	Dec	
Total	6mm	Total	46 mm	Total	1mm	Total	

Table 3: Dam capacity values (in %) taken on the last day of each month

Month End	Dam Capacity	Month End	Dam Capacity	Month End	Dam Capacity	Month End	Dam Capacity
Jan	75%	April	100%	July	87%	Oct	
Feb	101%	May	96%	Aug	82%	Nov	
March	100%	June	94%	Sept	70%	Dec	

PARKS AND GARDENS

In addition to continuing rubbish removal, assisting with barge operations, mow and tidy and tree trimming around the community, Parks and Gardens staff have been assisting with operation of the Cemetery, including undertaking duties for funeral days.

During the month Parks and Garden staff have also resolved several safety hazards identified within the community, such as removal of old park furniture.

Grant funding of \$76,418 has been received under the LRCI program to install shelters, seating and water bubblers at the following sites:

- Sports Oval Playground
- Basketball Court Playground
- Post Office Grounds

Upcoming works – Annual cyclone preparation clean-up is expected to commence in October, continuing through to December.

CIVIL

Civil crew have continued assisting other Departments with routine operations requiring heavy plant, including barge delivery, cemetery operations and assistance with ongoing QBuild and Special Projects.

During the month Civil have been involved with the preparation of the ceremony grounds for the Community Initiation Program and have been assisting in clean-up at the landfill facility and removal of vehicles from various locations around the community.

LANDFILL

Waste management staff are continuing attempts to meet community expectation of rubbish collection three times per week. Difficulties in meeting service standards are continuing due to staffing issues.

Clean-up and upgrade works are in progress at the landfill by Waste Management staff, including sieving operations to remove rubbish contamination of 3 x soil piles at landfill facility. Various signage has been ordered to assist in clearly identifying designated areas for disposing of rubbish.

FENCING

Fencing crew are continuing to carry out the major project fence installation at the School in addition to various smaller fence repairs in the community.

Upcoming works – Sewer pond refencing to commence once School project completed.

BATCH PLANT

Batch Plant Operators have continued providing labour and plant operating assistance to other Departments, in addition to concrete supply and installation on projects including the School fence, Leika Murrin Tavern upgrade and 2 x headwall installations at various locations.

Upcoming works –preparation is underway for the carports and driveway works starting early next month.

WAREHOUSE GENERAL

Warehouse traffic has increased significantly following the introduction of the EFTPOS machine generating great feedback with the community regularly purchasing materials.

Currently there is a Storeperson role vacant which requires a forklift ticket and driver's licence – advertising to commence soon.

The 20ft container stationed in the warehouse laydown is working well supporting the Facilities team with purchasing and some furniture requirements for the Council and motel accommodation. Change in operational hours with MSC warehouse closing on Saturday – effective 7f November 2020

BARGE

Approximately 336 tonnes travelled at 1,360 cubic metres for the month of September with building materials increasing in the first two weeks of October for Council approved projects.

Warehouse staff supported the unloading of the Barge due to planned/unplanned leave – operating the telehandler and forklifts as required.

Safety controls to reduce high risk of pedestrian/forklift interaction still outstanding from FY19/20
Poor ground conditions also need to be addressed

RED SHED

Red shed area building materials are increasing weekly with the Special Projects team back on Island to complete the Tavern Refurbishment and approved Council projects. Tracking and relocating of materials for Housing and Special projects working well – increasing tool time for the tradesman to execute their work.

Warehouse currently assisting with some deliveries to the Tavern refurbishment due to the School fencing project utilising the small all-terrain forklift

FINANCIAL AND RESOURCE IMPLICATIONS

Purchasing of stock in the warehouse is back on track with stock availability improving due to the COVID pandemic.

Internal journaling requires actioning (outstanding from April) as internal departments are receiving materials issued by the warehouse at cost price significantly impacting the warehouse budget.

TRAINING AND DOCUMENTATION

Creation of Safe work instructions for operational tasks in the warehouse is ongoing. Daily prestarts implemented to discuss tasks for the day and focus for the week.

RECOMMENDATION

1. That the council note and receive this report.

17 STAFF REPORTS - HUMAN SERVICES**17.1 ACTING EXECUTIVE MANAGER FINANCE AND HUMAN SERVICES**

Author: Acting Executive Manager Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

This report provides Council with an overview of the programs and projects tracking within the Finance and Human Services executive manager portfolio as at 30 September 2020. The report is at a high level and is not intended to duplicate matters that Program Managers will cover in their normal quarterly reports.

BACKGROUND AND PREVIOUS COUNCIL CONSIDERATION**Facilities Management Program**

- The Facilities Manager and Bakery Manager have continued to develop the bakery business plan to review the program and look at options for sustainability, including a retail area and improve employment opportunities to learn a rewarding trade. This plan will be presented to Council detailing the sustainability of the bakery and the details of the service contribution to the community.
- Currently facilities management have focused on improving the accommodation standards by developing routine maintenance programs, and improving furnishings.

Finance Program

Finance has completed the annual financial statements for financial year ended 30 June 2020.

Finance has processed the state award wage annual increase of 1.75% through payroll, effective 1 September 2020.

Finance has further advanced the introduction of the following four corporate systems. This will enable a uniform platform for the management of Council risks, project management, electronic timesheets, and improved monitoring of workshop and housing work programs.

- *Enterprise Risk Management (ERM) System* - Risks are an integral part of normal everyday life that is unavoidable. This module allows Council to take control of informed risks, which is part of good business practice, and accordingly analyse, control and mitigate these risks.
- Project Management Control (PMC) module provides a framework for the planning, organising, execution and management of all projects from inception to completion. PMC will provide oversight across all projects in the organisation and reports can be generated across all projects and actions taken as necessary. The PMC has been implemented and is operational. Currently 2020/2021 budgeted projects and grant application concepts are being entered within the PMC module for review.
- Deputy will provide the Mornington Shire Council with all of the key elements required to manage scheduling, timesheet management and report on timesheet costing, while reducing the administrative and human resource effort to perform this process. This will enable electronic timesheets interfaced with Xero Accounting Information System. This system will enable for Award conditions to be established for ready reference as timesheets are entered and available leave will be visible to the Supervisor upon approval.

- WorkGuru will provide management and staff with all the key elements required for job estimation/budgeting, job management, tracking and asset management, whilst reducing the manual data input and manipulation from the current practice for the Workshop. It is planned to introduce this initially with training to the Workshop when the new Workshop Manager is engaged. Subsequently it will be introduced to Housing Operations.

Information Technology & Communications (ICT) Program

- The ICT Infrastructure Rectification Project is progressing and planning to be installed prior to December 2020. This will improve the capacity and stability of the network for and between Council buildings including Administration Office, Tavern (Base Wi-Fi), Housing, Council chambers, training room, tavern, barge shed, stores, fuel station / workshop, airport, airport shed, technical services, and the bakery.
 - Total revised project cost - \$187,000 (2020/2021 Operational Budget - \$136,000).
- The managed IT services and support has been outsourced and Council continues to work positively under this new arrangement. There is still on-site work which is requiring resourcing.
- The record management project which incorporates SharePoint and AvePoint will be scoped and the development of this electronic record management system will commence following end of financial year work is completed. Burial and records have started being digitised.

Sport, Recreation & Events Program

- With the easing of the Covid-19 restrictions, the gymnasium has been opened. The provision of sanitisers and cleaning materials has been provided in line with advised operational guidelines to be as Covid-19 safe as possible.
- The oval lights have been set to be on overnight. As a result of this, the oval is increasingly being used and it is pleasing to see many people enjoying playing sports into the evening.
- Facilities management staff has cleaned storage areas at the gymnasium and have identified numerous brand-new items which were surplus to Council needs. These items have been donated to the PCYC and the state school. This includes soccer balls, tag games, basketball balls, and activity games such as giant inflatable ball and throwing tarp.

Workplace Health and Safety (WHS)

- The plan has been completed: WHS, Fire Safety, Food Safety and Rehabilitation Return to Work management plans and documents have been completed.
- ABW compliance consultants were on-site for a two week period during September 2020.
- The next scheduled visit is 01/12/2020 to 10/12/2020, and ABW will provide a presentation to Council in the December 2020 ordinary Council meeting.

Economic Development

Finance is currently developing a feasibility study and business case towards the establishment of market gardens on Mornington Island. This business case will review the feasibility in such a project. There has been much interest in the development of this project and a report will be prepared and provided for Council's consideration and a report will be provided back to Council.

Grants

Finance has worked with Peak Services towards submitting grant applications as follows:

- Regional Connectivity Program – Commonwealth Government – Department of Infrastructure, Transport, Regional Development and Communications
 - A grant submission is being progressed, and for the best outcome, Council is preparing a regional submission that includes Mornington Island, Doomadgee, and one other Council. This will enable a very strong submission and optimise cost savings.
- 2019-20 Resilience and Risk Reduction funding - State Government – Queensland Reconstruction Authority (QRRRF)– Mornington Island Radio Communications Network:
 - Currently Mornington Island does not have a radio network, the mobile network is unreliable and there are only six satellite phones on the island. The project seeks to implement a high-quality radio system to fill this gap and provide twenty handsets/mobile units. Key outcomes are improved:
 - disaster coordination and emergency response times;
 - ability to communicate with places of refuge and areas susceptible to tidal surge and flooding during disasters;
 - safety for disaster response workers; and faster recovery for community.
 - Council was successful in receiving grant funding through the QRRRF, and this project will commence shortly.
 - Total project cost - \$117,095.
- Local Roads and Community Infrastructure Program – Commonwealth Government – Department of Infrastructure, Transport, Regional Development and Communications – Covid-19 Community led recovery infrastructure projects:
 - Sports Oval Playground – picnic shelter, table, eating and filtered water bubbler, re-open public amenities. Total project cost - \$62,418.
 - Gununa post office grounds – picnic shelter, table, seating and filtered water bubbler. Total project cost - \$57,000.
 - Basketball court playground – picnic shelter, table, seating and filtered water bubbler. Total project cost - \$57,000.
 - Council has been approved to complete the above projects under this program.
 - Total project costs - \$176,418.

General Matters – External Audit

Council had its final end of financial year external audit completed on 13 October 2020. This was conducted remotely by contract auditor's BDO for the Queensland Audit Office.

FINANCIAL & RESOURCE IMPLICATIONS

As outlined within the report

RECOMMENDATION

That Council receives and notes the information in this report.

17.2 FACILITIES DEPARTMENT SEPTEMBER 2020 QUARTERLY REPORT

Author: Acting Executive Manager Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

To provide Council with an update on the operations of the Facilities Management Department

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

The Facilities Manager is responsible for the following Programs operated by Council:

- Motel
- Visitors Accommodation Complex
- Lelka Murrin Kiosk
- Bakery
- Staff Housing/Guest House
- All Council Administration Buildings

Motel and Visitor Accommodation Centre

The Motel has continued to be well utilised from Monday to Friday and continues to be the most popular accommodation; Gidgee Healing and Royal Flying Doctors are still booking months in advance and most rooms are always booked. VAC is then the only option for corporate travellers. The Motel is back in full operation and close to full occupancy.

The program is still replacing old manchester and furniture and this continues to be challenging due to not having any proper lockable storage area and we are ordering on as needed basis. Facilities have ordered essential furniture for the motel and the Visitor Accommodation Centre. This includes replacing some of the motel furniture and improving the rooms by having them all furnished with one queen size bed and one king single, previously half of the room had two king singles and was not a popular option. All the rooms now have 40" smart TV's.

A 12m x 3m transportable would be sufficient to house all the equipment and improve the storage area for manchester, cleaning equipment and chemicals as well as motel consumables. The proposed location would be adjacent to the Tavern back wall as it is close to power, water and sewage.

Mirndiyan Aboriginal Art Gallery has agreed to install local artists' artwork in each room with a history of the painting and biographies of the artists, the paintings will be priced and offered for sale. This will provide great exposure for local artists.

All the rooms have been fitted with toiletry dispensers offering:

- Hand wash
- Hand and body cream
- Shaving cream
- Shampoo
- Conditioner
- Shower gel

All the air conditioning units will be serviced and acid cleaned in October.

Laundry Building

Facilities have noted the need for a suitable laundry room; the laundry currently is located in any proposed tavern lease. Special projects have been contacted to start a survey to build a laundry, storage room for the cleaning team outside of the tavern walls.

Laundry Equipment

Facilities have ordered suitable equipment to replace the 3 small machines.

- 1x 27kg commercial washing machine able to clean linen to hospital grade.
- 1x 32kg machine with the same specifications.

Both machines will be connected to automatic laundry liquid dispensing pumps not requiring operators to fill with laundry powder or softener. The option will result in more economical operation. Facilities will look at replacing the two small driers with commercial size machines as the next step of improving efficiency.

Visitor Accommodation Centre (VAC)

Facilities are investigating means to improve the safety of contractors and employees residing at the VAC.

Some safety improvement suggestions are:

- Replacing the old perimeter fence with a non climbable fence
- Installing 2 electric gates with card readers
- Improving the lighting for night safety
- Improving the window screens to protect residents from rock throwing
- Implementation of a radio network with geolocation and duress button to allow fast response for break in situation. The network would allow location of all users and cars in real time facilitating with police intervention and recovering the stolen vehicles and emergencies.

All the air conditioning units will be serviced and acid cleaned in October. These works will be scheduled into a routine six-monthly maintenance program. Quotations and options are being sourced for the testing and tagging of electrical appliances. This will also form part of a routine annual scheduled maintenance program.

Lelka Murrin

Lelka Murrin Kiosk continues to remain closed whilst the tavern upgrade is progressing.

Bakery

The Bakery Manager has worked hard to build positive relationships with customers and clients including Gununamanda store.

The bakery continues to deliver fresh bread to Gununamanda store and has greatly improved the quality of bread bake. The baker is supplying enough bread and is delivering to the hospital and school. The range of bread is now including white bread, multi grain bread, high fibre bread, bread rolls and French rolls.

The new oven has been installed and the Baker is adjusting the production formulas to suit. The capacity of the new oven triples the previous oven capacity. The old oven has been repaired and can be used as a standby option. Test runs in conjunction with the shop demand has started and new products will be in production soon such as:

- White Vienna loafs
- French baguettes

- Multi grain loafs
- Bagels

The air conditioning system will be replaced to help stop mould appearing on the walls and ceilings. Quotations have been sourced to have these repairs completed. The walk-in freezer and fridge are also being serviced and repaired.

Staff Housing and Leases

The provision of staff accommodation continues to be a challenge for Council. The majority of Council houses are now occupied. As Council's infrastructure ages and as Council provides more housing to local staff it will become increasingly critical to investigate the provision of new facilities.

The facilities department has started the task of implementing procedure and policies around inventory, asset management, lease agreements, inspections and maintenance of staff housing.

Facilities have purchased an inspection software enabling pictures to be archived electronically. The software is an accurate way of recording the condition of the Council property at the beginning of lease and as at the end of lease. This will enable a record of Council assets within the leased properties.

Facilities Cleaning and Ground Staff

The cleaning program currently has 6 cleaners with 2 full time and 4 casual cleaners in line with Council's organisation chart of 4 FTE for the 2019/2020 financial year.

Unfortunately the attendance is very poor generally and there is a lot of pressure on the reliable members of the cleaning team.

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council receives and notes the information in this report.

17.3 MAYOR'S COMMUNITY MEETING - 17TH SEPTEMBER 2020

Author: Acting Executive Manager Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to provide a summary of the discussions which was had at the Mayor's community meeting on the 17th September 2020 in the festival grounds at Gununa, Mornington Island.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

This is the second public forum hosted by the Mayor for the Mornington Island residents. This is an open meeting for all residents to receive an update on the projects and works Council is completing. It is also an opportunity for the community to provide requests of what they would like to see developed on the island, and services provided by Council.

The following is a summary of the points raised within the meeting:

- (1) Community Bus Service – A community bus has been purchased and is currently in transit. A report will be provided back to Council advising details of its operations, and the planned service it will provide.
- (2) Dialysis Machines (enable renal treatment on island)
- (3) Market garden
- (4) Removal horses and pigs
- (5) Community funeral support
- (6) Drug / alcohol testing
- (7) Funeral service shade
- (8) Remove bean trees (noxious pest species)
- (9) Remove trail bikes from Gununa township
- (10) Skate park / BMX track
- (11) Rodeo / slaughter yard
- (12) Splash park / swimming pool
- (13) Youth hub
- (14) Opal fuel vs unleaded fuel
- (15) No x-ray unit on island
- (16) Clean up Old Vehicles
- (17) Installation of picnic shelters, tables, seating, water bubblers (oval playground, basketball courts and Post Office grounds.
- (18) Replace Post Office (Refurbish)
- (19) Mornington Island youth curfews (Justice System)
- (20) Foreshore Area preservation
- (21) Social housing
- (22) Re-establish radio station
- (23) Newsletter – Council resourcing preparation and re-establishment of newsletter
- (24) Community Health

- (25) Donations TV's – Aged Care
- (26) Donation TV – Nominate a local hero
- (27) Donations sporting equipment - PCYC
- (28) Festivals start-up
- (29) Festival Ground Toilets – Council staff to complete routine maintenance
- (30) Street Sweeper – A street sweeper was included in 2020-21 capital budgets. This has been ordered and had a ten-week lead time.
- (31) Council provide ice machines for workers – these have been ordered in October 2020.
- (32) Council rubbish collection service – pick-up times not being consistent
- (33) Families feuding – Junkuri Laka provide a mediation service
- (34) Social media responsibility
- (35) Rangers turtle surveys
- (36) Sale of barge – Report to come back to Council with 'definitive course of action'

This summary provides a comprehensive action list for Council to know the concerns and desires of the community. Many of these items are incorporated into Council's program of works. A regular update will be provided to Council as to how respective items progress, and further details as to actions which Council can facilitate.

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council receives and notes the information in this report.

17.4 WORKPLACE HEALTH AND SAFETY RISK AUDIT AND COMPLIANCE REPORT - SEPTEMBER 2020

Author: Acting Executive Manager Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

The purpose of this report is to provide Council with an update on Workplace Health and Safety risks audit and compliance for the month of September 2020.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

Mornington Shire Council is committed to providing a safe and healthy working environment for all workers, contractors and visitors to our workplace.

Council is also dedicated to achieving a high standard of health and safety performance and will strive to continuously improve the safety performance results in all of our operations through the implementation of a safety Management System aligned with the requirements of Occupational Health and Safety Management systems AS/NZS 4801 and ISO 45001.

Council will apply its best endeavour to comply with all relevant work health and safety legislation and related standards, codes of practice and industry guidelines. We establish clear objectives with measurable targets, and report on our performance against those targets at pre-determined intervals.

WHS documents under review:

- Developed and submitted a new critical incident procedure and flow chart.
- Updated the WHS risk register
- Pulse Risk Management Register - ongoing
- Developed and submitted 3 x safe management plans for housing
- Risk assessments of all hazardous chemicals – ongoing
- Hazardous Chemicals and Safety Data Sheets register is completed and part of the Management plan, but ensuring SDS updating is an ongoing process

Hazard, incident, and risk reporting:

- Hazard Reports – September
 - 16 Hazard reports received and added to the register and to be actioned
 - 14 hazard reports completed and finalised
- Incident reports Received
 - Nil for September

Rehabilitation and Return to work:

- 1 workers compensation claim completed
- 1 workers compensation claim ongoing

LTI Reports – September:

- Nil lost time to injuries

Safe Work Method Statements developed – September

- 13 x SWMS for housing and constructions
- 3 x SWMS for Special Projects
- 12 x SOP's (safe operations procedures) for workshop

WHS Meetings conducted:

- Technical Services
- Housing and construction
- Workshop
- Warehouse
- General Staff
- Special Projects

Site Visits / Inspections:

- Inspections conducted of the school projects with housing manager
- Tavern refurbishments
- Batching plant
- Laundry
- Workshop
- Council Parks and Gardens
- 202 Lardil street, project with housing manager
- Sewerage plant
- Water treatment plant
- Landfill site
- Dam wall
- Tavern Canteen

WHS Training Conducted:

- General induction training for new staff
- Fire safety training for new staff
- Housing toolbox session – hazard reporting, heat stress, load restraints
- Tech Services toolbox session – hazard reporting, heat stress, load restraints
- Warehouse toolbox session – hazard reporting, heat stress
- Workshop toolbox session – WHS responsibilities and hazard reporting

Objectives proposed for next attendance to Council

- Next visit scheduled **1/12/2020 – 10/12/2020**, focusing on the following tasks:

High Priority

- As per advise from WHSQ Inspectors will be attending Council at some time during my scheduled attendance in December an exact date is yet to be determined by them.
- Discuss with CEO developing a waste management plan for the Council landfill as it considered high risk particularly environmentally
- Conduct WHS inspections of building projects underway
- Continue working towards Implementing online face to face WHS induction and training via Microsoft TEAMS

Priority

- Inspect the councils fire equipment to ensure Chubb Fire have serviced the equipment as per contract specifications (service to be conducted October/November)
- Conduct Fire safety training for new staff etc.
- Conduct Induction training for staff and contractors
- Conduct toolbox training sessions for technical services staff onsite
- Work from the technical services office to further develop and improve communications with technical services staff including onsite toolbox sessions
- Conduct site inspections and prestart meetings
- Continue the work on hazardous chemicals risk register and SDS updates
- Continue work on hazard inspections

FINANCIAL & RESOURCE IMPLICATIONS

There are no financial and resource implications attached to this report or its recommendation.

RECOMMENDATION

That Council receives and notes the information in this report.

18 GENERAL BUSINESS**19 CONFIDENTIAL REPORTS****RECOMMENDATION**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 275 of the Local Government Act 2009:

19.1 Workers Compensation Claim - Chief Executive Officer's Position

This matter is considered to be confidential under Section 275(b) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with industrial matters affecting employees.

19.2 Gulf Lynx Dynamic Pty Ltd (Carpentaria Electrical) - Review of current contractor arrangements

This matter is considered to be confidential under Section 275(h) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

19.3 Mundalbe Enterprises Limited

This matter is considered to be confidential under Section 275(h) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

19.4 Disaster Recovery Funding Arrangements - Koppens Developments Pty Ltd - 2019 Event Claim Number 6 for Approval

This matter is considered to be confidential under Section 275(e) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with contracts proposed to be made by Mornington Shire Council.

20 NEXT MEETING

21 CLOSURE