

Archived: Monday, 13 December 2021 2:56:15 PM

From: s22

Sent: Fri, 10 Sep 2021 11:29:15

To: 'Andrew.graffen@ccrc.qld.gov.au'

Cc: s22 CDG

Subject: Community Development Grant - Request for information - Cardwell Sewerage Treatment Plant [SEC=OFFICIAL:Sensitive]

Sensitivity: Normal

Attachments:

SEO19023P0421090818250.pdf;

OFFICIAL:Sensitive

Dear Mr Graffen

I refer to the attached letter from the Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, about the Australian Government's commitment as part of the Community Development Grants programme to the Cardwell Sewerage Treatment Plant.

I am writing to seek information to enable the Department to commence the assessment of this project.

Would you please complete the **Request for Information** form for the project (web-link below) and submit it along with supporting documentation, via email to the Department at cdg@infrastructure.gov.au. Guidelines for the Community Development Grants programme and the **Request for Information form** are located at <http://regional.gov.au/regional/programs/community-development-grants.aspx>.

The completed Requests for Information is to be submitted to the Department within three months of the date of this email. If you are unable to submit a completed Request for Information with relevant supporting documents within three months, a request for an extension must be provided to the Department in writing. Please refer to Section 5 of the Guidelines for further information on submitting your Request for Information.

Based on the information you provide, the Department will undertake a value with relevant money assessment of the project proposals. The assessment may include project viability and sustainability as well as proponent viability.

Depending on the size and nature of the project, the Department may require independent professional assistance to appropriately address viability or sustainability. Should the Department need to seek Independent Viability Assessment (IVA), you will be notified.

Once assessments of the projects have been completed, advice will be provided to the Minister for Regional Development for decision. If the projects are approved, you will be required to enter into Agreements with the Australian Government prior to any payments being made.

I recommend that you do not enter into financial commitments in relation to the project until such time as the assessment has been completed and Agreements with the Australian Government have been finalised. If you are unsure about this requirement please contact the Department at cdg@infrastructure.gov.au.

Once you submit your project information you will be allocated a Project Officer from the Department and they will be in contact to assist you throughout the process. In the meantime if you have any questions in relation to the process, please do not hesitate to contact me on the details below.

Kind regards

s22

Director, Project Assessment • Regional Programs Branch
Regional Development, Local Government and Regional Recovery Division

s22

GPO Box 594 Canberra, ACT 2601

Department of Infrastructure, Transport, Regional Development and Communications
CONNECTING AUSTRALIANS • ENRICHING COMMUNITIES • EMPOWERING REGIONS

infrastructure.gov.au

*I would like to acknowledge the traditional custodians of this land on which we meet, work and live.
I recognise and respect their continuing connection to the land, waters and communities.
I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

OFFICIAL:Sensitive



The Hon Barnaby Joyce MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for New England

Ref: MS21- 001025

Mr Andrew Graffen
Chief Executive Officer
Cassowary Coast Regional Council
PO Box 887
INNISFAIL QLD 4860
8-9-21

Dear Mr Graffen

I am writing to confirm the Australian Government's commitment to provide up to \$6 million for the Cardwell Sewerage Treatment Plant (the Project).

The commitment will be delivered by the Department of Infrastructure, Transport, Regional Development and Communications through the Community Development Grants Programme (CDG).

The Government is committed to supporting local communities to prosper and grow. Local infrastructure projects are critical if we want to boost economic growth and improve local amenities and facilities.

A Departmental Officer will contact you shortly to discuss the next steps. You will be required to provide sufficient information to the Department to undertake an assessment of the project before final funding approval and negotiation of a Deed of Agreement. Whilst this letter confirms the commitment to your project, funding of \$6 million is contingent upon the execution of a Deed of Agreement.

I recommend that you do not enter into financial commitments or begin work on the project until such time a Deed of Agreement has been signed with the Government. Please note that the contents of this letter should be kept confidential until a Deed of Agreement is signed with the Government.

I wish you every success and look forward to seeing the project completed.

Yours sincerely,

Barnaby Joyce MP

Cc: The Hon Bob Katter MP, Senator The Hon. Susan McDonald

s22

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Subject: Community Development Grant - Request for information - Cardwell Sewerage Treatment Plant [SEC=OFFICIAL:Sensitive]
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The Hon Barnaby Joyce MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
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Ref: MS21- 001025

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I wish you every success and look forward to seeing the project completed.

Yours sincerely,

Barnaby Joyce MP

Cc: The Hon Bob Katter MP, Senator The Hon. Susan McDonald

Archived: Monday, 13 December 2021 2:57:35 PM

From: [Bradford, Daniel](#)

Sent: Fri, 1 Oct 2021 16:56:33

To: CDG

Cc: **s22** Graffen, Andrew; Goodman, David; Gravatt, Manu

Subject: Community Development Grant - Cardwell Sewage Treatment Plant RFI

Sensitivity: Normal

Attachments:

[Cardwell Sewerage Treatment Plant - community development grant RFI Form - Final Signed.pdf](#); [Project Supporting Documents.zip](#); [Supporting Financial Documents.zip](#);

Good afternoon **s2**

Please see attached documents associated with the Cardwell Sewage Treatment Plant project funded through the Community Development Grants Programme.

If you have any questions, please contact me.

Kind regards,

Daniel Bradford

Business Opportunities and Improvement Lead | Cassowary Coast Regional Council

P: 07 4030 2213 M: 0419 942 191

E: daniel.bradford@ccrc.qld.gov.au | W: www.cassowarycoast.qld.gov.au

PO Box 887, Innisfail QLD 4860

#SILENT

#ECMBODY

[Disaster Dashboard](#)

Cassowary Coast Regional Council respectfully acknowledges the Traditional Owners and First People of the land on which we stand and pays respect to Elders past, present and future.

Privacy and Confidentiality Notice

The information contained in this email is intended for the named recipients only and may contain privileged and confidential information. If you are not the named intended recipient, you must not copy, distribute or take any action in reliance on it. If you have received this email in error, please notify us immediately by telephone on **1300 763 903** or email as listed above.

This email has been scanned for viruses and malware by Mimecast.



Australian Government

Department of Infrastructure, Transport,
Regional Development and Communications

Community Development Grants Programme Request for Information

Before you begin

The Department is asking for information about your project proposal so that we may commence developing a Funding Agreement should the Australian Government decide to approve funding for the project. Missing or unclear information may delay the development of the Funding Agreement.

Please note that information requested in this document may be provided to relevant Commonwealth, State and/or local government agencies, organisations and individuals, including those you identify in this proposal. The purpose of this process is to substantiate your claims and/or statements, and to verify the capacity of your organisation to manage Australian Government funds and deliver the project. It will also seek comment on the viability of the proposal and, if appropriate, identify if the proposal is eligible for funding through an alternative funding stream.

Information relating to individuals will be protected under the Privacy Act 1988. Requests for access to such information, where rejected by grantees, will be dealt with under the provisions of the Freedom of Information Act 1982.

You will need to complete Request for Information and submit with required supporting documentation to support your application.

This information enables the Department to undertake a value with relevant money assessment and provide advice to the Minister prior to an Agreement being negotiated and funding being released. The Department will contact grantees if further information is required.

Should you have any questions on how to answer any part of the Request for Information please submit your query to: cdg@infrastructure.gov.au

How do I submit my Request for Information?

You will need to complete this Request for Information and submit it to the Department with the required supporting documentation.

Community Development Grants Programme
Regional Programs Branch
Department of Infrastructure, Transport, Regional Development and Communications
GPO Box 594
CANBERRA ACT 2601

Organisation Details

1. Organisation details

Legal name: ABN:
Trading name: ACN:
GST Status: ☒ Registered ☐ Not registered

2. What is your Business Structure?

☒ Local Government ☐ Incorporated Association ☐ Sole Trader ☐ Partnership
☐ Company ☐ Trust* ☐ Other (please specify):

*Must provide copy of Trust Deed

3. Bank Details

Provide details of the bank account where the project funding will be deposited

Bank name: BSB:
Account name: Account Number:

4. Physical (registered) address of Organisation

Street Address:
Suburb/Town: State/Territory:
Postcode:
Organisation Email:
Organisation Website:

5. Postal address of Organisation

Postal Address:
Suburb/Town: State/Territory:
Postcode:

6. Authorised Person Contact Details (e.g. CEO or the person authorised to sign Deed of Agreements)

Title: First Name: Surname Name:
Position: Email address:
Phone (W): Phone (M):

7. Project Manager Contact Details (e.g. the person who will lead the implementation of the project)

Title: First Name: Surname Name:
Position: Email address:
Phone (W): Phone (M):

Additional details (relevant to the project; qualifications, experience, and professional memberships; if applicable):

8. **Key Personnel** (within the Organisation who will be involved in the project delivery, other than the authorised person or project manager)

Title: First Name: Surname Name:
Position: Email address:
Phone (W): Phone (M):

Additional details (relevant to the project; qualifications, experience, and professional memberships; if applicable):

9. Within the last five (5) years, has the Organisation been subject to an event such as a Government investigation, liquidation, litigation or significant change of financial position?
- ☐ Yes ☒ No

If yes, please note which of the following events occurred and provide details below.

- ☐ Government Investigation (Organisation or related entities)
☐ Litigation or liquidation proceedings
☐ Significant (adverse) change of financial position not reflected in Financial Statements provided
☐ Other particulars likely to adversely affect your capacity to undertake this project (provide details below)

10. Provide information on at least three projects your organisation has managed in the past five years which have received funds from either the Commonwealth, state government or local government authority (local government authority funded projects do not apply for applicants who are a local government authority)

Jurisdiction and managing department name	Project Name	Funding Amount
Federal- DITCRD & State - DSDMIP	Tully Multi-use Sporting Complex and Grandstand	\$5,483,686
Federal- DIRD & State - DSD	Mission Beach Aquatic Facility	\$6,980,000
State - Dept Local Government, Racing and Mu	Bulgan Creek Intake Reservoir	\$1,901,460
State Dept of State Development	Wheatleys Hill Water Reservoir	\$1,860,000

11. **Conflict of interest** – Please detail any actual, apparent or potential conflicts of interest that exist within your organisation.

12. Detail/list the economic and community benefits of the proposal (and the larger project if applicable), and how it contributes to programme outcomes (see Guidelines - Section 2 'About the Grant Program').

Economic benefits:

Cardwell is a prime gateway for residents and tourists to enjoy the pristine wilderness of the Hinchinbrook Channel. In the absence of a functioning sewerage scheme, further redevelopment of Port Hinchinbrook will not be possible. These works allow tourism and housing development to be reinvigorated in Cardwell and this will stimulate the economy and businesses in the community by providing a sustainable and secure future for sewage treatment for the benefit area. It is envisaged that during the construction of the STP, local contractors will be used to undertake much of the works including the earthworks, concrete and building works, installation of pipework and electrical works. The motels in Cardwell and food retail businesses will also benefit by housing the specialists contractors that will be accommodated in Cardwell during the works. Long term, the security of the sewerage service will provide increased confidence in investment within the Cardwell region.

Community benefits:

The current sewerage treatment facility and the sewerage pump stations are in very poor condition and without urgent upgrades there will continue to be releases of sewage and poorly treated effluent into the Hinchinbrook Channel which is within the Great Barrier Reef catchment. The proposed upgrade of these facilities will eliminate all spills into the environment and improve the water quality in One Mile Creek that discharges to the Hinchinbrook Channel. With this facility, the resident's ability to remain living in the estate, they call home, is safe and viable into the future. The sewerage works will also benefit tourists and businesses that utilize the Port Hinchinbrook boat ramp and marina facilities.

13. How do you propose to measure the economic and/or social benefit outcomes which will be achieved as a result of the completed project?

Social benefit - residents continue to live in region.
Community Benefit - Population growth and development within the Port Hinchinbrook Estate
No pollution events from sewerage releases.

14. Has your organisation prepared a Business Case/Plan, or undertaken a Feasibility Study, Market Research or Community Consultation process within the last two years in relation to this project?

☒ Yes ☐ No

If Yes, please supply details below. If documents have been developed please supply as evidence with your proposal.

The current state of the privately owned Sewerage Treatment Plant along with a lack of ongoing operation and maintenance has seen the state of the sewerage infrastructure decline into a state of disrepair. Council acquiring the land and providing the sewerage service that provides security for the residents of Port Hinchinbrook by developing a solution that will revitalise livability within the community. The alternative is the residents can no longer live within the Estate without a central sewerage treatment facility. Studies into suitable cost operating solutions have been developed with community consultation demonstrating a want from the community for Council to operate the service. For Council to provide a solution that is somewhat of a cost effective solution for the community, the entire replacement of the STP needed to be funded. Further opportunities exist for the Estate to expand and develop to somewhere near capacity resulting in a thriving estate it once was.

15. How many full-time equivalent employee construction jobs and how many full-time equivalent employee ongoing jobs will be created by this project?

Please note a full-time equivalent employee (FTE) is based on an average of 1,800 hours over a 48 week period.

Total number FTE during number of jobs: 22

Total number of FTE long term number of jobs: 0.75

Number of jobs that are Indigenous:

Number of these jobs that are Indigenous:

16. What is the amount of funding committed by the Australian Government?

(Use GST exclusive amounts) \$

Grant Activity

17. **Project title** — Use the title from the confirmation of the election commitment. If proposing an alternative project title, provide reason/s why.

Cardwell Sewerage Treatment Plant

18. **Project location** — If a street number is not known, please provide the Lot number.

Street Address: Lot 1 Bruce Highway

Suburb/Town: CARDWELL

State/Territory: QLD

Postcode: 4849

Latitude: 146.040311

Longitude: -18.279563

Federal Electorate: Kennedy

Indigenous Land/Country: Girramay

19. **Detailed Project description** (Describe in less than 150 words what the project is doing, i.e. construction of sport precinct including two Rugby League fields, six netball courts and amenities block including change rooms, public facilities, meeting rooms and cafeteria; upgrade of swimming pool to include new grandstand and children's waterpark; or installation of lighting at sports field including purchase and installation of four poles and footings, 16 x 15000W MZ lights and 16 shields and upgrade of existing power supply on site).

The project will replace the existing Sewerage Treatment Plant (STP) with a new 1500EP plant. This plant will be fitted out with componentry for the current demand levels up to 500EP. This design will allow for a highly cost effected upgrade in the near future. Additional to the STP is the renewal of 2x pump stations, replacement of effluent disposal irrigation systems, and installation of SCADA monitoring equipment within the associated reticulation network.

The staged STP replacement will be as per Option 3 in the attached Future Upgrade Staging to 2700EP report by Ganden. This involves the construction of a two-train 1,500 EP SBR system in this stage of the project utilising a single train for 500EP to service the Port Hinchinbrook catchment up until Cardwell is sewered.

20. **If the CDG funded project is part of a larger project, please provide details below** (i.e. CDG is funding one stage of a multi-stage project)

The CDG funding is contributing to the larger project of Cassowary Coast Regional Council taking on the sewerage service for the Port Hinchinbrook community. The STP and associated sewerage scheme works is the major part of this project which also includes compulsory land acquisitions for land associated with the STP and Sewage Network. As this land also contains the roads from the private estate, Cassowary Coast Regional Council is also taking steps to bring these transport assets up to an appropriate standard. The second stage of the project will occur when an upgrade of the STP componentry expands from 500 to 1500EP. This relatively small upgrade which will see mechanical and electrical components for the 1500EP STP demand added the second train of the SBR infrastructure that is already constructed in stage 1.

21. **Please provide the following project dates :**

Estimated Project dates: start Jan 2022

finish April 2023

Estimated Construction dates: start July 2022

finish April 2023

22. Indicate the current stage of development of your proposal. Provide any supporting documents if available (i.e. concept or preliminary designs, final designs, independent cost estimates, ready to commence tender/procurement process or preferred contractor selected and contracted for the project.)

Document	Stage of Development
2011-RPT-0001_B Future Upgrade Staging to 2700EP	Concept
Option 3 Budget Estimate	Independent Cost Estimate

23. Identify and provide details of who will own the asset on completion. Where land and buildings are owned by a third party, have leasing arrangements been confirmed and secured?

[Written evidence must be provided]

Organisation:

ABN: ACN:

Street Address:

Suburb/Town: State/Territory:

Postcode: Phone (W): Phone (M):

Leasing Arrangements:

24. Provide detail of who will manage and maintain the project after completion and who will provide the funding to maintain the project on-going.

The constructed assets will be owned by Cassowary Coast Regional Council and will be maintained by the Council. Ongoing operations and maintenance costs for sewerage assets will be funding by a sewerage utility rates charge for the benefit area. General rates will cover operations and maintenance costs of roads and stormwater assets.

25. What is the total project cost? (Use GST exclusive amounts) \$ 14,249,000

26. Partner funding. Complete the table with details of all confirmed funding to this project, and the status of the funding.

Partner name	ABN	Amount (GST Exclusive)	Cash/In Kind	Received/confirmed /to be confirmed
The State of Queensland		6300000	Cash	Confirmed

27. Provide details of the arrangements in place to provide for any cost overruns or funding shortfalls on your proposed project.

Council will source funds internally to fund any cost overruns. Of particular risk is the acquisition of land costs associated with infrastructure. The compensation amount, depending on the valuation could result in a funding shortfall.

28. Have you completed a tender/procurement process and appointed a preferred contractor or do you have a cost estimate which has been independently developed/assessed? ☒ Yes ☐ No
If Yes, please provide details below

No tender procurement process has started. Cost estimates of the sewerage treatment plant upgrade have been provided by Ganden Engineers and Project Managers. Cost estimates for the pump station upgrades in the current sewerage reticulation network have been prepared by CCRC and reflect pricing of similar projects.

29. Are there any parts of the project that have already commenced? ☐ Yes ☒ No
If Yes, please provide details below

No components of the works within the scope of this grant funding project have commenced. However the compulsory land acquisition, which is part of the larger project has started and is in the very early stages.

30. **Budget Table** — This is a summary of either the contracted Budget or quantity surveyor cost estimate, see cost items * and ** below

Cost Item	Description of Cost Item	\$Total Estimated Cost (GST Exclusive)
Construction and Fit Out	STP, Effluent disposal, pump station upgrades, rd rehab	\$11,000,500
Contingency allowance	Contingencies for construction wks	\$1,744,100
Project management	PM	\$174,410
Other	Land acquisition of STP site & irrigation area, and	s47G
	sewerage reticulation network land.	

Cost Items*

Planning/Design	Consultants/Contractors	Construction/Fit-out	Project Management
Research and Development	Materials	Plant/Equipment Hire	Training
Plant/Equipment Purchase	Marketing/Promotion	Government Approvals	Legal/Accounting
Operating Costs (e.g. rent, computers, etc.)	Wages, salary and superannuation		Other costs

Notes**

- Evidence of these costs are to be provided as a required supporting document (e.g. cost estimate, quotes, market comparisons, valuations, contracted cost, etc.).
- Australian Government Funding will not be provided for ongoing operation and maintenance costs or for salaries for existing staff members of the funding grantee organisation.

Legal Authorisation

I, Andrew Graffen <full name of Authorised Officer>
as Chief Executive Officer <position/title>
of Cassowary Coast Regional Council <organisation name>
PO Box 887
Innisfail Qld 4860 <postal address>

Confirm that:

- I am a person authorised to make this declaration on behalf of my organisation and all relevant persons have made a full disclosure of information.
- The information provided in this form and all appended documents is complete and correct. I understand that information provided in this *Request for Information* will form the basis of the funding agreement and that giving false or misleading information is a serious offence.
- The Department of Infrastructure, Transport, Regional Development and Communications (the Department) is authorised to undertake the necessary steps to assess the proposal from my organisation by checking the information provided in this proposal, or by obtaining additional information from:
 - Departmental databases and records, including information related to previous funding provided to my organisation;
 - Other Australian Government agencies such as the Australian Taxation Office and the Australian Securities and Investments Commission;
 - State, Territory or Local Government agencies;
 - Law enforcement agencies;
 - Credit reference agencies;
 - Courts or Tribunals; and
 - Any other appropriate organisation, information source or person as reasonably required to perform background checks.
- I agree that the Department may arrange for an Independent Viability Assessment (IVA) of my project by an external adviser or consultant to the Department. Where applicable, the Department may request a yearly breakdown of costs for on-going operational and maintenance of the complete project for a minimum of five (5) years.
- To the best of my knowledge, I have disclosed all actual, apparent or potential conflicts of interest that would prevent my organisation from proceeding with the proposal outlined in this *Request for Information* or from entering into a Funding Agreement with the Australian Government to deliver a project which relates to this *Request for Information*.

Signature of Authorised Officer



Date (dd/mm/yyyy): 1 October 2021

Conflict of Interest

I confirm that at the time of signing, to the best of my knowledge, I have declared any actual, apparent or potential conflicts of interest that would prevent *Cassowary Coast Regional Council* from proceeding with the proposal outlined in this Request for Information or from entering into a Funding Agreement with the Australian Government to deliver a project which relates to this Request for Information.

If at any time *the Chief Executive Officer* become aware that any employees or any other persons associated with *Cassowary Coast Regional Council* have an actual, apparent or potential conflict of interest, then *the Chief Executive Officer* will:

- immediately notify the Department of Infrastructure, Transport, Regional Development and Communications in writing of that Conflict and of the steps *Cassowary Coast Regional Council* propose to take to resolve or otherwise deal with the Conflict;
- make full disclosure to the Department of Infrastructure, Transport, Regional Development and Communications of all relevant information relating to the Conflict; and
- take such steps as the Department of Infrastructure, Transport, Regional Development and Communications may, if they choose to, reasonably require to resolve or otherwise deal with that Conflict.

I understand that if *Cassowary Coast Regional Council* fail to notify the Department of any actual, apparent or potential conflicts of interest or are unable or unwilling to resolve or deal with the Conflict as required by the terms noted above, the Department of Infrastructure, Transport, Regional Development and Communications may seek to terminate any Funding Agreement established in relation to a project which relates to this Request for Information.

Signature



Name (printed): Andrew Graffen

Date (dd/mm/yyyy): 1 October 2021

Signature of Witness



Name of witness(printed): Marcia Sanderson

Date (dd/mm/yyyy): 1 October 2021

Any information disclosed in this form will only be used by the Australian Government for the purposes of assessing CDG proposals and will be maintained in accordance with the Privacy Act 1988.

Statement of Compliance

I Andrew Graffen, Chief Executive Officer, Cassowary Coast Regional Council,

make the following statement for the benefit of the Department of Infrastructure, Transport, Regional Development and Communications:


Having made diligent inquiries, I have reasonable grounds to believe the organisation itself, and staff working with children on behalf of my organisation in relation to the Department of Infrastructure, Transport, Regional Development and Communications grant activity:

- comply with relevant legislation relating to requirements for working with children in the jurisdiction in which they work; and
- have complied with relevant legislation in their jurisdictions relating to mandatory reporting or suspected child abuse and neglect as required or otherwise defined by state or territory legislation.
- I understand that failure to comply with these requirements, and failure to advise the Department of any non-compliance with these requirements, may have consequences for this project, as outlined in the Funding Agreement and relevant legislation which applies.

I undertake to ensure that all staff will continue to comply for the duration of any grant agreement

Cassowary Coast Regional Council hold with the Department of Infrastructure, Transport, Regional Development and Communications.

Signature



Name (printed): Andrew Graffen

Date (dd/mm/yyyy): 01/10/2021

Required Supporting Information

- Audited financial statements for the last two (2) years (only required for projects with a total project cost over \$80,000);
- Cash flow forecasts for the next five (5) years (only required for projects with a total project cost in excess of \$1.5 million for state or local government authorities or \$1 million for other organisations);
- Business Plan and/or Feasibility Study (if applicable);
- Project Management Plan (if applicable);
- Market research/community consultation (if applicable);
- Asset Operations Management Plan (if applicable);
- Confirmation of partnership funding including evidence of bank borrowings (if applicable);
- Evidence of third-party leasing arrangements (if applicable);
- Designs;
- Cost estimate or contracted cost.

47G



Port Hinchinbrook STP Upgrade
1645-EST-001 CAPEX Cost Estimate
Cost Estimate Summary - Budget Estimate for 1500 EP Plant Construction (Option 3)

Date: 03/12/2020

s47G

Process Area / Major Item	Additional Details and Comments
1 - Inlet Works	Packaged Type Inlet Works
2 - SBR	Balance Tank, Bioreactor, CCT & Sludge Storage Tank
3 - Tertiary Filtration	Tertiary Filters & Pump Sets (Backwash, Recycled Water & Service Water Pumps)
4 - Recycled Water Storage	1.5ML Recycled Water Storage Tank (Glass Fused Steel Panel Tank)
5 - GPPS	Packaged type pump station
6 - Chemical Dosing	Chemical Storage and Dosing, including concrete bund and roof structure
7 - Electrical General	Switchboard, PLC, SCADA, Site Run Electrical & LCPs and Generator (includes switchroom)
8 - Civil Works	Earthworks, Roadworks, civil pipework and landscaping
9 - Supernatant PS	Refurbish Existing Supernatant Pump Station, no allowance for epoxy coating
10 - Admin Building	Refer attached area estimate
11 - Septage Receival	Allowance for discharge into GPPS
12 - Decommissioning	Allowance for decommissioning / disconnections of existing plant
TOTAL DIRECT COSTS	
Commissioning	5% Direct Costs
Indirect Cost Allowance	15% of Direct Costs & Commissioning Costs
Contractor Profit Margin	10% of Direct Costs, indirect Costs & Commissioning Costs
ESTIMATED CONSTRUCTION CONTRACT AWARD SUM	
Design and Investigation Costs	Design & Investigation Costs
Additional Design/Investigations	Additional geotechnical investigations, service location and survey
Additional Design Costs	Estimated for redesign
Construction Project Management	CCRC Costs excluded from estimate
Construction Contingency	10% of Estimated Contract Award Sum and Construction Management Costs
TOTAL CONSTRUCTION COSTS	
TOTAL COST ESTIMATE	

Notes and Assumptions

1. The estimate costs are all exclusive of GST
2. The prices stated are a best estimate at the time of compiling the estimate
3. There has been no allowance for inflation or currency fluctuations
4. The costs have been developed and are limited to the scope of the design with estimates based on quantities available from the IFC drawings
5. No allowance has been made for the upgrade of the transformer. It is assumed the existing incoming electrical mains are suitable for the upgraded plant.
6. Costs for equipment and instrumentation nominated in the respective schedules have been based on vendor quotes and where lacking, similar designs. Where vendor quotes are unavailable
7. The estimate does not take into account any lost time due to inclement weather.



Cassowary Coast Regional Council
Financial Statements
For the year ended 30 June 2019
AUDITED STATEMENTS

Cassowary Coast Regional Council

Financial Statements

For the year ended 30 June 2019

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Cassowary Coast Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	63,874,032	63,424,306
Fees and charges		2,414,854	2,801,349
Rental and lease income		968,047	948,273
Finance income	3(b)	2,367,363	2,105,049
Contract and recoverable works		745,562	918,391
Other income		1,477,408	1,008,486
Grants, subsidies, contributions and donations	4(a)	8,472,768	6,755,632
		<u>80,320,034</u>	<u>77,961,486</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	11,178,581	13,618,787
Total revenue		<u>91,498,615</u>	<u>91,580,273</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(25,027,306)	(24,657,252)
Materials and services	6	(29,942,306)	(27,916,414)
Finance costs	7	(458,908)	(530,315)
Depreciation	11	(26,564,678)	(26,206,940)
Amortisation		(295,995)	(353,156)
		<u>(82,289,193)</u>	<u>(79,664,077)</u>
Capital expenses	8	(9,147,863)	(10,117,918)
Total expenses		<u>(91,437,056)</u>	<u>(89,781,995)</u>
Net result		<u>61,559</u>	<u>1,798,278</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase (decrease) in asset revaluation surplus		51,993,745	(4,954,383)
Total other comprehensive income for the year		<u>51,993,745</u>	<u>(4,954,383)</u>
Total comprehensive income for the year		<u>52,055,304</u>	<u>(3,156,105)</u>

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

Cassowary Coast Regional Council
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	9	53,709,252	48,705,707
Trade and other receivables	10	11,798,155	11,875,896
Inventories		1,158,981	1,028,497
		<u>66,666,388</u>	<u>61,610,100</u>
Non-current assets held for sale		260,000	260,000
Total current assets		<u>66,926,388</u>	<u>61,870,100</u>
Non-current assets			
Property, plant and equipment	11	1,164,180,222	1,117,949,104
Intangible assets		1,430,654	1,714,649
Total non-current assets		<u>1,165,610,876</u>	<u>1,119,663,753</u>
Total assets		<u>1,232,537,264</u>	<u>1,181,533,853</u>
Current liabilities			
Trade and other payables	12	13,406,478	14,178,249
Provisions	13	3,328,137	3,733,075
Total current liabilities		<u>16,734,615</u>	<u>17,911,324</u>
Non-current liabilities			
Provisions	13	10,413,611	10,265,824
Total non-current liabilities		<u>10,413,611</u>	<u>10,265,824</u>
Total liabilities		<u>27,148,226</u>	<u>28,177,148</u>
Net community assets		<u>1,205,389,038</u>	<u>1,153,356,705</u>
Community equity			
Asset revaluation surplus	14	534,837,345	482,843,600
Retained surplus		670,551,693	670,513,105
Total community equity		<u>1,205,389,038</u>	<u>1,153,356,705</u>

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

Cassowary Coast Regional Council
Statement of Changes in Equity
For the year ended 30 June 2019

		Asset revaluation surplus Note 14	Retained surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2018		482,843,600	670,513,105	1,153,356,705
Adjustment on initial application of AASB 9	10	-	(22,971)	(22,971)
Net result		-	61,559	61,559
Increase in asset revaluation surplus		51,993,745	-	51,993,745
Total comprehensive income for the year		<u>51,993,745</u>	<u>61,559</u>	<u>52,055,304</u>
Balance as at 30 June 2019		<u>534,837,345</u>	<u>670,551,693</u>	<u>1,205,389,038</u>
Balance as at 1 July 2017		487,797,983	664,506,157	1,152,304,140
Opening balance adjustment	21	-	4,208,670	4,208,670
Net result		-	1,798,278	1,798,278
Decrease in asset revaluation surplus		(4,954,383)	-	(4,954,383)
Total comprehensive income for the year		<u>(4,954,383)</u>	<u>1,798,278</u>	<u>(3,156,105)</u>
Balance as at 30 June 2018		<u>482,843,600</u>	<u>670,513,105</u>	<u>1,153,356,705</u>

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

Cassowary Coast Regional Council
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		69,743,946	67,684,664
Payments to suppliers and employees		(57,857,616)	(51,493,533)
		<u>11,886,330</u>	<u>16,191,131</u>
Finance income		2,143,228	2,105,049
Rental income		968,047	948,273
Non capital grants and contributions		8,472,768	6,755,632
Net cash inflow from operating activities	17	<u>23,470,373</u>	<u>26,000,085</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(29,080,480)	(36,059,641)
Payments for intangible assets		(12,000)	(203,593)
Proceeds from sale of property plant and equipment		332,071	296,080
Capital grants, subsidies, contributions and donations		10,293,581	12,548,424
Net cash inflow (outflow) from investing activities		<u>(18,466,828)</u>	<u>(23,418,730)</u>
Net increase in cash and cash equivalents held		<u>5,003,545</u>	<u>2,581,355</u>
Cash and cash equivalents at the beginning of the financial year		48,705,707	46,124,352
Cash and cash equivalents at end of the financial year	9	<u>53,709,252</u>	<u>48,705,707</u>

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

Cassowary Coast Regional Council

Notes to the financial statements

For the year ended 30 June 2019

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets and assets held for resale.

The Cassowary Coast Regional Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Estimates and judgements

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to Council's assets or liabilities relate to:

Trade and other receivables	Note 10
Valuation and impairment of property, plant and equipment	Note 11
Depreciation and amortisation	Note 11
Provisions	Note 13
Contractual commitments	Note 15
Contingent liabilities	Note 18

1.D Adoption of new and revised Accounting Standards

AASB 9 Financial Instruments

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. Carrying amounts were unchanged, except for receivables which decreased by \$22,971 due to an increase in impairment under the new rules. A corresponding adjustment was made to retained surplus as at 1 July 2018.

Financial asset and liabilities are measured at amortised cost.

1 Significant accounting policies (continued)

1.D Adoption of new and revised Accounting Standards (continued)

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards are not expected to have a material impact upon Council's future statements. Those standards in which Council considers there to be an impact are disclosed in the following pages.

Standard and impact	Date Council will apply the standard
<p>AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</p> <p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.</p> <p>Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.</p> <p>Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations. These are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.</p> <p>Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).</p> <p>Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.</p> <p>Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:</p> <ul style="list-style-type: none"> • revenue decrease of \$2.8 million due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment). • there would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities. • net result would be lower on initial application as a result of decreased revenue. <p>A range of new disclosures will also be required by the new standards in respect of the Council's revenue.</p> <p>Transition method</p> <p>The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.</p>	<p>01-Jul-19</p>

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

1 Significant accounting policies (continued)

1.D Adoption of new and revised Accounting Standards (continued)

Standard and impact	Date Council will apply the standard
<p>AASB 16 Leases - Effective 1 July 2019</p> <p>The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.</p> <p>AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.</p> <p>Leases in which the Council is a lessee</p> <p>The Council has elected not to recognise any leases under AASB 16 that may be assessed as being low-value assets under the standard. Council currently does not have any finance leases to be impacted.</p> <p>Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:</p> <ul style="list-style-type: none"> • lease assets and financial liabilities on the balance sheet will increase by \$100,000 (based on the facts available to Council at the date of assessment). • there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities. • net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded. <p>Leases in which Council is a lessor</p> <p>No significant impact is expected for other leases in which the Council is a lessor.</p> <p>Peppercorn Leases</p> <p>Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.</p> <p>Transition method</p> <p>The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained surplus at 1 July 2019, with no restatement of comparative information. The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.</p>	<p>01-Jul-19</p>

1.E National competition policy

The Council has not elected to apply the Code of Competitive Conduct to its business activities in this reporting period.

1.F Rounding and comparatives

The Council uses the Australian dollar as its functional currency and its presentation currency. The financial statements have been rounded to the nearest \$1. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. The effect of initially applying AASB 9 on the Council's financial instruments is described in Note 1.D. Comparative information has not been restated to reflect the requirements.

1.G Taxation

Local authorities and public authorities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The Council pays payroll tax to the Queensland Government on certain activities.

2 Analysis of results by function

(a) Components of Council functions

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

Chief Executive

The objective of this function is to co-ordinate Council activities across a range of programs, including internal and external services essential for effective Council operations. This function includes Mayoral, Councillor, Chief Executive Officer support services, human resource management, corporate governance, information services, financial services and procurement.

Delivery Services (excluding Waste)

This area is tasked with managing all direct customer interactions and is responsible for all the touch points with the community. It includes regulatory services (excluding waste), asset maintenance, libraries and customer services.

Planning and Regional Development

This function is designed to deliver Council's strategic intent of regional growth and development. It includes planning, marketing and media, regional and community development. The focus is on generating new business and investment opportunities for the region. The function also includes family day care and community housing.

Infrastructure Services (excluding Water & Sewerage)

This function has the responsibility of delivering Council's capital works program, managing Council's non financial assets, disaster and recovery programs, workshop and fleet operations.

Waste

The objective of this function is to protect and support the community and natural environment by sustainably managing refuse. This function includes waste collection, processing and disposal, waste transfer stations, recycling and waste education programs, management of landfill sites and waste contracts.

Water

The objective of this function is to provide a continuous, reliable and long-term water supply service to a range of residential and commercial customers within the region. This function includes water supply distribution, water pumping station, reticulation mains, water treatment and the provision of property services and water meters.

Sewerage

The objective of this function is to provide a continuous, reliable and long-term sewerage and trade waste disposal service to a range of residential, commercial and industrial customers within the region. This function includes trade waste, sewerage treatment and effluent disposal, mains, manholes, pump stations and the provision of property connections.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

2 Analysis of results by function (continued)

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

Year ended 30 June 2019

Year ended 30 June 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
Chief Executive	2,854,327	39,988,528	-	-	42,842,855	(14,267,917)	(2,011,793)	(16,279,710)	28,574,938	26,563,145	83,955,475
Delivery Services (excluding Waste)	3,851,068	3,470,859	1,675,111	932,921	9,929,959	(31,041,237)	(3,862,342)	(34,903,579)	(23,719,310)	(24,973,620)	787,866,227
Planning & Regional Development	1,070,347	1,508,831	1,655,875	5,279	4,240,332	(4,871,066)	-	(4,871,066)	(2,291,888)	(630,734)	5,906,020
Infrastructure (excluding Water & Sewerage)	388,335	497,418	5,800,224	551,388	7,237,365	(8,568,452)	(810,108)	(9,378,560)	(7,682,699)	(2,141,195)	78,514,289
Waste	27,252	5,916,474	290,607	-	6,234,333	(5,143,461)	(341,517)	(5,484,978)	800,265	749,355	6,332,847
Water	11,500	10,582,153	267,176	-	10,860,829	(9,629,545)	(1,383,552)	(11,013,097)	964,108	(152,268)	149,035,276
Sewerage	269,939	9,883,003	-	-	10,152,942	(8,767,515)	(738,551)	(9,506,066)	1,385,427	646,876	120,927,130
Total Council	8,472,768	71,847,266	9,688,993	1,489,588	91,498,615	(82,289,193)	(9,147,863)	(91,437,056)	(1,969,159)	61,559	1,232,537,264

Year ended 30 June 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
Chief Executive	2,608,487	39,582,807	-	-	42,191,294	(10,351,628)	-	(10,351,628)	31,839,666	31,839,666	80,687,835
Delivery Services (excluding Waste)	3,023,044	3,558,525	3,117,603	93,544	9,792,716	(33,224,621)	(2,572,621)	(35,797,242)	(26,643,052)	(26,004,526)	725,907,629
Planning & Regional Development	559,722	1,305,579	4,112,042	997,285	6,974,628	(4,035,399)	-	(4,035,399)	(2,170,098)	2,939,229	15,285,680
Infrastructure (excluding Water & Sewerage)	539,379	417,687	1,052,698	-	2,009,764	(8,746,096)	(3,499,393)	(12,245,489)	(7,789,030)	(10,235,725)	87,769,575
Waste	-	5,945,149	318,000	-	6,263,149	(5,062,212)	(3,127,862)	(8,190,074)	882,937	(1,926,925)	6,404,188
Water	25,000	10,581,511	2,317,877	1,499,338	14,423,726	(9,606,799)	(284,274)	(9,891,073)	999,712	4,532,653	124,783,656
Sewerage	-	9,814,596	100,000	10,400	9,924,996	(8,637,322)	(633,768)	(9,271,090)	1,177,274	653,906	140,695,290
Total Council	6,755,632	71,205,854	11,018,220	2,600,567	91,580,273	(79,664,077)	(10,117,918)	(89,781,995)	(1,702,591)	1,798,278	1,181,533,853

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
3 Revenue analysis			
(a) Rates, levies and charges			
General rates		40,117,326	39,759,771
Separate charge - Roads		2,084,320	2,051,478
Special charge - Crossnan Road		17,000	17,185
Separate charge - Environment		3,165,666	3,100,711
Water		7,007,936	6,891,024
Water consumption / excess		3,046,108	3,208,481
Sewerage		9,324,664	9,229,888
Cleansing charges		5,068,378	4,977,394
Total rates and utility charge revenue		69,831,398	69,235,932
Less: Discounts		(5,254,103)	(5,117,252)
Less: Pensioner remissions		(703,263)	(694,374)
		<u>63,874,032</u>	<u>63,424,306</u>

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

(b) Finance income			
Interest received from cash and cash equivalents		1,324,179	1,349,605
Interest from overdue rates and utility charges		819,049	755,444
Refuse restoration winding back discount		224,135	-
		<u>2,367,363</u>	<u>2,105,049</u>

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

4 Grants, subsidies, contributions and donations			
(a) Recurrent			
State government subsidies and grants		1,925,801	2,072,747
Commonwealth government subsidies and grants		6,118,661	4,649,567
Contributions and donations		428,306	33,318
		<u>8,472,768</u>	<u>6,755,632</u>
Commonwealth grants includes an advance payment for the Financial Assistance Grant of \$1,950,957 (2018 - \$1,803,456).			
(b) Capital			
State government subsidies and grants		8,181,611	9,979,834
Commonwealth government subsidies and grants		1,507,382	1,038,386
Developer infrastructure charges		48,205	41,085
Non-cash contributions of assets		885,000	1,070,363
Contributions and donations		556,383	1,489,119
		<u>11,178,581</u>	<u>13,618,787</u>

Conditions over contributions

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

Grants for expenditure on infrastructure	5,047,774	2,021,070
Contributions for infrastructure	48,205	41,085
	<u>5,095,979</u>	<u>2,062,155</u>

Capital revenue includes grants, subsidies, contributions and donations 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 infrastructure charges paid by developers and non-cash contributions which are physical assets received from developers and/or other external parties.

Physical assets (non-cash contributions) contributed to Council are recognised as revenue when an economic benefit is obtained from the asset and are recognised at the fair value of the contribution received on the date economic benefit commences. If the fair value of these assets is in excess of the recognition thresholds, they are recognised as capital revenue and as non-current assets. If they fall below the thresholds they are recorded as recurrent revenue and expenses.

Capital revenue transactions are classified depending on whether the net result of the following transactions is an accounting gain or loss: disposal of non-current assets, discount rate adjustments to restoration provisions, revaluations of property, plant and equipment.

All other revenue has been classified as "recurrent".

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.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
5 Employee benefits			
Total staff wages and salaries		19,436,127	19,703,795
Councillors' remuneration		613,265	599,856
Annual, sick and long service leave entitlements		3,633,075	3,421,302
Superannuation	19	2,484,484	2,453,109
		<u>26,166,951</u>	<u>26,178,062</u>
Other employee related expenses		1,192,802	1,013,340
		<u>27,359,753</u>	<u>27,191,402</u>
Less: Capitalised employee expenses		(2,332,447)	(2,534,150)
		<u>25,027,306</u>	<u>24,657,252</u>

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

Total Council employees at the reporting date:

	2019 No.	2018 No.
Elected members	7	7
Administration staff	152	149
Depot and outdoors staff	169	166
Total full time equivalent employees	<u>328</u>	<u>322</u>

6 Materials and services

	2019 \$	2018 \$
Advertising and marketing	339,451	362,721
Auditors external *	151,500	148,800
Auditors other	58,012	57,975
Chemicals	446,025	384,324
Consultants	791,859	474,325
Contract personnel	1,211,288	824,494
Contract services	5,684,970	4,507,162
Donations and contributions	817,574	578,103
Election expenses	-	6,068
Electricity	2,549,463	2,487,085
Family day care payments	659,524	391,186
Fleet maintenance	584,867	583,734
Fleet registrations	180,282	173,084
Fuel and oil	886,764	783,375
Information technology	864,594	836,915
Insurance	1,889,087	1,839,495
Legal expenses	963,487	801,480
Library services	197,971	179,232
Other materials and services	1,300,268	1,254,490
Plant contractors	1,973,055	2,063,023
Postage, freight, printing and stationery	227,752	227,202
Property expenses	456,718	315,315
Road materials	416,085	509,471
Small plant purchases	281,038	226,135
Subscriptions and memberships	308,241	307,852
Telecommunications	465,814	465,930
Travel and accommodation (conferences)	108,199	129,672
Waste contract	5,894,482	5,779,614
Natural Disaster Relief & Recovery Arrangements works	233,936	1,218,152
	<u>29,942,306</u>	<u>27,916,414</u>

* External audit fees relate to the estimated cost of the Queensland Audit Office external audit of the financial statements of the Council for 2019 of \$151,000 (2018 actual: \$148,800).

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
7 Finance costs			
Bank charges		109,872	126,674
Impairment of debts		349,036	483,781
Refuse restoration		-	(80,140)
		<u>458,908</u>	<u>530,315</u>
8 Capital expenses			
Loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		(332,071)	(296,080)
Less: Book value of property, plant and equipment disposed of		<u>7,151,635</u>	<u>4,124,476</u>
Total gain/loss on disposal of non-current assets		<u>6,819,564</u>	<u>3,828,396</u>
Provision for restoration of land			
Discount rate adjustment to refuse restoration provision		<u>316,505</u>	<u>3,050,337</u>
		<u>316,505</u>	<u>3,050,337</u>
The discount rate adjustment to the refuse restoration provision was adjusted against expenses as there was an insufficient asset revaluation surplus in the relevant asset class.			
Revaluation decrement			
Revaluation down of land		2,011,794	-
Revaluation down of recreation and natural assets		<u>-</u>	<u>3,239,185</u>
		<u>2,011,794</u>	<u>3,239,185</u>
Total capital expenses		<u>9,147,863</u>	<u>10,117,918</u>

Capital expense transactions are classified depending on whether the net result of the following transactions is an accounting gain or loss: disposal of non-current assets, discount rate adjustments to restoration provisions, revaluations of property, plant and equipment.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
9 Cash, cash equivalents and investments		
Cash and cash equivalents		
Cash at bank and on hand	169,332	789,884
Deposits at call	53,539,920	47,915,823
Balance per Statement of Cash Flows	<u>53,709,252</u>	<u>48,705,707</u>

Council's cash and deposits at call are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. Deposits at 30 June 2019 include \$1,142,323 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

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

Unspent grants and subsidies	5,047,774	2,242,173
Unspent developer contributions	4,700,202	6,236,438
Unspent specific projects	23,473,518	17,716,172
Current liabilities	16,734,615	17,911,324
Total restricted cash balance	<u>49,956,109</u>	<u>44,106,107</u>

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 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.

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. 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. 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.

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

Council's sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables were held constant is \$537,770 (2018: \$486,978). This value is based on the net carrying amount at the reporting date of Council's cash at bank (excluding petty cash) and deposits at call (QTC cash fund).

Council has an overdraft facility with a limit of \$150,000 approved with the Commonwealth Bank. This facility remained fully undrawn at 30 June 2019 and is available for use in the next reporting period.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The carrying value of cash and cash equivalents is a reasonable approximation of fair value. Council recognises the financial asset only when Council becomes a party to the contractual provisions of the instrument.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
10 Trade and other receivables		
Current Receivables		
Rateable revenue and utility charges	7,239,768	7,130,258
Lease arrangements	422,053	534,208
Other debtors	139,601	251,525
	<u>7,801,422</u>	<u>7,915,991</u>
Less loss allowance	(937,159)	(1,031,186)
	<u>6,864,263</u>	<u>6,884,805</u>
Statutory charges	279,805	258,449
Grants	44,355	582,104
Government entities	1,277,835	513,197
	<u>8,466,258</u>	<u>8,238,555</u>
Receivables (Non-Financial Instruments)		
Water charges not yet levied	1,790,605	1,775,702
GST recoverable	782,627	1,137,971
Prepayments	758,665	723,668
	<u>3,331,897</u>	<u>3,637,341</u>
Total Receivables	<u>11,798,155</u>	<u>11,875,896</u>
Movement in accumulated impairment losses are as follows		
Opening balance at 1 July	(1,031,186)	(581,598)
Adjustment to opening balance upon application of AASB9*	(22,971)	-
Less impairment debts written off during the year	466,035	39,342
Additional impairments recognised	(378,427)	(536,760)
Less impairments reversed	29,390	47,830
Closing balance at 30 June	<u>(937,159)</u>	<u>(1,031,186)</u>

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.

Interest is charged on outstanding rates (9.83% per annum from 1 July 2019, previously rate of 11% per annum). No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

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. The carrying value of trade and other receivable is a reasonable approximation of fair value.

*Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, has been recalculated using this new methodology. Further details of Council's expected credit loss assessment are set out below.

Credit risk

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council generally does not impair any rate receivables. In effect this power protects the Council against credit risk in the case of defaults. Specific provisions have been made for unpaid rates on leased properties as well as a property in which the current land valuation would not recover the outstanding rates.

In other cases, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for receivables by type of counterparty was as follows:

Rates and charges	8,553,164	8,399,901
Government entities	2,104,820	1,932,628
Statutory charges	278,868	193,345
Other	861,303	1,350,022
	<u>11,798,155</u>	<u>11,875,896</u>

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
10 Trade and other receivables (continued)		
Credit risk (continued)		
A summary of the Council's exposure to credit risk at the period ending 30 June 2019 for which impairment requirements of AASB9-Financial Instruments have been applied, being for other debtors, rateable revenue and utility charges and lease arrangements.		
Subject to impairment		
Current	85,814	214,615
30 days past due	4,336	30,629
60 days past due	18,006	21,080
90 days past due	7,693,266	7,649,667
Total Gross carrying amount	7,801,422	7,915,991
Loss allowance	(937,159)	(1,054,157)
	6,864,263	6,861,834
Not subject to impairment		
Statutory Charges	279,805	258,449
Grants	44,355	582,104
Government Entities	1,277,835	513,197
	1,601,995	1,353,750

Accounting Policies - Grouping

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. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 5 distinctive groupings of its receivables: Rates & Charges, Statutory Charges, Grants, Lease Arrangements and Other Debtors.

Rates and Charges: this group of receivables possess a credit enhancement, Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts. This results in immaterial Expected Credit Losses (ECL). Council does not normally impair rates and charges. Impairment will exist only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property. This has occurred for one particular property and therefore an impairment provision has been made.

Statutory charges: In some limited circumstances Council may write off impaired statutory charges. This revenue generated through legislative provisions and the amounts are not considered to be material. Council does not calculate ECL for statutory charges.

Grants: payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively Government guaranteed and both the State and Commonwealth Governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial. Council does not calculate ECL for grants.

Lease Arrangements: have been identified as a separate debtor group, the underlying nature of the income streams aren't either statutory receivables or trade receivables. Council has elected to use the simplified approach for lease arrangements. Internal historical data shows that normally defaults for this grouping are immaterial. Council does not normally calculate ECL for lease arrangements. However the possibility of default has occurred for one particular lessee and therefore an impairment provision has been made.

Other Debtors: Council identifies other debtors as receivables which are not rates and charges, statutory charges, lease arrangements or grants.

Disclosure - credit risk exposure and impairment of receivables

The Council uses a provision matrix to measure the expected credit losses on other debtors. Loss rates are calculated separately for groupings with similar loss patterns. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions from the last 3 years for each group. Impairments to rates and charges and lease arrangements, relate specifically to individual debtors.

Disclosure - initial application of forward looking adjustments to impairment of receivables

In Council's statements after reviewing macro economic conditions, Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward looking adjustments were made.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

10 Trade and other receivables (continued)

Expected credit loss (ECL) assessment as at 1 July 2018 and 30 June 2019

Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Council's exposure to credit risk and expected losses for receivables as at 1 July 2018 was calculated using the new methodology upon initial recognition. An immaterial opening balance adjustment of \$22,971 has been recorded at 1 July 2018 as a result of the adoption of the new accounting standard.

As at the date of the opening balance, evidence of actual loss events occurring was present (pursuant to previous standard AASB139). Council acknowledges these assets will be written off or no longer recognised as an impairment, hence existing impaired assets have been recognised in initial ECL calculations as having a 100% probability of default.

Disclosure - end of period application of forward looking adjustments to impairment of receivables

At the end of period, Council determined that there had been no change to Lifetime Expected Credit Loss.

Write offs throughout the year

Rates and charges before write offs	\$ 7,635,127
Write offs throughout the year	(395,359)
Rates and charges after write offs	<u>\$ 7,239,768</u>
Lease arrangements before write offs	\$ 492,729
Write offs throughout the year	(70,676)
Rates and charges after write offs	<u>\$ 422,053</u>

All amounts that were written off during the reporting period and are no longer subject to enforcement activity. No other amounts were written off for other categories.

End of period expected credit losses for receivables

Receivables	Ageing	Closing Balance 30.06.19	Historical probability of default	Loss given default	Lifetime Expected Credit Loss
Rates and charges - one particular property owner in default	90 days past due	7,239,768	7%	100%	\$ 477,208
Lease arrangements - one specific lease arrange in default	Current	(5,066)	0%	100%	-
	30 days past due	1,131	0%	100%	-
	60 days past due	(200)	0%	100%	-
	90 days past due	426,189	99%	100%	420,239
Other Debtors	Current	90,880	9%	100%	\$ 8,424
	30 days past due	3,205	18%	100%	\$ 566
	60 days past due	18,206	19%	100%	\$ 3,413
	90 days past due	27,309	100%	100%	\$ 27,309
Total receivables subject to impairment		<u>7,801,422</u>			<u>937,159</u>

Cassowary Coast Regional Council
Notes to the Financial Statements
For the year ended 30 June 2019

11 Property, plant and equipment

30-Jun-19

Basis of measurement

Asset values

Opening gross value as at 1 July 2018

Capital expenditure additions to WIP during the year.

Transfer of completed projects from WIP during the year.

Additions

Contributions of assets

Disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Impairment charge to asset revaluation surplus

Transfers between classes

Closing gross value
as at 30 June 2019

Note	Land	Buildings	Plant and equipment	Transport	Stormwater network	Water	Sewerage	Waste	Marine facilities	Recreation and natural areas	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	16,991,500	131,682,444	22,492,765	927,216,747	73,127,207	279,535,013	206,560,356	10,525,131	36,798,516	27,822,591	22,256,636	1,755,008,906
	-	-	-	-	-	-	-	-	-	-	26,634,193	26,634,193
	-	11,223,140	-	11,570,046	250,829	5,389,535	2,255,741	28,279	3,657,058	592,950	(34,967,578)	-
	146,431	-	2,299,857	-	-	-	-	-	-	-	-	2,446,288
4	-	885,000	-	-	-	-	-	-	-	-	-	885,000
	-	(821,956)	(1,233,795)	(5,674,776)	(205,160)	(4,190,202)	(1,233,346)	(61,208)	(2,751,458)	(810,797)	-	(16,982,697)
14	-	-	-	(66,375,513)	-	16,174,406	10,173,019	-	-	-	-	(40,028,088)
8	(2,011,794)	-	-	-	-	-	-	-	-	-	-	(2,011,794)
	-	-	-	-	-	-	(6,771,151)	-	(3,046,842)	-	-	(9,817,993)
	-	-	(54,282)	(2,441,638)	2,495,920	-	-	-	-	-	-	-
	15,126,137	142,968,628	23,504,545	864,294,866	75,668,796	296,908,752	210,984,619	10,492,202	34,657,274	27,604,744	13,923,251	1,716,133,815

Accumulated depreciation and impairment

Opening balance as at 1 July 2018

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Transfers between classes

Accumulated depreciation
as at 30 June 2019

	-	61,804,243	8,018,681	281,012,982	30,826,610	142,553,477	83,462,925	4,376,426	17,188,031	7,816,427	-	637,059,802
	-	3,792,173	1,691,582	9,503,300	866,406	4,843,008	3,867,031	239,500	836,398	925,280	-	26,564,678
	-	(310,017)	(603,521)	(2,505,001)	(110,637)	(2,806,721)	(494,376)	(36,196)	(2,692,853)	(271,739)	-	(9,831,061)
14	-	-	-	(114,534,360)	-	8,253,463	4,441,071	-	-	-	-	(101,839,826)
	-	-	-	-	-	-	-	-	-	-	-	-
	-	1,985	(2,173)	(473,713)	472,941	-	-	-	-	960	-	-
	-	65,288,384	9,104,569	173,003,208	32,055,320	152,843,227	91,276,651	4,579,730	15,331,576	8,470,928	-	551,953,593

Total written down value
as at 30 June 2019

Range of estimated useful life in years

15,126,137	77,680,244	14,399,976	691,291,658	43,613,476	144,065,525	119,707,968	5,912,472	19,325,698	19,133,816	13,923,251	1,164,180,222
N/A	13-105	4-100	5-infinite	7-149	7-100	7-100	5 - infinite	8-80	10-150	-	-

Additions comprise

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	1,921,499	-	-	-	-	-	-	-	20,837,696	22,759,195
146,431	885,000	378,358	-	-	-	-	-	-	-	5,796,497	7,206,286
146,431	885,000	2,299,857	-	-	-	-	-	-	-	26,634,193	29,965,481

Cassowary Coast Regional Council
Notes to the Financial Statements
For the year ended 30 June 2019

11 Property, plant and equipment (continued)

30-Jun-18

Basis of measurement

Asset values

Opening gross value as at 1 July 2017

Opening balance adjustment

Capital expenditure additions to WIP during the year.

Transfer of completed projects from WIP during the year.

Additions

Contributions of assets

Disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Transfers between classes

**Closing gross value
as at 30 June 2018**

**Accumulated depreciation and
impairment**

Opening balance as at 1 July 2017

Opening balance adjustment

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

**Accumulated depreciation
as at 30 June 2018**

**Total written down value
as at 30 June 2018**

Range of estimated useful life in years

Note	Land	Buildings	Plant and equipment	Transport	Stormwater network	Water	Sewerage	Waste	Marine facilities	Recreation and natural areas	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	16,916,500	127,403,500	14,950,698	921,257,692	72,444,112	273,346,754	204,724,595	10,492,888	34,855,272	36,879,433	547,592	11,178,822	1,724,997,858
21	-	2,206,850	790,401	-	-	-	-	-	-	4,204,112	-	-	7,201,363
	-	-	-	-	-	-	-	-	-	-	-	34,351,377	34,351,377
	-	1,370,720	-	8,751,376	822,095	8,024,566	2,856,335	345,142	28,676	998,278	76,375	(23,273,563)	-
	-	-	1,708,264	-	-	-	-	-	-	-	-	-	1,708,264
4	75,000	978,285	-	17,072	-	-	-	-	-	-	-	-	1,070,357
	-	(434,984)	(992,802)	(3,536,537)	(161,794)	(1,814,272)	(1,036,052)	(312,899)	(26,966)	(362,516)	(89,400)	-	(8,768,222)
14	-	-	-	-	-	-	-	-	1,941,534	(4,254,440)	-	-	(2,312,906)
8	-	-	-	-	-	-	-	-	-	(3,239,185)	-	-	(3,239,185)
	-	158,073	6,036,204	727,144	22,794	(22,035)	15,478	-	-	(6,403,091)	(534,567)	-	-
	16,991,500	131,682,444	22,492,765	927,216,747	73,127,207	279,535,013	206,560,356	10,525,131	36,798,516	27,822,591	-	22,256,636	1,755,008,906
	-	56,919,758	5,705,551	272,824,100	30,042,829	139,315,622	79,827,741	4,366,305	11,697,673	8,959,012	174,686	-	609,833,277
21	-	1,323,862	270,558	-	-	-	-	-	-	1,398,273	-	-	2,992,693
	-	3,745,340	1,246,972	9,376,899	860,252	4,767,560	4,037,141	245,495	776,956	1,149,365	960	-	26,206,940
	-	(203,197)	(663,381)	(1,259,455)	(85,588)	(1,529,998)	(402,284)	(235,374)	(10,256)	(168,429)	(80,869)	-	(4,638,831)
14	-	-	-	-	-	-	-	-	4,723,658	(2,057,935)	-	-	2,665,723
	-	18,480	1,458,981	71,438	9,117	293	327	-	-	(1,463,859)	(94,777)	-	-
	-	61,804,243	8,018,681	281,012,982	30,826,610	142,553,477	83,462,925	4,376,426	17,188,031	7,816,427	-	-	637,059,802
	16,991,500	69,878,201	14,474,084	646,203,765	42,300,597	136,981,536	123,097,431	6,148,705	19,610,485	20,006,164	-	22,256,636	1,117,949,104
	N/A	13-105	1-100	5-infinite	7-149	7-100	7-100	5 - infinite	8-80	10-150	-	-	-

11 Property, plant and equipment (continued)

a) Recognition

Each class of property, plant and equipment is stated at amortised cost or fair value. Items with a total value of less than \$5,000 (except for land) are treated as an expense in the year of acquisition.

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current assets are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

b) Measurement

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

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

c) 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.

d) Depreciation

Land and road formation is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

e) Impairment

Each non-current physical and intangible asset and group of assets is 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.

While undertaking a review of the Asset Management Plans and the annual impairment review two assets were impaired based on functional and economic obsolescence.

Sewerage class - Innisfail Sewerage Treatment Plant has been impaired from January 2019 due to adverse business environment changes. An impairment loss of \$6,771,150 has been recognised through the asset revaluation surplus.

Marine class - Perry Harvey Jetty has been impaired due to the decision to discontinue the use of the asset in the future. An impairment loss of \$3,046,842 has been recognised through the asset revaluation surplus.

11 Property, plant and equipment (continued)

f) Valuation

i. Valuation process

Council's valuation policies and procedures for property, plant and equipment are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

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 land and buildings at least once every 5 years. This process involves the valuer physically sighting a sample of Council assets within those classes and making their own assessments of the condition of the assets at the date of inspection. Infrastructure assets are assessed for condition and reported at fair value by revaluation as required by qualified staff within Council's engineering department.

All asset classes are monitored by the Council's engineering department on an ongoing basis for indications of material movements in value drivers. Observation of any such movements will result in a revaluation of the asset class. In intervening years asset values may be indexed where movements in cost drivers are significant.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

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

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

There were no transfers between levels during the year. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

ii. Valuation techniques used to derive fair values

Land (level 2 and level 3) - includes freehold land irrespective of what is on it and its purpose.

Land fair values were determined by independent valuer, Herron Todd White as at 30 June 2017. Level 2 valuation inputs have been used where comparable sales evidence is available and meaningful comparison is possible without significant adjustment or analysis of the evidence or significant professional judgement by the valuer. This would apply to standard residential, commercial and industrial sites throughout the region. Sales evidence is sourced from data resellers such as RP Data, real estate agents and also gathered as part of normal business processes as property valuers.

Level 3 sites have limited or comparable sales evidence to compare to and typically have limited uses, may be uncleared or comprise an access restriction or drainage reserve. Sales evidence is still used as a basis for the assessment however significant adjustments and professional judgement are required to be used by the valuer.

An indexation review was undertaken by Pickles Valuations as at 30 June 2019 who determined that there was reduction in value of 11.84% since 30 June 2017. This decrement has been applied in full this financial year. The next full valuation is expected to be undertaken by 30 June 2022.

Level	2019	2018
Non-specialised land (level 2)	\$ 9,315,071	\$ 10,400,000
Specialist land (level 3)	\$ 5,811,066	\$ 6,591,500
Total land	\$15,126,137	\$ 16,991,500

11 Property, plant and equipment (continued)

ii. Valuation techniques used to derive fair values (continued)

Buildings (level 2 and 3) - any building structure that requires a building approval and is not a structure required to deliver business unit service (Water, Sewerage, Waste).

Building values were determined by independent valuer, Herron Todd White as at 30 June 2017.

Where there is a market for Council building assets, they are categorised as non-specialised buildings and fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. Council's rental properties fall within this category.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined using the current replacement cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The main level 3 inputs used are derived and evaluated as follows:

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. Replacement cost is determined by actual construction or purchase prices for recent projects, Rawlinson's Construction Guide or similar guides, benchmarking against other valuations, and valuer databases. Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as useful life and pattern of consumption of the future economic benefit. The consumption rating schedules were based on the past experience of the valuation firm and industry guides.

Buildings with a direct relationship to Waste functions, Parks and Natural Assets and Transport, are reported under these classes.

An indexation review was undertaken by Pickles Valuations as at 30 June 2019 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2021.

Level	2019	2018
Non-specialised buildings (level 2)	\$ 5,437,947	\$ 5,370,559
Specialist buildings (level 3)	\$ 72,242,297	\$ 64,507,642
Total buildings	\$ 77,680,244	\$ 69,878,201

Infrastructure assets (level 3)

All Council infrastructure assets are fair valued using current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

- a) Transport** - predominantly includes public roads, kerb and channelling, medians, road bridges, pedestrian bridges on roadside pathways or principal off road networks, road drainage (rural areas), on road car parking, guardrails, floodways, retaining structures (supporting transport access) and bus shelters.

Current replacement cost

The current replacement cost of Council's transport network was determined by Council engineers in association with the Roads and Transport Alliance and Lemmah Pty Ltd as at 30 June 2019. A full revaluation was undertaken this financial year.

Rates are based on average unit rates applied to the relevant components of each asset subclass. Rates are determined through direct cost of inputs such as labour and raw materials, by reference to industry standards, and by using cost guides such as Rawlinson's Construction Handbook or similar. Soil, climatic and topographic factors are also considered. Determined rates are verified against recent projects, consultation with Council staff and additional Council data from the region.

11 Property, plant and equipment (continued)

ii. **Valuation techniques used to derive fair values (continued)**

a) **Transport (continued)**

Accumulated depreciation

Under the current replacement cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as useful life and pattern of consumption of the future economic benefit. The consumption rating scales are determined by the experience and understanding of the assets, together with the level of remaining service potential by Council's own engineers and asset management staff.

As a result of the revaluation a net increased value of \$48,158,847 occurred. This has been driven mainly from lower unit rates and a reallocation of work schedules that better reflect the cost attribution based on work performed to asset costs. Accumulated depreciation reduced mainly due to the movement in accumulated depreciation historically held on formation assets that no longer depreciate.

The next full valuation is expected to be undertaken by 30 June 2024.

b) **Stormwater networks - predominantly drainage assets in urban areas as defined by the Cassowary Coast Regional Council planning scheme, including floodgates, pits, piles, headwalls and cross road culverts.**

Current replacement cost

Current replacement cost as at 30 June 2017 was determined by Council engineers using unit rates developed in conjunction with external consultants and independent valuer Lemmah Pty Ltd. Assets are disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives. Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

A review was undertaken by Lemmah Pty Ltd as at 30 June 2019 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2022.

c) **Water and sewerage - predominantly all assets required to deliver potable water services and all assets required to deliver sewerage (waste water) services. It also includes all buildings and access roads that relate to access to water and sewerage facilities.**

Current replacement cost

Current replacement cost at 30 June 2015 was determined by independent valuer Aurecon Australasia Pty Ltd Consultants. Current replacement cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Assets are disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.

Innisfail Sewerage Treatment Plant has been impaired from January 2019 due to adverse business environment changes. An impairment loss of \$6,771,150 has been recognised through the asset revaluation surplus.

A review was undertaken by Cardno (QLD) Pty Ltd in conjunction with Council engineering staff as at 30 June 2019. It was determined that there was a total increase in value of 6% since 30 June 2015. This increase has been applied in full this financial year.

The next full valuation is expected to be undertaken by 30 June 2020.

11 Property, plant and equipment (continued)

ii. Valuation techniques used to derive fair values (continued)

d) Waste - predominantly all buildings, landfills and site improvements that form part of the solid waste service.

Current replacement cost

Waste assets were determined by independent valuer, Cardno (QLD) Pty Ltd effective 30 June 2017. Fair value was derived by reference to Council's available drawings and recent constructions and rehabilitations costs together with valuer databases, building price index tables, Rawlinson's Australian Construction Handbook and supplier quotations.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Appropriate assets are disaggregated into significant components.

A review was undertaken by Cardno (QLD) Pty Ltd as at 30 June 2019. It was determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2021.

e) Marine facilities - predominantly all coastal erosion protection structures (seawalls, jetties, pontoons, boat ramps, harbour infrastructure and off road carparks) that exist only to serve a marine facility.

Current replacement cost

Current replacement cost at 30 June 2016 was determined by independent valuer Cardno (QLD) Pty Ltd. Current replacement cost was calculated based on expected replacement costs. In certain cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life. Unit rates were derived by taking into consideration Council's available drawings and reconstruction/rehabilitation costs. Other sources included Cardno databases, scheduled construction rates, cost curves, Building Price index tables, Rawlinson's Australian Construction handbook and supplier quotations.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Appropriate assets are disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.

Perry Harvey Jetty has been impaired due to the decision to discontinue the use of the asset in the future. An impairment loss of \$3,046,842 has been recognised through the asset revaluation surplus.

A review was undertaken by Cardno (QLD) Pty Ltd as at 30 June 2019 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2020.

f) Recreation and natural areas - predominantly parks embellishments, internal roads, site improvements, paths in park areas that are not part of the principal pathway network and off road car parking that services multiple assets or uses.

Current replacement cost

Current replacement cost as at 30 June 2018 was determined by Council engineers using unit rates developed in conjunction with external consultants and independent valuer GenEng Pty Ltd. Assets are disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining the level of accumulated depreciation, the assets were disaggregated into significant components which exhibited different useful lives. Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

A review was undertaken by Pickles Valuations as at 30 June 2019 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by June 2023.

iii Heritage assets

Included in the Building Assets, Water Assets and Recreation and Natural Area Assets are 4 structures, which are listed on the State Heritage Register. These assets are reported at their fair value which reflects the best use of the assets as at 30 June 2019.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
12 Trade and other payables		
Current		
Creditors and accruals	7,725,776	10,195,273
Accrued salary and wages	634,814	8,962
Annual leave entitlement	2,926,126	2,911,640
Sick leave entitlements	784,386	857,276
Other entitlements	193,053	205,098
Waste levy refund received in advance	1,142,323	-
	<u>13,406,478</u>	<u>14,178,249</u>

Creditors and accruals

Trade creditors are recognised upon invoice of the goods or services ordered and are measured at the invoiced price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and generally settle on 30 day terms.

The carrying value of trade and other payables is a reasonable approximation of fair value. It represents the remaining contractual cashflows at the end of the reporting period, excluding the impact of netting agreements. The financial liability is recognised only when Council becomes a party to the contractual provisions of the instrument.

Accrued salary and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Annual leave entitlement

This represents amounts expected to be settled within 12 months which are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Sick leave entitlements

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Other entitlements

This represents liabilities for time in lieu and accumulated rostered days off which are calculated at current pay rates.

Waste levy refund received in advance

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

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. The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

13 Provisions		
Current		
Employee provision	216,607	522,919
Long service leave	2,997,573	3,108,156
Refuse restoration	113,957	102,000
	<u>3,328,137</u>	<u>3,733,075</u>
Non-current		
Long service leave	444,709	302,986
Refuse restoration	9,968,902	9,962,838
	<u>10,413,611</u>	<u>10,265,824</u>
Details of movements in provisions:		
Employee provision		
Balance at beginning of financial year	522,919	441,603
Employee provision arising	-	81,316
Employee provision utilised	(306,312)	-
Balance at end of financial year	<u>216,607</u>	<u>522,919</u>

Council's EBA negotiations are still progressing as at the reporting date. It is expected these to be resolved during 2019/20.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
13 Provisions (continued)		
Long service leave		
Balance at beginning of financial year	3,411,142	3,331,154
Long service leave entitlement arising	486,718	653,455
Long service entitlement paid	(455,578)	(573,467)
Balance at end of financial year	<u>3,442,282</u>	<u>3,411,142</u>

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 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.

Refuse restoration

Balance at beginning of financial year	10,064,838	8,337,098
Increase (decrease) in provision due to unwinding of discount	(224,135)	(80,140)
Provision utilised	(74,349)	(1,242,457)
Increase (decrease) in provision due to change in inflation rate	(971,945)	-
Increase (decrease) in provision due to change in discount rate	821,719	502,110
Increase in provision due to change of estimate	466,731	2,548,227
Balance at end of financial year	<u>10,082,859</u>	<u>10,064,838</u>

A provision is made for the cost of restoration in respect of refuse dumps where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, inflated using the Reserve Bank of Australia's break-even 10 year inflation rate, then discounted to current day values using the Commonwealth Government Bond yield rates.

The provision represents the present value of the 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.

The provision relates to the restoration and maintenance of 3 sites with various cells. An additional amount has been included in the current reporting period for the maintenance costs associated with closed sites. Management estimates that the costs of restoration will be incurred in 2028 (\$3,045,277), 2039 (\$3,198,007) and 2030 (\$158,557). The balance of the funds relates to the continued maintenance of all of the sites. Base estimates have been increased using the Reserve Bank of Australia's break-even 10 year inflation rate of 1.4% (2018: 2.5% target inflation rate) and discounted using Commonwealth Government Bond yield rates averaging 1.5% (2018: 2.68%).

14 Asset revaluation surplus

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

Buildings	18,831,949	18,831,949
Transport	378,128,365	329,969,518
Stormwater network	24,331,056	24,331,056
Water	69,164,487	61,243,544
Sewerage	41,922,520	42,961,723
Marine facilities	2,458,968	5,505,810
	<u>534,837,345</u>	<u>482,843,600</u>

Movements in asset revaluation surplus are disclosed in Note 11.

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus. Increases and decreases on revaluation are offset within a class of assets. Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
15 Contractual commitments		
Contractual commitments at the end of the financial year but not recognised in the financial statements (GST inclusive). Contracts subject to an annual CPI increase have been estimated based on the Reserve Bank of Australia's break-even 10 year inflation rate of 1.4%.		
Completion within one year	18,701,648	19,296,183
Completion within one to five years	12,030,417	10,427,822
	<u>30,732,065</u>	<u>29,724,005</u>
Commitment categories		
Pool operations and swimming enclosures	1,162,409	1,317,965
Construction	10,558,886	4,630,798
Cleaning	747,350	930,719
IT support and maintenance	341,402	512,679
Property purchase	531,926	-
Waste disposal	11,966,708	14,636,607
Miscellaneous purchase orders issued	<u>5,423,384</u>	<u>7,695,237</u>
	<u>30,732,065</u>	<u>29,724,005</u>
16 Trust funds		
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	349	20,428
Security deposits	<u>407,339</u>	<u>375,862</u>
	<u>407,688</u>	<u>396,290</u>
The Council performs only a custodian role in respect of these monies which cannot be used for Council purposes. They are not considered revenue nor brought to account in the financial statements and are disclosed for information purposes only.		
17 Reconciliation of net result for the year to net cash inflow from operating activities		
Net result	61,559	1,798,278
Non-cash items:		
Depreciation and amortisation	26,860,673	26,560,096
	<u>26,922,232</u>	<u>28,358,374</u>
Investing and development activities:		
Loss on disposal of non-current assets	6,819,564	3,857,565
Revaluation decrement	2,011,794	3,239,185
Capital grants and contributions	<u>(11,178,581)</u>	<u>(13,618,787)</u>
	<u>(2,347,223)</u>	<u>(6,522,037)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	54,770	(473,474)
(Increase)/decrease in inventory	(130,484)	(50,518)
Increase/(decrease) in payables	(1,914,094)	2,798,696
Increase/(decrease) in prepayments received	1,142,323	-
Increase/(decrease) in provisions	<u>(257,151)</u>	<u>1,889,044</u>
	<u>(1,104,636)</u>	<u>4,163,748</u>
Net cash inflow from operating activities	<u>23,470,373</u>	<u>26,000,085</u>

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

18 Contingent liabilities

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

Legal Costs

Based on advice from Council solicitors, there are pending legal proceedings that may result in additional legal costs being incurred by Council to resolve the matter. A reliable estimate of these legal costs are unable to be determined.

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 2018 and show accumulated member funds (equity) of \$75,834,341.

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 were 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 \$672,464 (2018: \$605,448).

19 Superannuation

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

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

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

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

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

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

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

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

Investment risk

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

Salary growth risk

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

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

	Note	2019 \$	2018 \$
Superannuation contributions made to the Regional Defined Benefits Fund		169,755	230,740
Other superannuation contributions for employees		2,314,729	2,222,369
Total superannuation contributions paid by Council for employees:	5	<u>2,484,484</u>	<u>2,453,109</u>
		2020 \$	
Contributions Council expects to make to the Regional Defined Benefits Fund for 2019-20		<u>142,241</u>	

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

20 Transactions with related parties

Entities related to Council

Council does not have any subsidiaries or joint ventures with other parties and therefore no related parties of this kind to declare.

Council does have representation on the Cassowary Coast River Improvement Trust (CCRIT). Council is represented in the membership of the Trust pursuant to the *River Improvement Act 1940* and legislated to provide an annual precept.

Cassowary Coast River Improvement Trust

Details of transactions	2019 \$	2018 \$
Annual precept	100,000	100,000

Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and Directors. The compensation paid to KMP for 2018/2019 comprises:

Details of transactions	2019 \$	2018 \$
Short-term employee benefits	1,841,606	1,728,416
Post-employment benefits	194,518	183,096
Long-term benefits	30,473	30,069
Termination benefits	52,470	-
Total	2,119,067	1,941,581

Council agreed to fund legal expenses associated with a pending legal matter of a KMP. No costs were incurred during this reporting period however an amount of \$15,498 ex GST was incurred during 17.18 financial year.

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 disclosed below:

i) The fees and charges charged to entities controlled by KMP were on an arms's length basis in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes the following:

Fees and charges	2019 \$	2018 \$
Fees and charges relating to concert tickets, venue hire and fines	566	1,044
Plumbing and drainage applications	2,280	1,190
TOTAL	2,846	2,234

ii) No Infrastructure charges were incurred by entities controlled by KMP:

iii) 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. Council employs 321 (2018: 315) of which only 3 are close family members of key management personnel.

Employee expenses	2019 \$	2018 \$
TOTAL	226,117	184,052

iv) The following materials and services were purchased from entities controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations.

Materials and services	Relationship	Related Party	Position Held	2019 \$	2018 \$
Larsens Newsagency	Company Director	John Kremastos	Mayor	23,062	22,613
Tropical Home Care	Relative	John Kremastos	Mayor	9,943	10,694
RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Councillor	5,104	4,871
Innisfail Seafood	Company Director	Ben Heath	Councillor	130	-
Cassowary Coast River Improvement Trust	Trust Entity	CCRC		101,021	42,000
			TOTAL	139,260	80,178

v) No key management personnel services were provided by a related party.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

20 Transactions with related parties (continued)

Outstanding balances

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

Receivables	Relationship	Related Party	Position Held	2019 \$	2018 \$
Current - Cassowary Coast River Improvement Trust	Trust Entity	CCRC		-	7,582
Current - Gurbindar Singh		Gurbindar Singh	Chief Financial Officer	180	-
			TOTAL	180	7,582

Payables	Relationship	Related Party	Position Held	2019 \$	2018 \$
Current - RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Councillor	995	370
Current - Larsens Newsagency	Company Director	John Kremastos	Mayor	8,985	1,484
Current - Tropical Home Care	Relative	John Kremastos	Mayor	1,024	1,652
			TOTAL	11,004	3,506

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

Loans and guarantees to/from related parties

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

Commitments to other related parties

Supplier/Tender details	Relationship	Related Party	Position Held	2019 \$	2018 \$
Larsens Newsagency	Company Director	John Kremastos	Mayor	-	2,891
Tropical Home Care	Relative	John Kremastos	Mayor	-	48
RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Councillor	8,375	284
Cassowary Coast River Improvement Trust	Trust Entity	CCRC		-	98,000
			TOTAL	8,375	101,222

Transactions with related parties that have not been disclosed

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

- payment of rates
- use of public swimming pools within the region
- dog registrations
- fines on normal terms and conditions
- purchase of tickets to public functions
- borrowing books from the Council libraries

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

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2019

21 Opening balance adjustment

	As at 1 July 2018	As at 1 July 2017
Buildings		
As part of the assets review during previous financial years, it was discovered that certain buildings not owned by Council had been included in the asset register. These assets have been removed and an adjustment has been made to retained surplus. On further review during the 2017/2018 financial year, it was determined that some of the assets removed in 2016/17 were leased Council assets. These have been reinstated as at 1 July 2017 and an adjustment has been made to retained surplus.		
Gross value added	-	2,206,850
Accumulated depreciation	-	(1,323,862)
Net increase to property, plant and equipment	-	882,988
Recreation and natural assets		
In the process of revaluing Council's recreation and natural assets at 30 June 2018, it was discovered that certain assets had not been previously recognised as Council assets. These assets were added as at 1 July 2017 and an adjustment has been made to retained surplus.		
Gross value added	-	4,204,112
Accumulated depreciation	-	(1,433,544)
Net increase to property, plant and equipment	-	2,770,568
Plant and equipment		
In the process of revaluing Council's recreation and natural assets at 30 June 2018, it was discovered that certain assets had not been previously recognised as Council assets. These assets were transferred to plant and equipment. These assets were added as at 1 July 2017 and an adjustment has been made to retained surplus .		
Gross value added	-	790,401
Accumulated depreciation	-	(235,287)
Net increase to property, plant and equipment	-	555,114
Net increase to property, plant and equipment and retained surplus	-	4,208,670

22 Events after the reporting period

There were no material adjusting events after the balance date.

Management Certificate
For the year ended 30 June 2019

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 30, 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
Cr. John Kremastos

Chief Executive Officer
Mr. James Gott

Date:

Date:

FINANCIAL SUSTAINABILITY

- * **Current Year Financial Sustainability Statement**
- * **Certificate of Accuracy - for the Current Year Financial Sustainability Statement**
- * **Independent Auditor's Report**
- * **Unaudited Long-term Financial Sustainability Statement**
- * **Certificate of Accuracy - for the Long Term Financial Sustainability Statement**

Cassowary Coast Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	84%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-50%	Not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2019.

Certificate of Accuracy
For the year ended 30 June 2019

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

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

Mayor
Cr. John Kremastos

Date:

Chief Executive Officer
Mr. James Gott

Date:

Measures of Financial Sustainability

Ratio	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Measure	Net result divided by total operating revenue	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Total liabilities less current assets divided by total operating revenue
Target	Between 0% and 10%	Greater than 90%	Not greater than 60%
Actuals as at 30 June 2019	-2%	84%	-50%
30 June 2020	0%	92%	-59%
30 June 2021	0%	83%	-60%
30 June 2022	0%	88%	-56%
30 June 2023	0%	89%	-52%
30 June 2024	0%	80%	-50%
30 June 2025	0%	92%	-45%
30 June 2026	0%	78%	-48%
30 June 2027	1%	73%	-50%
30 June 2028	1%	73%	-55%
30 June 2029	3%	65%	-61%

Cassowary Coast Regional Council's Financial Management Strategy

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

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2019

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

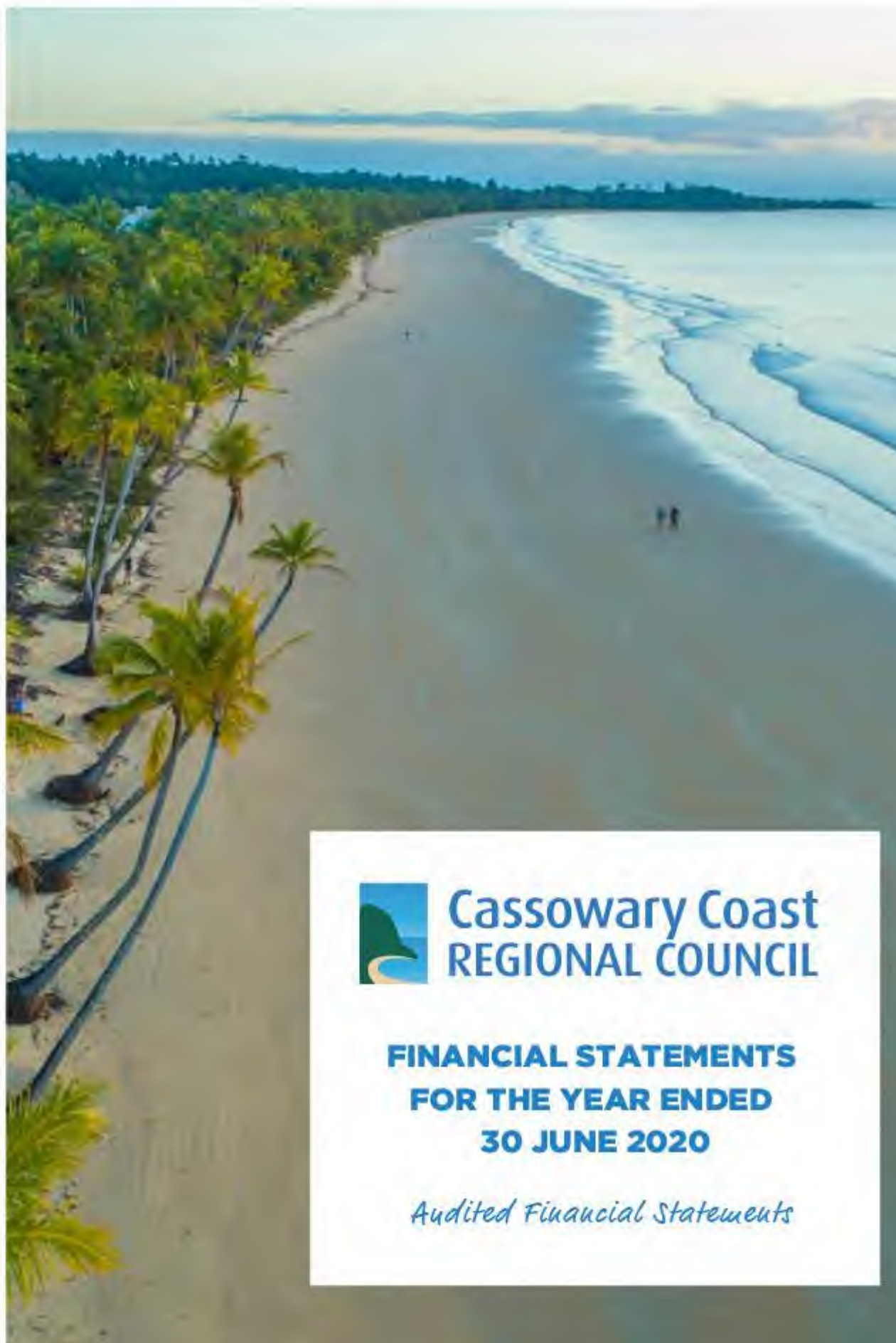
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor
Cr. John Kremastos

Date:

Chief Executive Officer
Mr. James Gott

Date:



**Cassowary Coast
REGIONAL COUNCIL**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020**

Audited Financial Statements

Cassowary Coast Regional Council

Financial Statements

For the year ended 30 June 2020

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Management Certificate

Independent Auditor's Report

Financial Sustainability

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy - for the Long-Term Financial Sustainability Statement

Cassowary Coast Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	64,868,812	63,874,032
Fees and charges	3(b)	2,794,469	2,649,540
Grants, subsidies, contributions and donations	3(c)	7,183,077	8,472,768
Contract and recoverable works	3(d)	1,862,820	745,562
		<u>76,709,178</u>	<u>75,741,902</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(c)	16,496,704	11,178,581
		<u>93,205,882</u>	<u>86,920,483</u>
Other income	4	1,530,751	1,235,649
Finance income	5	1,614,497	2,367,363
Rental and lease income		965,054	975,120
		<u>4,110,302</u>	<u>4,578,132</u>
Total income		<u>97,316,184</u>	<u>91,498,615</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(26,793,326)	(25,027,306)
Materials and services	7	(29,885,877)	(29,942,306)
Finance costs	8	(695,541)	(458,908)
Depreciation and amortisation			
Property, plant and equipment	16	(26,513,287)	(26,564,678)
Intangible assets	15	(265,513)	(295,995)
Right of use assets	18	(44,237)	-
		<u>(84,197,781)</u>	<u>(82,289,193)</u>
Capital expenses	9	(8,727,227)	(9,147,863)
Total expenses		<u>(92,925,008)</u>	<u>(91,437,056)</u>
Net result		<u>4,391,176</u>	<u>61,559</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase (decrease) in asset revaluation surplus	16	16,807,140	51,993,745
Total other comprehensive income for the year		<u>16,807,140</u>	<u>51,993,745</u>
Total comprehensive income for the year		<u>21,198,316</u>	<u>52,055,304</u>

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

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

Cassowary Coast Regional Council
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	10	13,350,494	53,709,252
Investments	11	24,000,000	-
Receivables	12	10,206,239	8,466,258
Other assets	13	3,749,248	3,331,897
Inventories	14	1,233,454	1,158,981
		<u>52,539,435</u>	<u>66,666,388</u>
Non-current assets held for sale		260,000	260,000
Total current assets		<u>52,799,435</u>	<u>66,926,388</u>
Non-current assets			
Property, plant and equipment	16	1,195,126,798	1,164,180,222
Intangible assets	15	2,319,676	1,430,654
Right of use assets	18	104,668	-
Total non-current assets		<u>1,197,551,142</u>	<u>1,165,610,876</u>
Total assets		<u>1,250,350,577</u>	<u>1,232,537,264</u>
Current liabilities			
Contract liabilities	17	3,887,354	-
Lease liabilities	18	3,619	-
Payables	19	10,712,852	12,264,155
Other liabilities	20	3,217,320	1,142,323
Provisions	21	3,260,991	3,328,137
Total current liabilities		<u>21,082,136</u>	<u>16,734,615</u>
Non-current liabilities			
Provisions	21	10,584,123	10,413,611
Lease liabilities	18	103,921	-
Total non-current liabilities		<u>10,688,044</u>	<u>10,413,611</u>
Total liabilities		<u>31,770,180</u>	<u>27,148,226</u>
Net community assets		<u>1,218,580,397</u>	<u>1,205,389,038</u>
Community equity			
Asset revaluation surplus	22	551,644,485	534,837,345
Retained surplus		666,935,912	670,551,693
Total community equity		<u>1,218,580,397</u>	<u>1,205,389,038</u>

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

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

Cassowary Coast Regional Council
Statement of Changes in Equity
For the year ended 30 June 2020

		Asset revaluation surplus	Retained surplus	Total
	Note	Note 22		
		\$	\$	\$
Balance as at 1 July 2019		534,837,345	670,551,693	1,205,389,038
Adjustment on initial application of AASB 15/AASB 1058	30	-	(7,767,711)	(7,767,711)
Prior year adjustment	27		(239,246)	(239,246)
Restated balance at 1 July 2019		534,837,345	662,544,736	1,197,382,081
Net result		-	4,391,176	4,391,176
Increase in asset revaluation surplus	16	16,807,140	-	16,807,140
Total comprehensive income for the year		16,807,140	4,391,176	21,198,316
Balance as at 30 June 2020		551,644,485	666,935,912	1,218,580,397

Balance as at 1 July 2018		482,843,600	670,513,105	1,153,356,705
Adjustment on initial application of AASB 9	12	-	(22,971)	(22,971)
Restated balance at 1 July 2018		482,843,600	670,490,134	1,153,333,734
Net result		-	61,559	61,559
Increase in asset revaluation surplus	16	51,993,745	-	51,993,745
Total comprehensive income for the year		51,993,745	61,559	52,055,304
Balance as at 30 June 2019		534,837,345	670,551,693	1,205,389,038

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

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

Cassowary Coast Regional Council
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		67,228,857	69,736,873
Payments to suppliers and employees		(59,128,120)	(57,857,616)
		<u>8,100,737</u>	<u>11,879,257</u>
Finance income		1,614,497	2,143,228
Rental income		965,054	975,120
Non capital grants and contributions		7,183,077	8,472,768
Net cash inflow from operating activities	25	<u>17,863,365</u>	<u>23,470,373</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(50,571,154)	(29,080,480)
Payments for intangible assets		(645,068)	(12,000)
Proceeds from sale of property plant and equipment		555,059	332,071
Net movement in cash investments		(24,000,000)	-
Capital grants, subsidies, contributions and donations		16,480,404	10,293,581
Net cash inflow (outflow) from investing activities		<u>(58,180,759)</u>	<u>(18,466,828)</u>
Cash flows from financing activities			
Repayments made on leases		(41,364)	-
Net cash (outflow) from financing activities	26	<u>(41,364)</u>	<u>-</u>
Net decrease in cash and cash equivalents held		<u>(40,358,758)</u>	<u>5,003,545</u>
Cash and cash equivalents at the beginning of the financial year		53,709,252	48,705,707
Cash and cash equivalents at the end of the financial year	10	<u>13,350,494</u>	<u>53,709,252</u>

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

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

1 Significant accounting policies

1.A Basis of preparation

The Cassowary Coast Regional Council (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 compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.B New and revised Accounting Standards adopted during the year

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

Refer to the changes in accounting policy note 30 for transition disclosures for *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities* and *AASB 16 Leases*.

1.C Standards issued by the AASB not yet effective

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

Standard and impact	Date Council will apply the standard
AASB 1059 Service Concession Arrangements: Grantors	1 July 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 July 2020
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 July 2020
AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform	1 July 2020

1.D Estimates and judgements

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

Receivables	Note 12
Valuation and impairment of property, plant and equipment	Note 16
Depreciation and amortisation	Note 16
Leases	Note 18
Provisions	Note 21
Contractual commitments	Note 23
Contingent liabilities	Note 28

1 Significant accounting policies (continued)

1.E Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.F Volunteer services

Prior to the spread of COVID-19, Council had 79 volunteers working in its Information Centres, Nurseries and Work Camp programs. This number has now reduced to 14 volunteers working various hours in the Information Centres and no volunteers engaged at the Nurseries and Work Camp. The majority of volunteers are engaged on a community benefit basis and would not equate to a significant number of full time equivalent employees.

1.G Taxation

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

2 Analysis of results by function

(a) Components of Council functions

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

Chief Executive

The objective of this function is to co-ordinate Council activities across a range of programs, including internal and external services essential for effective Council operations. This function includes Mayoral, Councillor, Chief Executive Officer support services, human resource management, corporate governance, information services, financial services, procurement and marketing and media.

Delivery Services (excluding Waste)

This area is tasked with managing all direct customer interactions and is responsible for all the touch points with the community. It includes regulatory services (excluding waste), asset maintenance, libraries and customer services.

Planning and Regional Development

This function is designed to deliver Council's strategic intent of regional growth and development. It includes planning, regional and community development. The focus is on generating new business and investment opportunities for the region. The function also includes family day care and community housing.

Infrastructure Services (excluding Water & Sewerage)

This function has the responsibility of delivering Council's capital works program, managing Council's non financial assets, disaster and recovery programs, facilities, workshop and fleet operations.

Waste

The objective of this function is to protect and support the community and natural environment by sustainably managing refuse. This function includes waste collection, processing and disposal, waste transfer stations, recycling and waste education programs, management of landfill sites and waste contracts.

Water

The objective of this function is to provide a continuous, reliable and long-term water supply service to a range of residential and commercial customers within the region. This function includes water supply distribution, water pumping station, reticulation mains, water treatment and the provision of property services and water meters.

Sewerage

The objective of this function is to provide a continuous, reliable and long-term sewerage and trade waste disposal service to a range of residential, commercial and industrial customers within the region. This function includes trade waste, sewerage treatment and effluent disposal, mains, manholes, pump stations and the provision of property connections.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2020

2 Analysis of results by function (continued)

(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 recurring operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Chief Executive	2,807,531	39,946,916	-	-	42,754,447	(14,235,097)	-	(14,235,097)	28,519,350	28,519,350	71,626,189
Delivery Services (excluding Waste)	2,903,401	4,358,293	1,719,302	39,813	9,020,809	(32,504,728)	(4,414,770)	(36,919,498)	(25,243,034)	(27,898,689)	802,148,526
Planning & Regional Development	881,938	1,747,420	30,000	-	2,659,358	(4,273,423)	(117,000)	(4,390,423)	(1,644,065)	(1,731,065)	71,886
Infrastructure (excluding Water & Sewerage)	194,027	266,539	12,142,724	22,000	12,625,290	(8,255,219)	(1,193,132)	(9,448,351)	(7,794,653)	3,176,939	87,884,405
Waste	268,829	6,437,952	-	266,984	6,973,765	(5,799,053)	(111,244)	(5,910,297)	907,728	1,063,468	6,598,628
Water	-	11,011,473	2,169,411	-	13,180,884	(10,330,351)	(693,815)	(11,024,166)	681,122	2,156,718	147,910,367
Sewerage	127,351	9,867,810	-	106,470	10,101,631	(8,799,910)	(2,197,266)	(10,997,176)	1,195,251	(895,545)	134,110,576
Total Council	7,183,077	73,636,403	16,061,437	435,267	97,316,184	(84,197,781)	(8,727,227)	(92,925,008)	(3,378,301)	4,391,176	1,250,350,577

Year ended 30 June 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Chief Executive	2,854,327	39,988,528	-	-	42,842,855	(14,267,917)	(2,011,793)	(16,279,710)	28,574,938	26,563,145	83,955,475
Delivery Services (excluding Waste)	3,851,068	3,470,859	1,675,111	932,921	9,929,959	(31,041,237)	(3,862,342)	(34,903,579)	(23,719,310)	(24,973,620)	787,866,227
Planning & Regional Development	1,070,347	1,508,831	1,655,875	5,279	4,240,332	(4,871,066)	-	(4,871,066)	(2,291,888)	(630,734)	5,906,020
Infrastructure (excluding Water & Sewerage)	388,335	497,418	5,800,224	551,388	7,237,365	(8,568,452)	(810,108)	(9,378,560)	(7,682,699)	(2,141,195)	78,514,289
Waste	27,252	5,916,474	290,607	-	6,234,333	(5,143,461)	(341,517)	(5,484,978)	800,265	749,355	6,332,847
Water	11,500	10,582,153	267,176	-	10,860,829	(9,629,545)	(1,383,552)	(11,013,097)	964,108	(152,268)	149,035,276
Sewerage	269,939	9,883,003	-	-	10,152,942	(8,767,515)	(738,551)	(9,506,066)	1,385,427	646,876	120,927,130
Total Council	8,472,768	71,847,266	9,688,993	1,489,588	91,498,615	(82,289,193)	(9,147,863)	(91,437,056)	(1,969,159)	61,559	1,232,537,264

3 Revenue

	Note	AASB 15 \$	AASB 1058 \$
Revenue recognised at a point in time			
Rates, levies and charges	3(a)	-	64,868,812
Fees and charges	3(b)	2,794,469	-
Grants, subsidies, donations and contributions	3(c)	-	5,686,051
Contract and recoverable works	3(d)	1,862,820	-
		<u>4,657,289</u>	<u>70,554,863</u>
Revenue recognised over time			
Grants and subsidies	3(c)	1,497,026	-
Revenue relating to grants for assets controlled by Council	3(c)	-	16,496,704
		<u>1,497,026</u>	<u>16,496,704</u>
Total revenue		<u>6,154,315</u>	<u>87,051,567</u>

(a) Rates, levies and charges

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

2019 accounting policy: Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

	2020 \$	2019 \$
General rates	40,358,284	40,117,326
Separate charge - Roads	2,130,788	2,084,320
Special charge - Crossnan Road	17,000	17,000
Separate charge - Environment	3,228,270	3,165,666
Water	7,183,571	7,007,936
Water consumption / excess	3,238,865	3,046,108
Sewerage	9,275,015	9,324,664
Cleansing charges	5,488,448	5,068,378
Total rates and utility charge revenue	<u>70,920,241</u>	<u>69,831,398</u>
Less: Discounts	(5,348,125)	(5,254,103)
Less: Pensioner remissions	<u>(703,304)</u>	<u>(703,263)</u>
	<u>64,868,812</u>	<u>63,874,032</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 or services being provided.

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

Permits and approvals granted by Council are all either short-term or low value and all revenue is recognised at the time that the permit or approval is granted rather than over the term.

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

	2020 \$	2019 \$
3 Revenue (continued)		
(b) Fees and charges (continued)		
Aerodrome landing fees	62,662	45,141
Animal registration and impounding	87,994	100,544
Administration fees	73,828	53,805
Aquatic Centre fees	95,519	87,930
Building applications	177,160	163,752
Building approvals	84,474	44,780
Building inspections	160,909	152,105
Camping fees	197,055	291,516
Cemetery reservations and charges	171,904	201,201
Credit card surcharge	-	35,820
Development applications	184,162	227,263
Development certificates	12,305	18,445
Fines and infringements	21,359	33,536
Food and health services	120,819	127,315
Hire of equipment and premises	53,781	81,067
Library fees	28,396	35,545
Miscellaneous	10,438	1,735
Nursery sales	44,424	62,827
Permits and approvals	23,631	37,922
Rates searches and associated fees	156,572	106,261
Trade waste fees	241,474	248,203
Transfer station charges	694,536	405,810
Water and sewerage connections	91,067	87,017
	<u>2,794,469</u>	<u>2,649,540</u>

(c) Grants, subsidies, contributions and donations

2020 accounting policy:

Grant income under AASB 15: Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant. Cash is received upfront from some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be at the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058: Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the assets 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 are enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.

2019 accounting policy:

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. In 2019, Council did not have any reciprocal grants.

Physical assets contributed to Council by developers in the form of infrastructure assets are recognised as revenue when the development becomes "on maintenance" (ie Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2020

	2020 \$	2019 \$
3 Revenue (continued)		
(c) Grants, subsidies, contributions and donations (continued)		
(i) Recurrent		
State government subsidies and grants	1,981,366	1,925,801
Commonwealth government subsidies and grants	5,048,560	6,118,661
Contributions and donations	153,151	428,306
	<u>7,183,077</u>	<u>8,472,768</u>
Commonwealth grants include an advance payment for the Financial Assistance Grant of \$1,981,230 (2019 - \$1,950,957).		
(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. It also includes non-cash contributions which are usually infrastructure assets received from developers.		
State government subsidies and grants	8,723,220	8,181,611
Commonwealth government subsidies and grants	7,338,217	1,507,382
Developer infrastructure charges	367,501	48,205
Non-cash contributions of assets	16,300	885,000
Contributions and donations	51,466	556,383
	<u>16,496,704</u>	<u>11,178,581</u>
(d) Contracts and recoverable works		
Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity 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. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions		
Department of Main Roads contract works	1,853,565	729,887
Miscellaneous other works	9,255	15,675
	<u>1,862,820</u>	<u>745,562</u>

4 Other income		
Other income generally includes revenue from non-consistent and irregular sources eg reimbursement from third parties of expenses incurred and insurance claims received. Commissions from third parties and other smaller inconsistent items may also be included.		
Commission	177,053	185,270
Concert ticket sales	22,982	37,130
COVID relief	308,235	-
Debtor legal costs recovered	52,012	131,660
Drummaster	15,715	9,066
Educator fees	135,225	164,849
Expense reimbursements	166,436	197,199
Information centre sales	17,232	22,371
Insurance claims	131,479	185,669
Perry Harvey remediation	-	75,000
Miscellaneous	24,304	25,162
Parental leave reimbursements	40,014	51,662
Reimbursement of indemnity costs	318,065	25,745
Sale of small plant and equipment	45,613	29,409
Sugar mill tours	37,619	49,275
Sponsorship	-	20,182
Tully Gorge contribution	20,000	20,000
Vehicle registration refunds	18,767	6,000
	<u>1,530,750</u>	<u>1,235,649</u>

5 Finance income		
Interest received from term deposits is accrued over the term of the investment.		
Interest received from cash, cash equivalents and investments	857,457	1,324,179
Interest from overdue rates and utility charges	757,040	819,049
Refuse restoration winding back discount	-	224,135
	<u>1,614,497</u>	<u>2,367,363</u>

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
6 Employee benefits			
Total staff wages and salaries		21,562,328	19,436,127
Councillors' remuneration		626,145	613,265
Annual, sick and long service leave entitlements		3,980,512	3,633,075
Superannuation	29	2,697,095	2,484,484
		<u>28,866,080</u>	<u>26,166,951</u>
Other employee related expenses		954,352	1,192,802
		<u>29,820,432</u>	<u>27,359,753</u>
Less: Capitalised employee expenses		<u>(3,027,106)</u>	<u>(2,332,447)</u>
		<u>26,793,326</u>	<u>25,027,306</u>

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

Total Council employees at the reporting date:

	2020 No.	2019 No.
Elected members	<u>7</u>	<u>7</u>
Administration staff	159	152
Depot and outdoors staff	158	169
Total full time equivalent employees	<u>324</u>	<u>328</u>

7 Materials and services

Advertising and marketing	287,858	339,451
Auditors external *	170,500	151,500
Auditors other	50,598	58,012
Chemicals	585,022	446,025
Consultants	777,593	791,859
Contract personnel	1,336,127	1,211,288
Contract services	5,859,648	5,684,970
Donations and contributions	731,459	817,574
Election expenses	193,319	-
Electricity	2,207,346	2,549,463
Family day care payments	602,813	659,524
Fleet maintenance	533,784	584,867
Fleet registrations	190,107	180,282
Fuel and oil	825,689	886,764
Information technology	953,222	864,594
Insurance	1,929,722	1,889,087
Legal expenses	899,635	963,487
Library services	210,134	197,971
Low value lease expenses	3,389	-
Natural Disaster Relief and Recovery Arrangements works	-	233,936
Other materials and services	844,616	1,300,268
Plant contractors	2,064,233	1,973,055
Postage, freight, printing and stationery	261,767	227,752
Property expenses	220,626	456,718
Road materials	803,178	416,085
Short term lease expenses	4,404	-
Small plant purchases	261,372	281,038
Subscriptions and memberships	348,899	308,241
Telecommunications	500,756	465,814
Travel and accommodation (conferences)	69,007	108,199
Waste contract	6,159,054	5,894,482
Total waste levy payment	908,636	-
Wage levy refund**	<u>(908,636)</u>	<u>-</u>
	<u>29,885,877</u>	<u>29,942,306</u>

* External audit fees relate to the estimated cost of the Queensland Audit Office external audit of the financial statements of the Council for 2020 of \$154,500 plus an additional \$16,000 for additional valuation work untaken for 18/19 (2019 actual: \$151,500). The total value of the 18/19 audit amounted to \$167,500.

** The State government rebated \$1,142,323 of the state waste levy to mitigate the direct impacts on households.

Cassowary Coast Regional Council
Notes to the financial statements
For the year ended 30 June 2020

	2020 \$	2019 \$
8 Finance costs		
Bank charges	112,119	109,872
Impairment of debts	571,001	349,036
Interest on leases	1,927	-
Refuse restoration unwinding of discount	10,494	-
	<u>695,541</u>	<u>458,908</u>

9 Capital expenses

Capital expense transactions are classified depending on whether the net result of the following transactions is an accounting gain or loss: disposal of non-current assets, discount rate adjustments to restoration provisions, revaluations of property, plant and equipment.

Loss on disposal of non-current assets

Proceeds from the sale of property, plant and equipment	(555,059)	(332,071)
Less: Book value of property, plant and equipment disposed of	9,186,018	7,151,635
Total gain/loss on disposal of non-current assets	<u>8,630,959</u>	<u>6,819,564</u>

Provision for restoration of land

Rate adjustments to refuse restoration provision	96,268	316,505
	<u>96,268</u>	<u>316,505</u>

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

Revaluation decrement

Revaluation down of land	-	2,011,794
	<u>-</u>	<u>2,011,794</u>

Total capital expenses

<u>8,727,227</u>	<u>9,147,863</u>
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10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows 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 maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents

Cash at bank and on hand	4,349,068	169,332
Deposits at call	5,001,426	53,539,920
Term deposits	4,000,000	-
Balance per Statement of Cash Flows	<u>13,350,494</u>	<u>53,709,252</u>

Cash at bank is held in the Commonwealth Bank of Australia in a business cheque account. The bank currently has a short term credit rating of A- 1+ and a long term credit rating of AA-. Refer to note 32 for further information about credit risk.

Council's cash, deposits at call and investments are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use.

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

Unspent grants and subsidies (contract liabilities)	3,887,354	5,047,774
Unspent developer contributions	5,067,703	4,700,202
Unspent specific projects	13,908,606	23,473,518
Creditors and accruals	6,240,901	7,725,776
Current employee entitlements and provisions	7,703,014	7,752,559
Current refuse provision	29,928	113,957
Waste levy	-	1,142,323
Total restricted cash balance	<u>36,837,506</u>	<u>49,956,109</u>

Deposits at 30 June 2019 include \$1,142,323 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which came into effect from 1 July 2019. This money was set aside to help fund the Council's 2019-20 Levy expense.

2020	2019
\$	\$

11 Investments

Term deposits in excess of 3 months are reported as investments. Investments are held with financial institutions, which are rated A-1+ and A-2 based on rating agency Standard and Poors ratings. Whilst not capital guaranteed, the likelihood of a credit failure is assessed as low.

6 month deposit maturing July 2020	15,000,000	-
4 month deposit maturing July 2020	4,000,000	-
6 month deposit maturing December 2020	5,000,000	-
Total investments	24,000,000	-

12 Receivables

Receivables are amounts owed to Council at the end of the year. They are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price or contract price. Settlement of these amounts is required within 30 days from invoice date. The carrying value of trade and other receivable is a reasonable approximation of fair value.

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.

Current receivables

Rateable revenue and utility charges	8,364,369	7,239,768
Lease arrangements	-	422,053
Other debtors	212,463	139,601
	<u>8,576,832</u>	<u>7,801,422</u>
Less loss allowance	<u>(1,083,658)</u>	<u>(937,159)</u>
	<u>7,493,174</u>	<u>6,864,263</u>
Lease arrangements	70,882	-
Statutory charges	163,963	279,805
Grants	1,631,851	44,355
Government entities	846,369	1,277,835
Total receivables	10,206,239	8,466,258

Movement in accumulated loss allowance is as follows:

Opening balance at 1 July	(937,159)	(1,031,186)
Adjustment to opening balance upon application of AASB9	-	(22,971)
Less impairment debts written off during the year	424,502	466,035
Additional impairments recognised	(611,229)	(378,427)
Less impairments reversed	40,228	29,390
Closing balance at 30 June	<u>(1,083,658)</u>	<u>(937,159)</u>

Interest is charged on outstanding rates (9.83% per annum from 1 July 2019, previously rate of 11% per annum). No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Refer to note 32 for further information about credit risk.

13 Other assets

Water charges not yet levied	1,888,252	1,790,605
GST recoverable	827,815	782,627
Prepayments	893,361	758,665
Accrued Interest	139,820	-
Total other assets	3,749,248	3,331,897

	2020 \$	2019 \$
14 Inventory		

Inventories held for distribution are:

- goods to be supplied at no or nominal charge and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Visitor information centre saleable items are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution	1,228,862	1,150,640
Visitor information centre saleable items	4,592	8,341
Total inventories	<u>1,233,454</u>	<u>1,158,981</u>

15 Intangible assets

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

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

Software is amortised on a straight line basis over an estimated life of between 5-16 years.

Intangible values

Opening gross carrying value	3,731,628	3,719,628
Opening balance adjustment	330,284	-
Transfer of completed projects from WIP during the year	248,903	-
Additions	451,365	12,000
Transfer easment from land	75,199	-
Software under development	193,703	-
Closing gross carrying value	<u>5,031,082</u>	<u>3,731,628</u>

Accumulated amortisation

Opening balance	2,300,974	2,004,979
Opening balance adjustment	144,919	-
Amortised in the period	265,513	295,995
Closing gross balance	<u>2,711,406</u>	<u>2,300,974</u>

Total intangible assets	<u>2,319,676</u>	<u>1,430,654</u>
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Cassowary Coast Regional Council
Notes to the Financial Statements
For the year ended 30 June 2020

16 Property, plant and equipment

30-June-2020

Basis of measurement

Asset values

Opening gross value as at 1 July 2019

Opening balance adjustment

Capital expenditure additions to WIP during the year.

Transfer of completed projects from WIP during the year.

Additions

Contributions of assets

Disposals

Revaluation adjustment to asset revaluation surplus

Transfer to intangibles

**Closing gross value
as at 30 June 2020**

	Land	Buildings	Plant and equipment	Transport	Stormwater network	Water	Sewerage	Waste	Marine facilities	Recreation and natural areas	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	15,126,137	142,968,628	23,504,545	864,294,866	75,668,796	296,908,752	210,984,619	10,492,202	34,657,274	27,604,744	13,923,251	1,716,133,815
27	-	-	431,752	-	-	(923,750)	(95,726)	-	-	-	-	(587,724)
	-	-	-	-	-	-	-	-	-	-	47,442,086	47,442,086
	-	2,708,694	-	15,855,267	796,420	9,961,808	4,917,517	205,389	3,912,575	699,080	(39,056,750)	-
	545,401	-	2,583,667	-	-	-	-	-	-	-	-	3,129,068
3	-	16,300	-	-	-	-	-	-	-	-	-	16,300
	-	(3,252,949)	(1,557,923)	(6,643,372)	(336,258)	(3,283,547)	(4,152,972)	(31,424)	(2,869,759)	(177,166)	-	(22,305,370)
22	-	7,976,678	-	-	3,804,888	(810,235)	(17,171,489)	533,308	-	-	-	(5,666,850)
	(75,199)	-	-	-	-	-	-	-	-	-	(248,903)	(324,102)
	15,596,339	150,417,351	24,962,041	873,506,761	79,933,846	301,853,028	194,481,949	11,199,475	35,700,090	28,126,658	22,059,684	1,737,837,223

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Opening balance adjustment

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

**Accumulated depreciation
as at 30 June 2020**

	-	65,288,384	9,104,569	173,003,208	32,055,320	152,843,227	91,276,651	4,579,730	15,331,576	8,470,928	-	551,953,593
27	-	-	310,569	-	-	(433,420)	(40,262)	-	-	-	-	(163,113)
	-	3,759,242	1,781,473	9,005,249	899,309	5,221,163	3,924,480	234,472	784,620	903,279	-	26,513,287
	-	(2,162,391)	(930,139)	(2,653,129)	(224,916)	(2,589,733)	(1,955,706)	(16,448)	(2,529,876)	(57,014)	-	(13,119,352)
22	-	3,745,544	-	-	1,636,485	3,860,533	(31,956,440)	239,888	-	-	-	(22,473,990)
	-	70,630,779	10,266,472	179,355,328	34,366,198	158,901,770	61,248,723	5,037,642	13,586,320	9,317,193	-	542,710,425

**Total written down value
as at 30 June 2020**

Range of estimated useful life in years

15,596,339	79,786,572	14,695,569	694,151,433	45,567,648	142,951,258	133,233,226	6,161,833	22,113,770	18,809,465	22,059,684	1,195,126,798
N/A	13-105	4-100	8.5-infinite	7-149	4.5-121	7-100	5 - infinite	8-80	10-150	-	-

Additions comprise

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	2,315,389	-	-	-	-	-	-	-	32,393,764	34,709,153
545,401	16,300	268,278	-	-	-	-	-	-	-	15,048,322	15,878,301
545,401	16,300	2,583,667	-	-	-	-	-	-	-	47,442,086	50,587,454

Cassowary Coast Regional Council
Notes to the Financial Statements
For the year ended 30 June 2020

16 Property, plant and equipment (continued)

30-June-2019

Basis of measurement

Asset values

Opening gross value as at 1 July 2018

Capital expenditure additions to WIP during the year.

Transfer of completed projects from WIP during the year.

Additions

Contributions of assets

Disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Impairment charge to asset revaluation surplus

Transfers between classes

Closing gross value

as at 30 June 2019

Land	Buildings	Plant and equipment	Transport	Stormwater network	Water	Sewerage	Waste	Marine facilities	Recreation and natural areas	Work in progress	Total
Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16,991,500	131,682,444	22,492,765	927,216,747	73,127,207	279,535,013	206,560,356	10,525,131	36,798,516	27,822,591	22,256,636	1,755,008,906
-	-	-	-	-	-	-	-	-	-	26,634,193	26,634,193
-	11,223,140	-	11,570,046	250,829	5,389,535	2,255,741	28,279	3,657,058	592,950	(34,967,578)	-
146,431	-	2,299,857	-	-	-	-	-	-	-	-	2,446,288
-	885,000	-	-	-	-	-	-	-	-	-	885,000
-	(821,956)	(1,233,795)	(5,674,776)	(205,160)	(4,190,202)	(1,233,346)	(61,208)	(2,751,458)	(810,797)	-	(16,982,697)
-	-	-	(66,375,513)	-	16,174,406	10,173,019	-	-	-	-	(40,028,088)
(2,011,794)	-	-	-	-	-	-	-	-	-	-	(2,011,794)
-	-	-	-	-	-	(6,771,151)	-	(3,046,842)	-	-	(9,817,993)
-	-	(54,282)	(2,441,638)	2,495,920	-	-	-	-	-	-	-
15,126,137	142,968,628	23,504,545	864,294,866	75,668,796	296,908,752	210,984,619	10,492,202	34,657,274	27,604,744	13,923,251	1,716,133,815

Accumulated depreciation and impairment

Opening balance as at 1 July 2018

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to expense

Transfers between classes

Accumulated depreciation

as at 30 June 2019

-	61,804,243	8,018,681	281,012,982	30,826,610	142,553,477	83,462,925	4,376,426	17,188,031	7,816,427	-	637,059,802
-	3,792,173	1,691,582	9,503,300	866,406	4,843,008	3,867,031	239,500	836,398	925,280	-	26,564,678
-	(310,017)	(603,521)	(2,505,001)	(110,637)	(2,806,721)	(494,376)	(36,196)	(2,692,853)	(271,739)	-	(9,831,061)
-	-	-	(114,534,360)	-	8,253,463	4,441,071	-	-	-	-	(101,839,826)
-	-	-	-	-	-	-	-	-	-	-	-
-	1,985	(2,173)	(473,713)	472,941	-	-	-	-	960	-	-
-	65,288,384	9,104,569	173,003,208	32,055,320	152,843,227	91,276,651	4,579,730	15,331,576	8,470,928	-	551,953,593
15,126,137	77,680,244	14,399,976	691,291,658	43,613,476	144,065,525	119,707,968	5,912,472	19,325,698	19,133,816	13,923,251	1,164,180,222

Total written down value

as at 30 June 2019

16 Property, plant and equipment (continued)

a) Recognition

Each class of property, plant and equipment is stated at amortised cost or fair value. Items with a total value of less than \$5,000 (except for land) are treated as an expense in the year of acquisition.

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current assets are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

b) Measurement

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

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

c) Capital work in progress

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

d) Depreciation

Land and road formation is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

e) Impairment

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

While undertaking a review of the Asset Management Plans and the annual impairment review during 2018/19 financial year, two assets were impaired based on functional and economic obsolescence.

Sewerage class - Innisfail Sewerage Treatment Plant had been impaired from January 2019 due to adverse business environment changes. An impairment loss of \$6,771,150 was recognised through the asset revaluation surplus in 2018/19. This class has been revalued in 2019/20. The impairment has been reversed and the asset revalued at the current replacement cost based on existing economic benefits using an efficient set of modern equivalent assets that will achieve the required level of service output within Council's planning horizon.

Marine class - Perry Harvey Jetty has been impaired from February 2019 due to the decision to discontinue the use of the asset in the future. An impairment loss of \$3,046,842 was recognised through the asset revaluation surplus in 2018/19. A revaluation of this class is expected in the year ended 30 June 2021 in which the revised value will be reviewed.

16 Property, plant and equipment (continued)

f) Valuation

i. Valuation process

Council's valuation policies and procedures for property, plant and equipment are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

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 land and buildings at least once every 5 years. This process involves the valuer physically sighting a sample of Council assets within those classes and making their own assessments of the condition of the assets at the date of inspection. Infrastructure assets are assessed for condition and reported at fair value by revaluation as required by qualified staff within Council's engineering department.

All asset classes are monitored by Council's engineering department on an ongoing basis for indications of material movements in value drivers. Observation of any such movements will result in a revaluation of the asset class. In intervening years, asset values may be indexed where movements in cost drivers are significant.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

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

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

There were no transfers between levels during the year. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

ii. Valuation techniques used to derive fair values

Land (level 2 and level 3) - includes freehold land irrespective of what is on it and its purpose.

Land fair values were determined by independent valuer, Herron Todd White as at 30 June 2017. Level 2 valuation inputs have been used where comparable sales evidence is available and meaningful comparison is possible without significant adjustment or analysis of the evidence or significant professional judgement by the valuer. This would apply to standard residential, commercial and industrial sites throughout the region. Sales evidence is sourced from data resellers such as RP Data, real estate agents and also gathered as part of normal business processes as property valuers.

Level 3 sites have limited or comparable sales evidence to compare to and typically have limited uses, may be uncleared or comprise an access restriction or drainage reserve. Sales evidence is still used as a basis for the assessment however significant adjustments and professional judgement are required to be used by the valuer.

An indexation review was undertaken by Cardno Pty Ltd as at 30 June 2020 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2021.

Level	2020	2019
Non-specialised land (level 2)	\$ 9,736,299	\$ 9,315,071
Specialist land (level 3)	\$ 5,860,040	\$ 5,811,066
Total land	\$ 15,596,339	\$ 15,126,137

16 Property, plant and equipment (continued)

ii. Valuation techniques used to derive fair values (continued)

Buildings (level 2 and 3) - any building structure that requires a building approval and is not a structure required to deliver business unit service (Water, Sewerage, Waste).

Building values were determined by independent valuer, Herron Todd White as at 30 June 2017.

Where there is a market for Council building assets, they are categorised as non-specialised buildings and fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. Council's rental properties fall within this category.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined using the written down current replacement cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The main level 3 inputs used are derived and evaluated as follows:

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account of any accumulated depreciation. Replacement cost is determined by actual construction or purchase prices for recent projects, Rawlinson's Construction Guide or similar guides, benchmarking against other valuations, and valuer databases. Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as useful life and pattern of consumption of the future economic benefit. The consumption rating schedules were based on the past experience of the valuation firm and industry guides.

Buildings with a direct relationship to Waste functions, Parks and Natural Assets and Transport, are reported under these classes.

An indexation review was undertaken by Cardno Pty Ltd as at 30 June 2020 who determined that an indexation of 5.6% be applied. This is the cumulative increase since the last revaluation.

The next full valuation is expected to be undertaken by 30 June 2021.

Level	2020	2019
Non-specialised buildings (level 2)	\$ 5,618,183	\$ 5,437,947
Specialist buildings (level 3)	\$ 74,168,389	\$ 72,242,297
Total buildings	\$ 79,786,572	\$ 77,680,244

Infrastructure assets (level 3)

All Council infrastructure assets are fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take into account of the expired service potential of the asset.

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

The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

- a) Transport** - predominantly includes public roads, kerb and channelling, medians, road bridges, pedestrian bridges on roadside pathways or principal off road networks, road drainage (rural areas), on road car parking, guardrails, floodways, retaining structures (supporting transport access) and bus shelters.

Current replacement cost

The current replacement cost of Council's transport network was determined by Council engineers in association with the Roads and Transport Alliance and Lemmah Pty Ltd as at 30 June 2019.

Rates are based on average unit rates applied to the relevant components of each asset subclass. Rates are determined through direct cost of inputs such as labour and raw materials, by reference to industry standards, and by using cost guides such as Rawlinson's Construction Handbook or similar. Soil, climatic and topographic factors are also considered. Determined rates are verified against recent projects, consultation with Council staff and additional Council data from the region.

16 Property, plant and equipment (continued)

ii. **Valuation techniques used to derive fair values (continued)**

a) **Transport (continued)**

Accumulated depreciation

Under the written down current replacement cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as useful life and pattern of consumption of the future economic benefit. The consumption rating scales are determined by the experience and understanding of the assets, together with the level of remaining service potential by Council's own engineers and asset management staff.

An indexation review was undertaken by Cardo Pty Ltd as at 30 June 2020 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2024.

b) **Stormwater networks - predominantly drainage assets in urban areas as defined by the Cassowary Coast Regional Council planning scheme, including floodgates, pits, piles, headwalls and cross road culverts.**

Current replacement cost

Current replacement cost as at 30 June 2017 was determined by Council engineers using unit rates developed in conjunction with external consultants and independent valuer Lemmah Pty Ltd. Assets are disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives. Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

An indexation review was undertaken by Cardo Pty Ltd as at 30 June 2020 who determined that an indexation of 5% be applied. This is the cumulative increase since the last revaluation.

The next full valuation is expected to be undertaken by 30 June 2022.

c) **Water and sewerage - predominantly all assets required to deliver potable water services and all assets required to deliver sewerage (waste water) services. It also includes all buildings and access roads that relate to access to water and sewerage facilities.**

Current replacement cost

Current replacement cost at 30 June 2020 was determined by independent valuer Aurecon Group Pty Ltd. Current replacement cost was calculated based on expected replacement costs of modern equivalents or required service capacity. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Assets are disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.

The methodology in determining the componentisation was also reviewed and applied to reflect a more accurate representation of the useful lives of the assets and modern equivalents.

The revaluation result is reflected in the table at the beginning of Note 16.

The next full valuation is expected to be undertaken by 30 June 2025.

16 Property, plant and equipment (continued)

ii. Valuation techniques used to derive fair values (continued)

d) *Waste - predominantly all buildings, landfills and site improvements that form part of the solid waste service.*

Current replacement cost

Waste assets were determined by independent valuer, Cardno (QLD) Pty Ltd effective 30 June 2017. Fair value was derived by reference to Council's available drawings and recent constructions and rehabilitations costs together with valuer databases, building price index tables, Rawlinson's Australian Construction Handbook and supplier quotations.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Appropriate assets are disaggregated into significant components.

An indexation review was undertaken by Cardno Pty Ltd as at 30 June 2020 who determined that an indexation of 5% be applied. This is the cumulative increase since the last revaluation.

The next full valuation is expected to be undertaken by 30 June 2022.

e) *Marine facilities - predominantly all coastal erosion protection structures (seawalls, jetties, pontoons, boat ramps, harbour infrastructure and off road carparks) that exist only to serve a marine facility.*

Current replacement cost

Current replacement cost at 30 June 2016 was determined by independent valuer Cardno (QLD) Pty Ltd. Current replacement cost was calculated based on expected replacement costs. In certain cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life. Unit rates were derived by taking into consideration Council's available drawings and reconstruction/rehabilitation costs. Other sources included Cardno databases, scheduled construction rates, cost curves, Building Price index tables, Rawlinson's Australian Construction handbook and supplier quotations.

Accumulated depreciation

In determining accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Appropriate assets are disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.

Perry Harvey Jetty has been impaired from February 2019 due to the decision to discontinue the use of the asset in the future. An impairment loss of \$3,046,842 was recognised through the asset revaluation surplus in 2018/19.

A review was undertaken by Cardno (QLD) Pty Ltd as at 30 June 2020 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by 30 June 2021.

f) *Recreation and natural areas - predominantly parks embellishments, internal roads, site improvements, paths in park areas that are not part of the principal pathway network and off road car parking that services multiple assets or uses.*

Current replacement cost

Current replacement cost as at 30 June 2018 was determined by Council engineers using unit rates developed in conjunction with external consultants and independent valuer GenEng Pty Ltd. Assets are disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

Accumulated depreciation

In determining the level of accumulated depreciation, the assets were disaggregated into significant components which exhibited different useful lives. Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

A review was undertaken by Cardno Pty Ltd as at 30 June 2020 who determined that there was no material change during the financial year which would affect these assumptions or valuation.

The next full valuation is expected to be undertaken by June 2023.

iii Heritage assets

Included in the Building Assets, Water Assets and Recreation and Natural Area Assets are 4 structures, which are listed on the State Heritage Register. These assets are reported at their fair value which reflects the best use of the assets as at 30 June 2020.

17 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 or 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.

Contract assets and liabilities have arisen on adoption of AASB15 and AASB1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.

	2020 \$
Contract assets	
Council does not have any contract assets for the current financial year.	-
Contract liabilities	
Grant funding received up front to construct Council assets	3,626,621
Grant funding received up front with specific performance obligations	260,733
	<u>3,887,354</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	
Grant funding received up front to construct Council assets	3,656,349
Grant funding received up front with specific performance obligations	557,765
	<u>4,214,114</u>

18 Leases

Council as a lessee

Council has a small number of leases in place over buildings and land. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability are recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right of use assets are measured using the cost model where cost on initial recognition comprises: lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right of use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the Asset Accounting Policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Exceptions to lease accounting

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

Leases at significantly below market value or concessionary leases

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

Terms and conditions of leases

Buildings

Council leases building space for the purpose of archive storage. The lease commenced in 2014 for 3 years with an additional 2 renewal options, each of 3 years. The next renewal option commences in December 2020 which Council is reasonably certain to exercise. The lease amount for each option is subject to annual CPI increases.

Land

Council leases land from the State Government at 2 sites. One is a perpetual lease with the lease payments based on the 3 year average rental value of the land. The annual payment is recalculated annually. It is anticipated that this site will be purchased outright by Council within the next 12 months. The other is the site for the Tully water intake with a lease term for 20 years. Lease payments are calculated on the 3 year average rental value of the land.

18 Leases (continued)

Right of use assets

	Building \$	Land \$	Total \$
Adoption of AASB16 at 1 July 2019	80,908	67,997	148,905
Depreciation charge	(17,980)	(26,257)	(44,237)
Balance at 30 June 2020	62,928	41,740	104,668

Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

< 1 year \$	1-5 years \$	> 5 years \$	Total \$
39,992	59,450	10,320	109,762

Current liabilities
Non current liabilities
Total as per Statement of Financial Position

\$
3,619
103,921
107,540

Liabilities not recognised - extension options

For building leases, Council includes extension options which can be exercised at Council's discretion. At each reporting date, Council assesses whether it is reasonably certain that the extension options will be exercised based on current operations and Council strategy.

There are \$75,177 in potential future lease payments which are not included in the lease liability as the exercise of the option has been assessed as not reasonably certain.

Amounts included in the statement of comprehensive income related to leases

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee.

	\$
Interest on lease liabilities	1,927
Depreciation of right of use assets	44,237
Expenses relating to short-term leases	4,404
Expenses relating to low-value lease assets	3,389
	53,957
Total cash outflows for leases	51,084

Leases at significantly below market value - concessionary or peppercorn leases

Council does not have any leases that are below market value.

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 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.

Properties leased by Council to other parties are considered operating leases. Council does not own any investment properties which are subject to further disclosures.

	2020	2019
	\$	\$
19 Payables		
Current		
Creditors and accruals	6,240,901	7,725,776
Accrued salary and wages	175,142	634,814
Annual leave entitlement	3,327,836	2,926,126
Sick leave entitlements	741,659	784,386
Other entitlements	227,314	193,053
	<u>10,712,852</u>	<u>12,264,155</u>

Creditors and accruals

Creditors are recognised upon invoice of the goods or services ordered and are measured at the invoiced price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and generally settle on 30 day terms.

Accrued salary and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Annual leave entitlement

This represents amounts expected to be settled within 12 months which are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Sick leave entitlements

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Other entitlements

This represents liabilities for time in lieu and accumulated rostered days off which are calculated at current pay rates.

20 Other liabilities

Prepayments

This represents liabilities for prepaid rates and other regulatory fees received in advance.

Waste levy refund received in advance

The State government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste levy. Council is liable to the State for payment of the levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds Council for the portion of the levy that relates to households. Council funds the portion of the levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 was a refund of Council's 2019-20 levy expense, the full amount was recognised as a liability at 30 June 2019 and utilised during the current financial year.

Prepaid rates	3,160,842	-
Prepaid other regulatory fees and charges	56,478	-
Waste levy refund received in advance	-	1,142,323
	<u>3,217,320</u>	<u>1,142,323</u>

	2020 \$	2019 \$
21 Provisions		
Current		
Employee provision	-	216,607
Long service leave	3,231,063	2,997,573
Refuse restoration	29,928	113,957
	<u>3,260,991</u>	<u>3,328,137</u>
Non-current		
Long service leave	456,889	444,709
Refuse restoration	10,127,234	9,968,902
	<u>10,584,123</u>	<u>10,413,611</u>
Movements in non-employee benefit provisions:		
Refuse restoration		
Balance at beginning of financial year	10,082,859	10,064,838
Increase (decrease) in provision due to unwinding of discount	10,494	(224,135)
Provision utilised	(32,459)	(74,349)
Increase (decrease) in provision due to change in inflation rate	(1,742,359)	(971,945)
Increase (decrease) in provision due to change in discount rate	356,399	821,719
Increase in provision due to change of estimate	1,482,228	466,731
Balance at end of financial year	<u>10,157,162</u>	<u>10,082,859</u>

Employee provision

Council's EBA negotiations were still progressing at 30 June 2019 with the provision representing an estimate of the expected funds required since the negotiations began. The EBA bargaining was resolved as at the reporting date, with the provision being fully utilised.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment which would result in 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.

Refuse restoration

A provision is made for the cost of restoration in respect of refuse dumps where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, inflated using the Reserve Bank of Australia's break-even 10 year inflation rate, then discounted to current day values using the Commonwealth Government Bond yield rates.

The provision represents the present value of the 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.

The provision relates to the restoration and maintenance of 3 sites with various cells. An additional amount has been included in the current reporting period for the maintenance costs associated with closed sites. Management estimates that the costs of restoration will be incurred in 2030 (\$7,574,069) and 2040 (\$2,750,000). The balance of the funds relates to the continued maintenance of all of the sites. Base estimates have been increased using the Reserve Bank of Australia's break-even 10 year inflation rate of 1% (2019: 1.4%) and discounted using Commonwealth Government Bond yield rates averaging 1.37% (2019: 1.5%).

	2020	2019
	\$	\$

22 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. Movements in the asset revaluation surplus are disclosed in Note 16.

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

Buildings	23,063,083	18,831,949
Transport	378,128,365	378,128,365
Stormwater network	26,499,455	24,331,056
Water	64,493,719	69,164,487
Sewerage	56,707,474	41,922,520
Waste	293,421	-
Marine facilities	2,458,968	2,458,968
	<u>551,644,485</u>	<u>534,837,345</u>

23 Contractual commitments

Contractual commitments at the end of the financial year but not recognised in the financial statements (GST inclusive). Contracts subject to an annual CPI increase have been estimated based on the Reserve Bank of Australia's break-even 10 year inflation rate of 1% (2019 1.4%).

Commitment categories

Pool operations and swimming enclosures	1,163,824	1,162,409
Construction	9,810,460	10,558,886
Cleaning	437,973	747,350
Internal audit services	64,167	119,167
IT support and maintenance	2,897,409	341,402
Property purchase	-	531,926
Waste disposal	8,350,430	11,966,708
Miscellaneous contracts	511,981	341,868
Miscellaneous purchase orders issued	6,118,329	4,962,349
	<u>29,354,573</u>	<u>30,732,065</u>
Completion within one year	16,888,743	18,701,648
Completion within one to five years	12,465,830	12,030,417
	<u>29,354,573</u>	<u>30,732,065</u>

24 Trust funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds for security deposits lodged to guarantee performance and the balance of the Mayor's Christmas appeal. The Council performs only a custodian role in respect of the monies and because the monies cannot be used for Council purposes, they are not considered revenue or brought to account in the financial statements as Council has no control over the assets.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	-	349
Security deposits	415,700	407,339
	<u>415,700</u>	<u>407,688</u>

	2020 \$	2019 \$
25 Reconciliation of net result for the year to net cash inflow from operating activities		
Net result	4,391,176	61,559
Non cash items:		
Depreciation and amortisation	26,823,037	26,860,673
Revaluation decrement	-	2,011,794
	<u>31,214,213</u>	<u>28,934,026</u>
Investing and development activities:		
Loss on disposal of non-current assets	8,630,959	6,819,564
Capital grants and contributions	(16,496,704)	(11,178,581)
Changes in accounting policy	(7,767,711)	-
	<u>(15,633,456)</u>	<u>(4,359,017)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(1,739,981)	54,770
(Increase)/ decrease in other assets	(417,351)	-
(Increase)/decrease in inventory	(74,473)	(130,484)
Increase/(decrease) in payables	(1,551,303)	(1,914,094)
Increase/(decrease) in contract liabilities	3,887,353	-
Increase/(decrease) in other liabilities	2,074,997	1,142,323
Increase/(decrease) in provisions	103,366	(257,151)
	<u>2,282,608</u>	<u>(1,104,636)</u>
Net cash inflow from operating activities	<u>17,863,365</u>	<u>23,470,373</u>

26 Reconciliation of liabilities arising from financing activities

No finance leases or loans were in place for the year ended 30 June 2019.

Lease liabilities

As at 30 June 2019	-
Change in accounting policy	148,905
Cash flows	(41,364)
As at 30 June 2020	<u>107,541</u>

27 Opening balance adjustment

Intangibles

As part of the annual review of the Intangible asset register it was noted that expenditure on a particular software item was inadvertently treated as operational expenditure. This item has been brought in as intangible assets as at 1 July 2019 and an adjustment made to retained surplus.

	As at 1 July 2019	As at 1 July 2018
Gross value added	330,284	-
Accumulated depreciation	(144,919)	-
Net increase to intangible assets	<u>185,365</u>	-

Plant and equipment

As part of the annual stocktake it was discovered that a number of fleet assets had been received but not commissioned in the asset register. These assets were added as at 1 July 2019 and an adjustment made to retained surplus

	As at 1 July 2019	As at 1 July 2018
Gross value added	431,752	-
Accumulated depreciation	(310,569)	-
Net increase to plant and equipment	<u>121,183</u>	-

27 Opening balance adjustment (continued)

	As at 1 July 2019	As at 1 July 2018
Water		
As part of the 2019/20 water revaluation process, assets were identified which should have been disposed of in previous financial years. These assets were disposed of as at 1 July 2019 and an adjustment made to retained surplus.		
Gross value	(923,750)	-
Accumulated depreciation	433,420	-
Net decrease in water assets	<u>(490,330)</u>	<u>-</u>
Sewerage		
As part of the 2019/20 sewerage revaluation process, assets were identified which should have been disposed of in previous financial years. These assets were disposed of as at 1 July 2019 and an adjustment made to retained surplus.		
Gross value	(95,726)	-
Accumulated depreciation	40,262	-
Net decrease in sewerage assets	<u>(55,464)</u>	<u>-</u>
Total opening balance adjustments		
Net decrease to property, plant and equipment	(424,611)	-
Net increase to intangibles	185,365	-
Net decrease to retained surplus	239,246	-

28 Contingent liabilities

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

Legal costs

Based on advice from Council's solicitors, there are pending legal proceedings that may result in additional legal costs being incurred by Council to resolve these matters. A reliable estimate of these legal costs is unable to be determined.

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 and it is not anticipated that any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there were 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 \$675,401 (2019: \$672,464).

The latest audited financial statements for Local Government Workcare are as at 30 June 2019 and show accumulated member funds (equity) of \$49,217,850.

29 Superannuation

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

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

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

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

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

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

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

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

- Investment risk

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

- Salary growth risk

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

The fund has assessed the impact of COVID and there is considered to be no material impact.

	Note	2020 \$	2019 \$
Superannuation contributions made to the Regional Defined Benefits Fund		137,059	169,755
Other superannuation contributions for employees		2,560,036	2,314,729
Total superannuation contributions paid by Council for employees:	6	<u>2,697,095</u>	<u>2,484,484</u>

30 Changes in accounting policy

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

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

The impact 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 former accounting standards and pronouncements.
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modifications were minor.

Changes that occurred were due to:

- Prepaid rates and other debtor charges now recorded as a financial liability.
- Recognition of grant revenue within the scope of *AASB 15*.
- Recognition of grant revenue for acquisition or construction of assets controlled by Council.

Opening contract balances on transition at 1 July 2019 were as follows:

	Other liabilities \$	Contract liabilities \$	Total \$
Under <i>AASB 15</i>	2,819,980	734,911	3,554,891
Under <i>AASB 1058</i>	-	4,212,820	4,212,820
	<u>2,819,980</u>	<u>4,947,731</u>	<u>7,767,711</u>

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

The following table shows the amount by which the financial statement line items are affected by the application of *AASB 15* and *AASB 1058* 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 Dr/(Cr) \$
Receivables	10,206,239	(3,217,320)	6,988,919
Contract liabilities	(3,887,354)	3,887,354	-
Other liabilities	(3,217,320)	3,217,320	-
Retained surplus	(666,935,912)	3,887,354	(663,048,558)
	<u>(663,834,347)</u>	<u>7,774,708</u>	<u>(656,059,639)</u>

Statement of Comprehensive Income for the year ended 30 June 2020

	Balance per Statement of Comprehensive Income Dr/(Cr) \$	Adjustments Dr/(Cr) \$	Carrying amount if previous standards had been applied Dr/(Cr) \$
Revenue - operating			
Rates, levies	(64,868,812)	(351,794)	(65,220,606)
Fees and charges	(2,794,469)	(11,357)	(2,805,826)
Grants	(7,183,077)	-	(7,183,077)
Revenue - capital	(16,496,704)	1,060,378	(15,436,326)
	<u>(91,343,062)</u>	<u>697,227</u>	<u>(90,645,835)</u>

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

30 Changes in accounting policy (continued)

Lease standard - AASB 16

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor.

Under AASB 16 there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

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

Practical expedients used on transition to AASB 16 include:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Queensland Treasury Corporation (QTC)'s variable borrowing rate as at 1 July 2019 as Council does not have any loans.
- Right of use assets as at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- Leases with an expiry date prior to 30 June 2020 have been excluded from the Statement of Financial Position.
- Hindsight was used when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of adopting AASB 16 at 1 July 2019

Council has recognised right of use assets and lease liabilities of \$148,905 as at 1 July 2019 for leases previously classified as operating leases.

The weighted average incremental borrowing rate applied to lease liabilities at 1 July 2019 was 1.595%.

	\$
Operating lease commitment at 30 June 2019	97,195
Discounted using the incremental borrowing rate	94,097
Add	
Extension options reasonably certain to be exercised not included in the commitments note	54,808
Lease liabilities recognised at 1 July 2019	148,905

31 Events after the reporting period

Impacts from the COVID-19 pandemic

Council has assessed the impact of the COVID-19 pandemic on its financial statements for the current year, and further impacts are expected to continue into 2020-21.

Council undertook the following key actions during the current year in response to the COVID-19 Pandemic, some of which will also impact the financial results for the 20-21 financial year:

- Council placed a hold on external debt recovery until 30 June 2020 and files are now being reviewed on a case by case basis prior to commencement of external debt recovery.
- Housing rental annual increases will be reviewed in October 2020 or as new tenancy applications are received. No financial assistance or incentives have been identified and adopted by Council as part of COVID-19 relief measures.
- Councillors have waived a 2% wage increase as provided for by the Remuneration Tribunal for 2020-21, saving Council \$11,179;
- Ratepayers have been provided an extended discount period from 30 days to 60 days for the first rating period in 2020-21. This relief is estimated to cost \$22,500 for Council.
- Interest on outstanding rates has been reduced to 31 December 2020 for those ratepayers who can demonstrate financial hardship. No relief has been provided to 30 June 2020 but is expected to be \$65,000 in the 2020-21 year.
- Council has adopted a rates concession for sewerage charges across certain categories that have been issued for the first 6 months of 2020-21 ranging from 25% to 100% for this period. This relief is estimated to be \$200,000 in the 2020-21 year.
- Council has provided discounts to particular fees and charges for businesses which are deemed to be impacted by COVID-19 in the 2020-21 year. The relief is estimated to be \$98,000 in the 2020-21 year.

The impact of these measures is not material to the 2019-20 financial statements of Council and is not anticipated to be material for the 2020-21 financial year at this stage. However, this may vary due to the spread and restrictions imposed by Queensland Health.

32 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

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

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

Credit risk

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

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

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

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

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

Cash and cash equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund. 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. 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

Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, therefore Council generally does not impair any rate receivables. In effect this power protects Council against credit risk in the case of defaults. Specific provisions have been made for unpaid rates on leased properties as well as a property in which the current land valuation would not recover the outstanding rates.

In other cases, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

The exposure to credit risk for receivables by type of counterparty was as follows (refer to Note 12 for further details) :

	2020	2019
	\$	\$
Rateable revenue and utility charges	7,348,330	6,762,561
Other Debtors	144,844	99,888
Lease arrangements	70,882	1,814
Statutory charges	163,963	279,805
Grants	1,631,851	44,355
Government entities	846,369	1,277,835
	<u>10,206,239</u>	<u>8,466,258</u>

32 Financial instruments and financial risk management (continued)

(a) Financial assets and financial liabilities (continued)

Accounting Policies - Receivables

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

Accounting Policies - Grouping

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. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 5 distinctive groupings of its receivables: Rates & Charges, Statutory Charges, Grants, Lease Arrangements and Other Debtors.

Rates and charges: This group of receivables possess a credit enhancement. Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts. This results in immaterial Expected Credit Losses (ECL). Council does not normally impair rates and charges. Impairment will exist only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property. This has occurred for one particular property and therefore an impairment provision has been made.

Statutory charges: In some limited circumstances Council may write off impaired statutory charges. This revenue generated through legislative provisions and the amounts are not considered to be material. Council does not calculate ECL for statutory charges.

Grants payable by State and Commonwealth governments and their agencies: A credit enhancement exists as these payments are effectively Government guaranteed and both the State and Commonwealth Governments have high credit ratings. Accordingly, Council the level of credit risk exposure to be immaterial. Council does not calculate ECL for grants.

Lease arrangements: These have been identified as a separate debtor group, as the underlying nature of the income streams aren't either statutory receivables or trade receivables. Council has elected to use the simplified approach for lease arrangements. Internal historical data shows that normally defaults for this grouping are immaterial. Council does not normally calculate ECL for lease arrangements. However the possibility of default has occurred for one particular lessee and therefore an impairment provision was made as at 30 June 2019. This debt has now been written off.

Other debtors: Council identifies other debtors as receivables which are not rates and charges, statutory charges, lease arrangements or grants.

Disclosure - credit risk exposure and impairment of receivables

Council uses a provision matrix to measure the expected credit losses on other debtors. Loss rates are calculated separately for groupings with similar loss patterns. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions from the last 3 years for each group. Impairments to rates and charges and lease arrangements, relate specifically to individual debtors.

Disclosure - Forward looking adjustments to impairment of receivables

In Council's statements after reviewing macro economic conditions, Council has considered the impact of COVID19 on its ability of customers to meet their financial commitments. Council has therefore accordingly factored in this impact to its forward looking adjustments.

Expected credit loss assessment

Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Write offs throughout the year

All amounts that were written off during the reporting period and are no longer subject to enforcement activity. No other amounts were written off for other categories. Refer to note 12 for details of the movements.

32 Financial instruments and financial risk management (continued)

(a) Financial assets and financial liabilities (continued)

End of period expected credit losses for receivables

For year ended 30 June 2020

Receivables	Ageing	Closing Balance 30.06.20	Historical probability of default	Loss given default	Lifetime Expected Credit Loss
Rates and charges - one particular property owner in default	90 days past due	8,373,364	12.13%	100%	\$ 1,016,039
Other debtors	Current	142,220	9.21%	100%	\$ 13,099
	30 days past due	7,969	17.65%	100%	\$ 1,407
	60 days past due	203	18.75%	100%	\$ 38
	90 days past due	53,076	100.00%	100%	\$ 53,075
Total receivables subject to impairment		\$ 8,576,832			\$ 1,083,658

For year ended 30 June 2019

Receivables	Ageing	Closing Balance 30.06.19	Historical probability of default	Loss given default	Lifetime Expected Credit Loss
Rates and charges - one particular property owner in default	90 days past due	7,239,768	6.59%	100%	\$ 477,208
Lease arrangements - one specific lease arrange in default	Current	(5,066)	0.00%	100%	-
	30 days past due	1,131	0.00%	100%	-
	60 days past due	(200)	0.00%	100%	-
	90 days past due	426,189	98.66%	100%	420,239
Other debtors	Current	90,880	9.21%	100%	\$ 8,424
	30 days past due	3,205	17.65%	100%	\$ 566
	60 days past due	18,206	18.75%	100%	\$ 3,413
	90 days past due	27,309	100.00%	100%	\$ 27,309
Total receivables subject to impairment		\$ 7,801,422			\$ 937,159

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

Council has an overdraft facility with a limit of \$150,000 approved with the Commonwealth Bank. This facility remained fully undrawn at 30 June 2020 and is available for use in the next reporting period.

Market risk

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

Interest rate risk

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

Sensitivity

Council's sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables were held constant is \$133,425 (2019: \$537,770). This value is based on the net carrying amount at the reporting date of Council's cash at bank (excluding petty cash) and deposits at call (QTC cash fund).

(b) Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Measurement of fair value

The valuation technique used in measuring other financial liabilities is discounted cash flows. This valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

33 Transactions with related parties

Entities related to Council

Council does not have any subsidiaries or joint ventures with other parties and therefore no related parties of this kind to declare.

Council does have representation on the Cassowary Coast River Improvement Trust (CCRIT). Council is represented in the membership of the Trust pursuant to the *River Improvement Act 1940* and legislated to provide an annual precept.

Cassowary Coast River Improvement Trust

Details of transactions	2020 \$	2019 \$
Annual precept	130,000	100,000

Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and Directors. The compensation paid to KMP for 2019/2020 comprises:

Details of transactions	2020 \$	2019 \$
Short-term employee benefits	1,909,139	1,841,606
Post-employment benefits	208,515	194,518
Long-term benefits	17,473	30,473
Termination benefits	241,038	52,470
Total	2,376,165	2,119,067

Council in 2017/18 agreed to fund legal expenses associated with a pending legal matter of a KMP. No costs attributed directly to the KMP could be reliably measured during this reporting period and the 18.19 financial year due to the counter-claims and other aspects of this matter which Council is a party to.

Council funded Office of Independent Assessor (OIA) related legal expenses associated with KMPs totalling \$37,206 for this reporting period. No costs were incurred during the 18.19 financial year.

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 disclosed below:

i) The fees and charges charged to entities controlled by KMP were on an arms's length basis in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes the following:

Fees and charges	2020 \$	2019 \$
Fees and charges relating to concert tickets, venue hire, fines and property search	477	566
Plumbing and drainage applications, building applications	510	2,280
TOTAL	987	2,846

ii) No Infrastructure charges were incurred by entities controlled by KMP:

iii) 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. Council employs 317 people (2019: 321) of which only 4 (2019: 3) are close family members of key management personnel.

Employee expenses	2020 \$	2019 \$
Close family members of key management personnel TOTAL	267,222	226,117

33 Transactions with related parties (continued)

iv) The following materials and services were purchased from entities controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations.

Materials and services	Relationship	Related Party	Position Held	2020 \$	2019 \$
Larsens Newsagency	Company Director	John Kremastos	Outgoing Mayor	15,254	23,062
Tropical Home Care	Relative	John Kremastos	Outgoing Mayor	10,406	9,943
RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Outgoing Councillor	41,738	5,104
Innisfail Seafood	Company Director	Ben Heath	Outgoing Councillor	78	130
Cassowary Coast Business Women's Network	Secretary	Anne Pleash	Executive Manager	1,240	-
Cassowary Coast River Improvement Trust	Trust Entity	CCRC		-	101,021
			TOTAL	68,716	139,260

Council's Chief Financial Officer, Mr. Gurbindar Singh, has declared that as at the reporting date he was a Director on the Board of Bendigo Bank (Mission Beach). Bendigo Bank provides investment opportunities to Council. Mr Singh has also declared a conflict of interest and as such decisions to invest with this institution are made independently of Mr. Singh.

v) No key management personnel services were provided by a related party.

Outstanding balances

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

Receivables	Relationship	Related Party	Position Held	2020 \$	2019 \$
Current - Gurbindar Singh		Gurbindar Singh	Chief Financial Officer	-	180
			TOTAL	-	180

Payables	Relationship	Related Party	Position Held	2020 \$	2019 \$
Current - RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Outgoing Councillor	1,291	995
Current - Larsens Newsagency	Company Director	John Kremastos	Outgoing Mayor	1,075	8,985
Current - Tropical Home Care	Relative	John Kremastos	Outgoing Mayor	-	1,024
			TOTAL	2,366	11,004

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

Loans and guarantees to/from related parties

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

Commitments to other related parties

Supplier/Tender details	Relationship	Related Party	Position Held	2020 \$	2019 \$
RKT Holding Pty Ltd T/a Tully Office Supplies	Company Director	Rick Taylor	Outgoing Councillor	-	8,375
			TOTAL	-	8,375

33 Transactions with related parties (continued)

Transactions with related parties that have not been disclosed

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

- payment of rates
- use of public swimming pools within the region
- dog registrations
- fines on normal terms and conditions
- purchase of tickets to public functions
- borrowing books from the Council libraries

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

34 National Competition Policy

Council has resolved to apply the competitive code of conduct to Water and Sewerage activities for the 2019/20 financial year. It was not disclosed in the 18/19 financial year as Council did not meet the legislated thresholds.

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

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

Water and Sewerage Activity Statement

	2020
	\$
Revenue for services provided to Council	-
Revenue for services provided to external clients	23,591,776
Community service obligations	377,522
	<u>23,969,298</u>
Less Expenditure	
Employee costs	3,820,051
Materials	3,855,672
Other expenses	5,480,948
Depreciation	9,271,483
	<u>22,428,154</u>
Surplus/(deficit)	<u><u>1,541,144</u></u>

Description of CSOs provided to water and sewerage activities:

CSO Description	Net Cost
	\$
Water	
Initial call out and inspection for water leak not charged	15,736
Concession for water consumption	296,184
Sewerage	
Initial call out and inspection for water leak not charged	3,498
Sewerage concessions to Not for Profit organisations	62,104
	<u><u>377,522</u></u>

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 38, present a true and fair view, in accordance with Australian Accounting Standards, of Council's transactions for the financial year and financial position at the end of the year.

Mayor
Cr. Mark Nolan

Chief Executive Officer
Mr. James Gott

Date:

Date:

FINANCIAL SUSTAINABILITY

- * **Current Year Financial Sustainability Statement**
- * **Certificate of Accuracy - for the Current Year Financial Sustainability Statement**
- * **Independent Auditor's Report**
- * **Unaudited Long-Term Financial Sustainability Statement**
- * **Certificate of Accuracy - for the Long-Term Financial Sustainability Statement**

Cassowary Coast Regional 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:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	131%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-26%	Not greater than 60%

Note 1 - Basis of Preparation

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

Certificate of Accuracy

For the year ended 30 June 2020

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

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

Mayor
Cr. Mark Nolan

Date:

Chief Executive Officer
Mr. James Gott

Date:

Measures of Financial Sustainability

Ratio	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Measure	Net result divided by total operating revenue	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Total liabilities less current assets divided by total operating revenue
Target	Between 0% and 10%	Greater than 90%	Not greater than 60%
Actuals as at 30 June 2020	-4%	131%	-26%
30 June 2021	0%	121%	-37%
30 June 2022	0%	99%	-35%
30 June 2023	0%	87%	-33%
30 June 2024	0%	93%	-30%
30 June 2025	0%	95%	-26%
30 June 2026	0%	86%	-30%
30 June 2027	0%	81%	-32%
30 June 2028	0%	82%	-37%
30 June 2029	0%	72%	-40%
30 June 2030	0%	76%	-46%

Cassowary Coast Regional Council's Financial Management Strategy

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

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

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

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

Mayor
Cr. Mark Nolan

Chief Executive Officer
Mr. James Gott

Date:

Date:

Appendix I (cont.)

Cassowary Coast Regional Council Budget Paper 2021/22 Statement of Cash Flows											
Year Ended	Jun-21 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-24 \$'000	Jun-25 \$'000	Jun-26 \$'000	Jun-27 \$'000	Jun-28 \$'000	Jun-29 \$'000	Jun-30 \$'000	Jun-31 \$'000
Cash flows from operating activities											
Receipts from customers	71,602	73,089	75,356	77,211	79,046	81,030	83,050	85,155	87,217	89,429	91,665
Payments to suppliers and employees	(58,309)	(57,643)	(54,554)	(55,636)	(56,956)	(58,551)	(60,097)	(61,685)	(63,326)	(65,208)	(66,986)
Interest received	993	991	1,242	1,337	1,373	1,509	1,701	1,753	1,848	1,905	1,982
Rental income	951	987	968	987	1,008	1,032	1,058	1,084	1,111	1,139	1,167
Non-capital grants and contributions	10,315	7,792	6,789	6,768	6,910	7,073	7,249	7,433	7,613	7,806	8,001
Borrowing costs	-	(28)	(49)	(42)	(35)	(29)	(22)	(15)	(10)	(7)	(4)
Net cash inflow from operating activities	25,552	25,188	29,753	30,625	31,345	32,064	32,939	33,726	34,453	35,064	35,826
Cash flows from investing activities											
Payments for property, plant and equipment	(36,913)	(35,226)	(39,771)	(30,149)	(35,729)	(30,104)	(34,391)	(29,723)	(33,038)	(34,727)	(29,755)
Payments for intangible assets	-	(200)	(300)	(200)	(300)	(200)	(300)	(200)	(300)	(200)	(300)
Proceeds from sale of property, plant and equipment	735	-	-	-	-	-	-	-	-	-	-
Grants, subsidies, contributions and donations	16,052	3,922	3,264	1,836	3,250	1,000	2,550	1,000	1,000	1,000	1,000
Other cash flows from investing activities	24,000	-	-	-	-	-	-	-	-	-	-
Net cash inflow from investing activities	3,873	(31,505)	(36,807)	(28,514)	(32,779)	(29,304)	(32,141)	(28,923)	(32,338)	(33,927)	(29,055)
Cash flows from financing activities											
Proceeds from borrowings	3,000	1,795	-	-	-	-	-	-	-	-	-
Repayment of borrowings	-	(416)	(589)	(595)	(602)	(609)	(616)	(620)	(183)	(186)	(189)
Net cash inflow from financing activities	3,000	1,379	(589)	(595)	(602)	(609)	(616)	(620)	(183)	(186)	(189)
Total cash flows											
Net increase in cash and cash equivalent held	32,426	(4,938)	(7,643)	1,516	(2,036)	2,152	182	4,183	1,931	952	6,582
Opening cash and cash equivalents	13,350	45,776	40,838	33,195	34,711	32,675	34,827	35,009	39,193	41,124	42,076
Closing cash and cash equivalents	45,776	40,838	33,195	34,711	32,675	34,827	35,009	39,193	41,124	42,076	48,657

Archived: Monday, 13 December 2021 3:00:32 PM
Subject: FW: CDG1654 - Cardwell Sewage Treatment Plant
Sensitivity: Normal

From: s22
Sent: Thursday, 4 November 2021 9:23 AM
To: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>
Subject: RE: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

OFFICIAL

Thanks Daniel – let me see how I go and I will be in touch if I need more

Best wishes

s22

OFFICIAL

From: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>
Sent: Wednesday, 3 November 2021 5:09 PM
To: s22 @infrastructure.gov.au>
Cc: Goodman, David <David.Goodman@ccrc.qld.gov.au>; Graffen, Andrew <Andrew.Graffen@ccrc.qld.gov.au>
Subject: RE: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

Good afternoon 22

Thank you for your response below and follow up questions. I hope it is ok, I have provided responses to the questions in your email below. I am happy to discuss with you over the phone if you need more details.

Kind regards,

Daniel Bradford

Business Opportunities and Improvement Lead | Cassowary Coast Regional Council

P: 07 4030 2213 M: 0419 942 191

E: daniel.bradford@ccrc.qld.gov.au | W: www.cassowarycoast.qld.gov.au

PO Box 887, Innisfail QLD 4860

#SILENT

#ECMBODY

From: s22 @infrastructure.gov.au>
Sent: Thursday, 28 October 2021 9:24 AM
To: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>
Subject: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

OFFICIAL

Good morning Daniel

Sorry I haven't been able to catch you on the phone. I am currently conducting the value for money assessment for this project and have a few questions I hope you can help me with.

Can you provide a mobile phone number for Mr Graffen? 0460 025 429

Have final designs been prepared? The design for the STP associated with the funding application has not been completed. An initial detailed design was undertaken for a STP at the site and much of the onsite testing and data capture of the design phase are able to be used when completing the new design for

this plant.

I have attempted to summarise the project description but I am not sure I have it correct (sewerage is not my special subject)

The project will replace the existing sewerage treatment plant with a new 500EP (equivalent persons) plant to meet the needs of a population of up to 1,500. The plant will provide for expansion for a population of up to 1500EP in its configuration. This will including the construction of a two train Sequence Batch reactor (SBR) system, renewal of two sewerage pump stations, replacement of the effluent disposal irrigation systems and install Supervisory Control and Data Acquisition (SCADA) monitoring equipment within the associated reticulation network. The project also involves the purchase of land and the upgrade of roads on the purchased land.

FYI – the funding envelope from the Federal Government will be allocated to the construction of the STP. The STP is certainly the major component of the project but there are other elements to the overall project that are noted in your comments above and in the initial Request For Information.

Can you provide further detail on the land purchases required by the project and on the road upgrades? – The land is working through a compulsory land acquisition process being managed by the State Government. This process will see the land vested in Council. The land within this process, is the land being acquired is the current site for the STP and effluent disposal and the road assets. The land under roads, also contains the majority of the sewerage network infrastructure. The roads upgrades, for clarity is renewals. There is a bridge that does need replacing, and some sections of the sealed surface throughout the network that need rehabilitation.

Can you advise how many of the jobs supported during the project period are expected to be Indigenous? – There are no jobs are allocated as indigenous, however our estimates are that based on the number of FTE jobs through the construction phase, that two-three FTEs are Indigenous.

Based on the estimated budget of 47G can you confirm Cassowary Coast Regional Council will contribute 47G as well as meet any costs overruns above the estimated project cost of 47G Council certainly has the capacity to fund the funding shortfall if required. However Council is still actively seeking funding for the additional amount.

As far as I can see the information relating to Option 3 in the report provided by GANDEN indicates total construction costs of 47G. This RFI states that construction and fit out is costed at 47G. Can you provide documents to support this figure? The \$47 figure includes the STP, effluent disposal, pump station upgrades and road rehabilitation. The Ganden figure is limited to the STP.

Construction and Fit Out	47G
Option 3 1500 EP plant fitted out for 500 EP	
Effluent disposal for 1500 EP plant	
PH Pump Station Upgrade/Renewal Costs	
Bridge Renewal	
Road Rehabilitation	
Contingencies	
Project Management Costs	
Land Acquisition for STP Site, adjoining property and roads	
Total Costs	

Can you also confirm the estimated project management costs of \$174,410 are for external staff? – Council will be engaging an external party to project management the delivery of this project.

There appears to be a discrepancy in the budget provided: - can you please provide more detail, the 47G million appears correct.

Item	Cost (\$)
Construction and Fit Out of the Sewerage Treatment Plant, Effluent Disposal, pump station upgrades and road rehabilitation.	47G
Construction Contingency	
Project management	
Land acquisition of Sewerage treatment plant site and irrigation area and sewerage reticulation network	
Total cash	
Total	

Can you provide some detail on your own experience as noted in Question 7. – I will provide David’s details tomorrow.

Are there any issues the Department should note such as community concern regarding ocean outflow? – the current STP does not have an ocean outflow, nor allowance for one in the Environmental Authority. All effluent disposal is undertaken through irrigation on land. This project is critical for both the residents of this small community to continue to live in their homes and ensuring the interests of the Great Barrier Reef are managed appropriately.

Thank you.

s22
Regional Programs Branch • Regional s22 pment, Local Government and Regional Recovery Division
s22
GPO Box 594 Canberra, ACT 2601

Department of Infrastructure, Transport, Regional Development and Communications
CONNECTING AUSTRALIANS • ENRICHING COMMUNITIES • EMPOWERING REGIONS

infrastructure.gov.au   

I would like to acknowledge the traditional custodians of this land on which we meet, work and live.
I recognise and respect their continuing connection to the land, waters and communities.
I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.

OFFICIAL

Disclaimer

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Bring joy to people in need!

PLEASE DONATE TO THE COMMUNITY CHRISTMAS APPEAL

Buy a star or gift box to support those in need and bring Christmas to people who may otherwise miss out.

Stars from \$2
Gift Boxes from \$50

100% of funds go to support those in need in our local community at Christmas.

To make your donation, visit any Council Customer Service Centre or call 1300 763 903, and pay by credit card over the phone.

Visit cassowarycoast.qld.gov.au/christmas-appeal for more information.



Cassowary Coast Regional Council respectfully acknowledges the Traditional Owners and First People of the land on which we stand and pays respect to Elders past, present and future.

Privacy and Confidentiality Notice

The information contained in this email is intended for the named recipients only and may contain privileged and confidential information. If you are not the named intended recipient, you must not copy, distribute or take any action in reliance on it. If you have received this email in error, please notify us immediately by telephone on **1300 763 903** or email as listed above.

This email has been scanned for viruses and malware by Mimecast.

s22

Subject: FW: CDG1654 - Cardwell Sewage Treatment Plant

From: s22

Sent: Thursday, 11 November 2021 11:46 AM

To: 'Bradford, Daniel' <Daniel.Bradford@ccrc.qld.gov.au>

Subject: RE: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

OFFICIAL

Hi Daniel – you were going to send me some details for David.

Have you got confirmation of the Qld Government funding?

And the budget is only out by \$10. How about I take it off either contingency or the project management costs?

Thanks

s22

OFFICIAL

From: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>

Sent: Wednesday, 3 November 2021 5:09 PM

To: s22 <s22@infrastructure.gov.au>

Cc: Goodman, David <David.Goodman@ccrc.qld.gov.au>; Graffen, Andrew <Andrew.Graffen@ccrc.qld.gov.au>

Subject: RE: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

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Kind regards,

Daniel Bradford

Business Opportunities and Improvement Lead | Cassowary Coast Regional Council

P: 07 4030 2213 M: 0419 942 191

E: daniel.bradford@ccrc.qld.gov.au | W: www.cassowarycoast.qld.gov.au

PO Box 887, Innisfail QLD 4860

#SILENT

#ECMBODY

From: s22 <s22@infrastructure.gov.au>

Sent: Thursday, 28 October 2021 9:24 AM

To: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>
Subject: CDG1654 - Cardwell Sewage Treatment Plant [SEC=OFFICIAL]

OFFICIAL

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Can you advise how many of the jobs supported during the project period are expected to be Indigenous? – There are no jobs are allocated as indigenous, however our estimates are that based on the number of FTE jobs through the construction phase, that two-three FTEs are Indigenous.

Based on the estimated budget of 47G can you confirm Cassowary Coast Regional Council will contribute 47G as well as meet any costs overruns above the estimated project cost of 47G – Council certainly has the capacity to fund the funding shortfall if required. However Council is still actively seeking funding for the additional amount.

As far as I can see the information relating to Option 3 in the report provided by GANDEN indicates total construction costs of 47G. This RFI states that construction and fit out is costed at \$47G Can you provide documents to support this figure? The 47G figure includes the STP, effluent disposal, pump station upgrades and road rehabilitation. The Ganden figure is limited to the STP.

Construction and Fit Out	
Option 3 1500 EP plant fitted out for 500 EP	47G

Effluent disposal for 1500 EP plant	47G
PH Pump Station Upgrade/Renewal Costs	
Bridge Renewal	
Road Rehabilitation	
Contingencies	
Project Management Costs	
Land Acquisition for STP Site, adjoining property and roads	
Total Costs	

Can you also confirm the estimated project management costs of 47G are for external staff? – Council will be engaging an external party to project management the delivery of this project.

There appears to be a discrepancy in the budget provided: - can you please provide more detail, the s47G appears correct.

Item	Cost (\$)
Construction and Fit Out of the Sewerage Treatment Plant, Effluent Disposal, pump station upgrades and road rehabilitation.	47G
Construction Contingency	
Project management	
Land acquisition of Sewerage treatment plant site and irrigation area and sewerage reticulation network	
Total cash	
Total	

Can you provide some detail on your own experience as noted in Question 7. – I will provide David's details tomorrow.

Are there any issues the Department should note such as community concern regarding ocean outflow? – the current STP does not have an ocean outflow, nor allowance for one in the Environmental Authority. All effluent disposal is undertaken through irrigation on land. This project is critical for both the residents of this small community to continue to live in their homes and ensuring the interests of the Great Barrier Reef are managed appropriately.

Thank you.

s22

Regional Programs Branch • Regional Development, Local Government and Regional Recovery Division

s22

GPO Box 594 Canberra, ACT 2601

Department of Infrastructure, Transport, Regional Development and Communications
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infrastructure.gov.au



*I would like to acknowledge the traditional custodians of this land on which we meet, work and live.
I recognise and respect their continuing connection to the land, waters and communities.
I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

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s22

Subject: FW: Community Development Grants Programme
Attachments: cdgagreementtemplate_threshold_3.pdf

From: s22
Sent: Friday, 12 November 2021 10:04 AM
To: 'Bradford, Daniel' <Daniel.Bradford@ccrc.qld.gov.au>
Cc: s22 <@infrastructure.gov.au>
Subject: Community Development Grants Programme [SEC=OFFICIAL]

OFFICIAL

Hi Daniel

Thanks for your call. Regarding the two CDG projects with Cassowary Coast Regional Council

Port Hinchinbrook

[Here](#) is the link to the Funding Agreement template for your consideration. I am also attaching a copy of the document as some people have mentioned they have difficulty accessing the link. I will remind my manager of the issues that have been raised with the Minister's office.

Cardwell Sewerage

If you can send me David's details I should be Ok to finalise the assessment and have it up to the boss today. I will take the elusive \$10 from the project management costs and reduce the project cost to 47G. We can also build in provision of the confirmation of State Government funding into the milestones in the Funding Agreement.

If you have any questions over the next couple of weeks please contact s22 at s22

I look forward to talking to you in a couple of weeks

Best wishes

s22

s22

Regional Programs Branch Regional Development, Local Government and Regional Recovery Division

s22

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Australian Government

**Department of Infrastructure, Transport,
Cities and Regional Development**

DEED OF AGREEMENT

FUNDING AGREEMENT IN RELATION TO **[INSERT DETAILS]**

The Commonwealth of Australia as represented by the Department of
Infrastructure, Transport, Cities and Regional Development
ABN 86 267 354 017

[Insert name of other party]
[insert ABN] [insert ACN]

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FUNDING AGREEMENT (LONG FORM)

FUNDING AGREEMENT IN RELATION TO THE [INSERT PROJECT NAME] (CDGXXX)

Parties

This Funding Agreement is made between and binds the following parties:

1. **The Commonwealth of Australia** as represented by the Department of Infrastructure, Transport, Cities and Regional Development
ABN 86 267 354 017, 111 Alinga Street, Canberra, Australian Capital Territory
(**Commonwealth**)
2. **[Insert legal name of other party]**
ABN [insert ABN] or ACN [insert ACN], [insert address]
(**Recipient**)

Context

- A. The Commonwealth is undertaking the Community Development Grants programme, which was to support needed infrastructure that promotes stable, secure and viable local and regional economies.
- B. The Recipient submitted an application to obtain funding under the Programme to conduct the Activity. The Activity will contribute to the completion of the Project, and will help achieve the objectives of the Programme.
- C. The Commonwealth has agreed to provide Funding to the Recipient to support the carrying out of the Activity.
- D. The Recipient agrees to accept the Funding for the purposes, and subject to the terms and conditions, set out in this Agreement.
- E. The Recipient agrees that it is a precondition of entitlement to the Funding that the Recipient must:
 - a. provide to the Commonwealth with satisfactory evidence that the Recipient is registered with a Commonwealth, State or Territory Regulatory Body or satisfactory evidence of the Recipient's correct statutory authority name;
 - b. correctly use the Recipient's name on all documentation provided to the Commonwealth;
 - c. have an Australian Business Number (ABN);
 - d. immediately notify the Commonwealth if the Recipient ceases to hold an ABN;
 - e. correctly quote the Recipient's ABN on all documentation provided to the Commonwealth;
 - f. supply proof of the Recipient's GST status, if requested by the Commonwealth; and
 - g. immediately notify the Commonwealth of changes to the Recipient's GST status.

Operative provisions

In consideration of the mutual promises contained in this Agreement, the parties to this Funding Agreement agree as follows:

1. Interpretation

1.1. Definitions

1.1.1. In this Agreement, unless the context indicates otherwise:

ABN	means (Australian Business Number) as set out in section 41 of the A New Tax System (Australian Business Number) Act 1999 (Cth).
Activity	means the Activity described in Item A and includes the provision to the Commonwealth of the Activity Material;
Activity Completion date	means the date that the Activity must be completed by as set out in item A.5 of the Schedule.
Activity Material	means any Material: <ul style="list-style-type: none">a. created by the Recipient for the purpose of this Agreement;b. provided or required to be provided to the Commonwealth under the Agreement; orc. derived at any time from the Material referred to in paragraphs a or b, and includes <ul style="list-style-type: none">d. any Existing Material incorporated in the Material referred to in paragraphs b or c; ande. any Reports;
Activity Objectives	means the objectives of the Activity described in Item A.6 of the Schedule;
Activity Period	means the period specified in Item A during which the Activity must be completed;
Agreement	means this document and includes any Schedules and Annexures;
Annexure	means any annexure to Schedule 1;

Approved Auditor	means a person who is: <ul style="list-style-type: none">a. registered as a company auditor under the Corporations Act 2001 (Cth) or an appropriately qualified member of the Institute of Chartered Accountants in Australia or of CPA Australia;b. not a principal, member, shareholder, officer, agent, subcontractor, employee or related entity of the Recipient or of a related body corporate (the terms 'related entity' and 'related body corporate' have the same meaning as in section 9 of the Corporations Act 2001 (Cth)); andc. not the Recipient's Qualified Accountant;
Asset	means any item of property, purchased, leased, hired, financed, created or otherwise brought into existence either wholly or in part with use of the Funding, which has a value of over \$5,000 exclusive of GST, but excludes any Intellectual Property Rights and Real Property (including any property once it becomes part of the structure of Real Property).
Auditor-General	means the office established under the Auditor-General Act 1997 (Cth) and includes any other entity that may, from time to time, perform the functions of that office;
Australian Accounting Standards	refers to the standards of that name maintained by the Australian Accounting Standards Board created by section 226 of the Australian Securities and Investments Commission Act 2001 (Cth);
Australian Auditing Standards	refers to the standards made by the Auditing and Assurance Standards Board created by section 227A of the Australian Securities and Investments Commission Act 2001 (Cth);
Australian Privacy Principle	has the same meaning as it has in the Privacy Act 1988 (Cth).
Budget	means the budget set out in Annexure B of the Schedule;
Business Day (in a place)	means a weekday other than a public holiday in the place specified or, if no place is specified, in the State or Territory specified in Item M of the Schedule;
Capital Works	means any part of the Activity that comprises construction and building activities and includes the Capital Works listed at item E.2.2 of the Schedule.

Commence Construction	means to begin a continuous programme of on-site construction for the Activity's Capital Works. For the purposes of this definition, only significant and continuous site preparation work such as major clearing or excavation or placement or assembly, or installation of facilities or equipment at the site constitute a programme of on-site construction.
Commonwealth	where the context permits, includes officers, delegates, employees and agents and successors of the Department of Infrastructure, Regional Development and Cities;
Commonwealth Material	means any Material: <ul style="list-style-type: none">a. provided by the Commonwealth to the Recipient for the purposes of this Agreement; orb. derived at any time from the Material referred to in paragraph a;
Completion Date	means the day after the Recipient has done all that it is required to do under clauses 2 and 6 of this Agreement to the satisfaction of the Commonwealth;
Constitution	means (depending on the context): <ul style="list-style-type: none">a. a company's constitution, which (where relevant) includes rules and any amendments that are part of the company's constitution, orb. in relation to any other kind of body:<ul style="list-style-type: none">i. the body's charter, rules or memorandum, orii. any instrument or Law constituting or defining the constitution of the body or governing the activities of the body or its members.
Cost Estimate	means the estimate for the Project which is the sum of the Funding and Other Contributions specified in Annexure B to the Schedule.
Cost Item	means an item of expenditure specified in the Budget at Annexure B to the Schedule.

Confidential Information

means:

- a. the information described in Item N; and
- b. information that the parties agree in writing after the Date of this Agreement is confidential information for the purposes of this Agreement;

Date of this Agreement

means the date written on the execution page of this Agreement, or if no date or more than one date is written there, then the date on which the Agreement is signed by the last party to do so;

Depreciated

means the amount representing the reduction in value of an Asset calculated in accordance with Australian Accounting Standards;

Director

means any of the following:

- a. a person appointed to the position of a director or alternate director and acting in that capacity for a body corporate within the meaning of the Corporations Act 2001 (Cth) regardless of the name given to their position;
- b. a member of the governing committee of an Aboriginal and Torres Strait Islander corporation under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth);
- c. a member of the committee of an organisation incorporated pursuant to State or Territory laws relating to the incorporation of associations; or
- d. a member of the board, committee or group of persons (however described) that is responsible for managing or overseeing the affairs of the body corporate;

Dispose

means to sell, licence, lease or sublease, or otherwise transfer or give up ownership or the right to occupy or use, or to enter into an agreement to do any of the preceding acts and 'Disposal' means the method of so disposing;

Existing Material

means all Material in existence prior to the Date of this Agreement:

- a. incorporated in;
- b. supplied with, or as part of; or
- c. required to be supplied with, or as part of, the Activity Material;

Financial Year	means each period from 1 July to the following 30 June occurring during the Term, or any part of such a period occurring at the beginning or end of the Term;
Funding	<p>means:</p> <ul style="list-style-type: none">a. the amount or amounts (in cash or kind) payable by the Commonwealth under this Agreement as specified in Item A.7 and Annexure A of this Agreement, andb. any interest earned on the Funding once paid by the Commonwealth to the Recipient;
GST	has the meaning that it has in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
Information Officer	means any of the information officers appointed under the Australian Information Commissioner Act 2010 (Cth) when performing privacy functions as defined in that Act;
Intellectual Property	<p>includes:</p> <ul style="list-style-type: none">a. all copyright (including rights in relation to phonograms and broadcasts);b. all rights in relation to inventions, plant varieties, trademarks (including service marks), designs, circuit layouts; andc. all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields; <p>but does not include:</p> <ul style="list-style-type: none">d. Moral Rights;e. the non-proprietary rights of performers; orf. rights in relation to confidential information;

Law

includes:

- a. Acts of the Commonwealth and the State(s) and Territory(s) in which the Activity will be undertaken, and any other relevant State or Territory;
- b. ordinances, regulations, by-laws, orders and proclamations or other instruments of legal effect made under those Acts referred to in paragraph (a);
- c. directions by any person exercising statutory powers regarding the Recipient or the Activity, including the Real Property; and
- d. all the requirements, standard, approvals, licences, registrations or permits of any government (including local government) department, authority, agency or regulatory body that apply to the Activity, including the Real Property;

Material

means anything in relation to which Intellectual Property rights arise;

Milestone

means a milestone or stage of completion of the Activity as set out in Annexure A of this Agreement;

Moral Rights

includes the following rights of an author of copyright Material:

- a. the right of attribution of authorship;
- b. the right of integrity of authorship; and
- c. the right not to have authorship falsely attributed;

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Operational

means that the completed Project is operating in a way that enables it to achieve its Purpose;

Operational Period

means the period during which the Recipient must keep the completed Project Operational;

Other Contributions	means financial or in-kind resources (with in-kind resources valued at cost other than the Funding, which are specified in Item C and Annexure B of the Schedule and are to be used by the Recipient to perform the Activity;
Personnel	means: <ul style="list-style-type: none">a. in relation to the Recipient - any natural person who is an officer, employee, agent, or professional advisor of the Recipient or its subcontractors; andb. in relation to the Commonwealth - any natural person, other than a person referred to in paragraph a, who is an officer, employee, agent or professional advisor of the Commonwealth;
Privacy Act	refers to the Privacy Act 1988 (Cth);
Programme	means the Community Development Grants programme under which the Commonwealth is able to provide Funding to the Recipient.
Programme Guidelines	refers to the guidelines for the Programme, if any, as described in Item A of the Schedule;
Programme Objectives	means the objectives of the Programme, as set out in the Programme Guidelines or otherwise in Item A of the Schedule;
Project	has the meaning given in Item A.2 of the Schedule and includes the Activity;
Project Completion Date	means the date specified in item A.2 of the Schedule, which is the date by which the Recipient must complete the Project;
Purpose	means the purpose of the Project as set out at item A.3 of the Schedule;
Qualified Accountant	means a person who is a member of the Institute of Chartered Accountants in Australia or of CPA Australia;
Recipient	includes, where the context permits, the officers, employees, agents, volunteers and subcontractors, and successors of the Recipient;
Records	includes documents, information and data stored by any means and all copies and extracts of the same;

Report	means Activity Material that is provided to the Commonwealth for reporting purposes as stipulated in Item D of the Schedule;
Real Property	<p>means:</p> <p>a. any land, buildings or fixtures including the Capital Works (both during and after completion) and the Works Locations; and</p> <p>b. any interest in the property specified in paragraph (a);</p> <p>that are purchased, leased, upgraded or otherwise created or brought into existence wholly or in part with the use of the Funding and includes the property listed at item E.2.1 of the Schedule.</p>
Schedule	means the schedule to this Agreement and may include Annexures and incorporate other documents by reference;
Specified Personnel	means the Recipient's Personnel specified in Item I as Personnel required to undertake all or any part of the Activity;
Term	refers to the period described in clause 1.4.1 of this Agreement;
Third Party Interest	means any legal or equitable right, interest, power or remedy in favour of any person other than the Commonwealth or the Recipient in connection with the Agreement, including any right of possession, receivership, control or power of sale, and any mortgage, charge, security or other interest;
Undepreciated	in relation to the value of an Asset, means the value of the Asset which has not been Depreciated; and
Works Location	means a location where the Capital Works are to be undertaken including any premises in, or land on, which those Capital Works are to be undertaken and includes a Works Location listed in item E.2.3 of the Schedule.

1.2. Interpretation

1.2.1. In this Agreement, unless the contrary intention appears:

- a. words importing a gender include any other gender;
- b. words in the singular include the plural and words in the plural include the singular;

- c. clause headings are for convenient reference only and have no effect in limiting or extending the language of provisions to which they refer;
- d. words importing a person include a partnership and a body whether corporate or otherwise;
- e. a reference to dollars is a reference to Australian dollars;
- f. a reference to any legislation or legislative provision includes any statutory modification, substitution or re-enactment of that legislation or legislative provision;
- g. if any word or phrase is given a defined meaning, any other part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- h. the use of the word “includes” or “including” in relation to a right or obligation of a party, does not limit or restrict the scope of that right or obligation;
- i. a reference to a clause is a reference to a clause in this Agreement;
- j. a reference to an Item is a reference to an Item in the Schedule;
- k. the Schedule and any attachments form part of the Agreement;
- l. if any conflict arises between the terms and conditions contained in the clauses of this Agreement and any part of the Schedule (and attachments if any), the terms and conditions of the clauses prevail; and
- m. if any conflict arises between any part of the Schedule and any part of an attachment, the Schedule prevails.

1.3. **Guidance on construction of Agreement**

- 1.3.1. This Agreement records the entire agreement between the parties in relation to its subject matter.
- 1.3.2. As far as possible all provisions of this Agreement will be construed so as not to be void or otherwise unenforceable.
- 1.3.3. If any clause in this Agreement is void or otherwise unenforceable then that clause will be severed to the extent it is void and unenforceable and the rest of the Agreement remains in force.
- 1.3.4. A provision of this Agreement will not be construed to the disadvantage of a party solely on the basis that it proposed or prepared that provision.
- 1.3.5. This Agreement may be executed in counterparts. All executed counterparts constitute one document.

1.4. **Duration of Term**

- 1.4.1. The Term of this Agreement commences on the Date of the Agreement and, unless terminated earlier, it expires on the Completion Date.

2. Activity, Project and Operational Period

2.1. Conduct of Activity

2.1.1. The Recipient agrees to carry out the Activity:

- a. to achieve the Activity Objectives;
- b. to assist the Programme to meet the Programme Objectives;
- c. to meet the Milestones;
- d. within the Activity Period;
- e. in an efficient, effective, economical and ethical manner;
- f. in accordance with this Agreement; and
- g. diligently and to a high standard.

2.1.2. Where the Commonwealth is satisfied that the Recipient does not have the capacity to adequately:

- a. manage the Funding; or
- b. undertake the Activity in accordance with this Agreement,
the Commonwealth may by written notice immediately:
- c. suspend, reduce or cease the release of Funding to the Recipient; and/or
- d. require the Recipient to refund some or all of the Funding to the Commonwealth; or
- e. terminate the Agreement in accordance with the provisions of clause 17.

2.2. Liaison and monitoring

2.2.1. The Recipient agrees to:

- a. liaise with and provide information to the Commonwealth as reasonably notified by the Commonwealth; and
- b. comply with all of the Commonwealth's reasonable requests, directions or monitoring requirements.

2.2.2. In relation to conducting a review and final evaluation of the Programme, the Recipient agrees to:

- a. provide all reasonable assistance required by the Commonwealth;
- b. respond to all of the Commonwealth's reasonable requests; and
- c. provide any information the Commonwealth reasonably requires.

2.2.3. Each of the parties may nominate, from time to time, a person who has authority to receive and sign notices and written communications for each of them under this Agreement and accept any request or direction in relation to the Activity.

2.3. **Subcontractors**

- 2.3.1. The Recipient is fully responsible for the performance of the Recipient's obligations under this Agreement, even though the Recipient may have **subcontracted any of them**.
- 2.3.2. Unless the Commonwealth agrees otherwise, the Recipient must have a written contract with each of the Recipient's subcontractors (subcontract) and ensure that each subcontract is consistent with, and allows the Recipient to give effect to, the Recipient's obligations under this Agreement. If requested by the Commonwealth, the Recipient must notify the Commonwealth of any subcontractors appointed to carry out any of the Recipient's obligations under this Agreement. The Recipient must notify the Commonwealth no later than 20 Business Days after the request from the Commonwealth.
- 2.3.3. The Recipient is responsible for ensuring the suitability of a subcontractor for the work proposed to be carried out and for ensuring that such work meets the requirements of this Agreement. The Commonwealth may direct the Recipient to terminate a subcontracting arrangement by notifying the Recipient in writing.
- 2.3.4. Upon receipt of a written notice from the Commonwealth directing the Recipient to terminate a subcontracting arrangement, the Recipient must, as soon as practicable (or as the Commonwealth may direct in the notice), cease using that subcontractor to perform any of the Recipient's obligations unless the Commonwealth directs that the subcontractor be replaced immediately, in which case the Recipient must comply with the direction.
- 2.3.5. If the Commonwealth directs the Recipient to terminate a subcontracting arrangement, the Recipient remains liable under this Agreement for the past acts or omissions of the Recipient's subcontractors as if they were current subcontractors.
- 2.3.6. The Recipient must, in any subcontract placed with a subcontractor, reserve a right of termination to take account of:
- a. The Commonwealth's right to direct the Recipient to terminate that subcontract under subclause 2.3; and
 - b. The Commonwealth's right of termination under clause 17,
- and the Recipient must make use of that right in the event of a termination by the Commonwealth.
- 2.3.7. The Recipient must, in any subcontract placed with a subcontractor, include a requirement for insurance that is consistent with the requirement for insurance under clause 21.5.
- 2.3.8. The Recipient must not enter into a subcontract under this Agreement with a subcontractor named by the Director of the Workplace Gender Equality Agency as an employer currently not complying with the Workplace Gender Equality Act 2012 (Cth).
- 2.3.9. For the purpose of this Agreement, 'subcontractor' includes any other member of the Recipient's consortium who is involved in the performance of the Activity.

2.4. Specified Personnel

NOTE: Unless Specified Personnel are identified during the assessment 'Reserved' this clause.

- 2.4.1. The Recipient agrees that the Specified Personnel will perform work in relation to the Activity in accordance with this Agreement.
- 2.4.2. If Specified Personnel are unable to perform the work as required under this clause 2.4, the Recipient agrees to notify the Commonwealth immediately.
- 2.4.3. The Recipient agrees, at the request of the Commonwealth acting in its absolute discretion, to remove Personnel (including Specified Personnel) from work in relation to the Activity.
- 2.4.4. If clause 2.4.2 or clause 2.4.3 applies, the Recipient will provide replacement Personnel acceptable to the Commonwealth at no additional cost and at the earliest opportunity.

2.5. Responsibility of the Recipient

- 2.5.1. The Recipient is fully responsible for the performance of the Activity and for ensuring compliance with the requirements of this Agreement, and will not be relieved of that responsibility because of any:
 - a. involvement by the Commonwealth in the performance of the Activity;
 - b. subcontracting of the Activity;
 - c. acceptance by the Commonwealth of Specified Personnel; or
 - d. payment of any amount of Funding to the Recipient.

2.6. Reports

- 2.6.1. The Recipient agrees to provide to the Commonwealth written Reports in the manner specified in Item D of the Schedule.

2.7. Project

- 2.7.1. The Recipient must complete the Project by the Project Completion Date.

2.8. Operational Period

- 2.8.1. The Recipient must keep the completed Project Operational during the Operational Period specified in Item A.4 of the Schedule.

2A. Capital Works

2A.1. Performance

- 2A.1.1 The Recipient must perform the Capital Works:
 - a. in accordance with the designs and plans submitted by the Recipient to the Commonwealth;
 - b. in a good and workmanlike manner by qualified tradespeople; and
 - c. with a minimum of delay.

2A.2. Applicable Laws

2A.2.1 The Recipient warrants and agrees that the Capital Works (whether undertaken before, on or after the Date of this Agreement) have been (if applicable) and will be carried out in accordance with all applicable Laws including, but not limited to, all necessary planning and regulatory approvals.

2A.2.2 The Recipient agrees to ensure that:

- a. the Works Locations comply at all times with all applicable Laws regarding their use as a site for the Capital Works; and
- b. the completed Capital Works comply with all Laws relating to their ongoing use throughout the Operational Period.

2A.3. Commence Construction

- a. The Recipient must Commence Construction required for the Activity within six months of the Date of this Agreement;
- b. The Recipient must notify the Commonwealth that the Recipient has Commenced Construction for the Activity, within five (5) Business Days of Commencing Construction; and
- c. If the Recipient fails to Commence Construction required for the Activity within six months of the Date of this Agreement, the Commonwealth may give the Recipient notice requiring the Recipient to repay the Commonwealth all or part of the Funding that the Commonwealth has previously paid to the Recipient within the period specified in the notice.

2A.4. Completion

2A.4.1 The Recipient must:

- a. plan, control, manage, co-ordinate and carry out the Capital Works in a manner that enables completion of all activities comprising the Capital Works by the Project Completion Date;
- b. in addition to the Recipient's reporting obligations under item D of Schedule 1, the Recipient must provide the Commonwealth with written evidence satisfactory to the Commonwealth of the completion of the Capital Works, no later than 10 Business Days after the end of the Project Completion Date; and
- c. consult the Commonwealth in advance about any proposed change to, the scope or timing of the Capital Works which is likely to delay the completion of the Capital Works, detailing the extent, or likely extent, of the change and the reasons for it.

3. Funding

3.1. Payment of Funding

3.1.1. Subject to sufficient funds being available, and compliance by the Recipient with this Agreement, the Commonwealth agrees to provide the Recipient with the Funding at the times and in the manner specified in Annexure A.

- 3.1.2. The Commonwealth is not responsible for the provision of additional money to meet any expenditure in excess of the Funding.

3.2. **Commonwealth's right to suspend payment or reduce the amount of Funding**

- 3.2.1. Without limiting the Commonwealth's rights, the Commonwealth may suspend any payment in whole or in part until the Recipient has performed its obligations under this Agreement.

- 3.2.2. Reserved.

- 3.2.3. The Commonwealth may reduce the amount of Funding payable under this Agreement where the Recipient:

- a. owes money to the Commonwealth, or
- b. has money that the Recipient should have, but has not yet, acquitted

under any arrangement with the Commonwealth (whether contractual, statutory or otherwise).

- 3.2.4. Notwithstanding such suspension of any payments or reduction in the amount of the Funding, the Recipient agrees to continue to perform any obligations under this Agreement.

4. Taxes, duties and government charges

- 4.1.1. Except as provided by clause 4, the Recipient agrees to pay all taxes, duties and government charges imposed or levied in Australia or overseas in connection with the performance of this Agreement.

- 4.1.2. Unless otherwise indicated, any Funding and all other consideration for any supply made under this Agreement is exclusive of any GST imposed on the supply.

- 4.1.3. If one party (the supplier) makes a taxable supply to the other party (the taxable supply recipient) under this Agreement, on receipt of a tax invoice from the supplier, the taxable supply recipient will pay without setoff an additional amount to the supplier equal to the GST imposed on the supply in question.

- 4.1.4. No party may claim or retain from the other party any amount in relation to a supply made under this Agreement for which the first party can obtain an input tax credit or decreasing adjustment.

5. Debt and Interest

- 5.1.1. In this clause 5, '**Interest**' means interest calculated at an interest rate equal to the general interest charge rate for a day pursuant to section 8AAD of the *Taxation Administration Act 1953* (Cth), on a daily compounding basis.

- 5.1.2. The Recipient agrees, upon request of the Commonwealth, to pay any amount owed or payable to the Commonwealth or which the Commonwealth is entitled to recover from the Recipient under this Agreement, including if demanded by the Commonwealth any Interest, as a debt due by the Recipient without further proof of the debt by the Commonwealth being necessary. Such payment is without

prejudice to any other rights available to the Commonwealth under the Agreement, under statute, at law or in equity.

- 5.1.3. If the Commonwealth notifies the Recipient that an amount is to be refunded or otherwise paid to the Commonwealth and the amount is not refunded or paid within 20 Business Days, or as otherwise notified by the Commonwealth, the Recipient agrees to pay Interest, unless the Commonwealth notifies the Recipient otherwise, on the amount outstanding after the expiry of the date it was due, until the amount is paid in full.
- 5.1.4. In respect to any obligation the Recipient may have under this Agreement to pay the Commonwealth any Interest, the Recipient agrees that the Interest represents a reasonable pre-estimate of the loss incurred by the Commonwealth.

6. Management of Funding

- 6.1.1. The Recipient agrees to spend the Funding only for the Activity in accordance with this Agreement.

6.2. Budget

- 6.2.1. The Recipient agrees to only spend the Funding for the Activity and in accordance with the Budget.
- 6.2.2. Subject to clauses 6.2.3 and 6.2.4, the Recipient may spend the Funding on any separate category of expenditure item within the Budget.
- 6.2.3. The Recipient agrees to obtain prior written approval from the Commonwealth for any transfer of Funding between categories of expenditure items within the Budget which exceed a percentage of the total Budget as specified in Item B of the Schedule.
- 6.2.4. The total amount of transfers in any Financial Year must also not exceed the percentage of the Budget specified in Item B of the Schedule.

6.3. Account and financial records

- 6.3.1. The Recipient agrees to ensure that the Funding is held in an account in the Recipient's name and which the Recipient solely controls, with an authorised deposit-taking institution authorised under the Banking Act 1959 (Cth) to carry on banking business in Australia and that is an account that complies with any other requirements specified in Item A.7 in the Schedule.
- 6.3.2. Reserved
- 6.3.3. The Recipient must, in relation to the account referred to in clause 6.3.1:
- a. notify the Commonwealth, prior to the receipt of any Funding, of details sufficient to identify the account;
 - b. on notification from the Commonwealth, provide the Commonwealth and the authorised deposit-taking institution with a written authority for the Commonwealth to obtain any details relating to any use of the account;

- c. if the account changes, notify the Commonwealth within 10 Business Days of the change occurring and provide the Commonwealth with details of the new account;
- d. Reserved.

6.3.4. The Recipient agrees to:

- a. keep financial accounts and records relating to the Funding and the Project and Activity that identify
 - i. all receipts and payments related to the Project and Activity; and
 - ii. all interest earned on the Funding.
- b. unless otherwise notified by the Commonwealth, prepare financial statements for the Project and Activity in accordance with Australian Accounting Standards including:
 - i. Reserved; and
 - ii. a register of the Assets and a register of Real Property created, acquired, written-off or Disposed of during the Financial Year to date compared with the Budget; and

NOTE: for projects under \$1 million which only require an Acquittal Report 'Reserve' clause c below

- c. arrange for the audit of those accounts and records in accordance with Australian Auditing Standards.

6.4. **Use as security**

6.4.1. Except with the prior written approval of the Commonwealth, the Recipient agrees not to use any of the following as any form of security for the purpose of obtaining or complying with any form of loan, credit, payment or other interest, or for the preparation of, or in the course of, any litigation:

- a. the Funding;
- b. this Agreement or any of the Commonwealth's obligations under the Agreement; or
- c. any Assets or Intellectual Property Rights in the Activity Material.

6.5. **Refunds of unexpended and misspent Funds**

6.5.1. If at any time during the term of this Agreement (including on the Completion Date):

- a. there remains an amount of Funding that has not been spent or legally committed for expenditure in accordance with the Agreement and the period in which that Funding was expected to be spent or legally committed has passed; or
- b. an amount of Funding has been spent in contravention of the Agreement,

the Commonwealth may (at its discretion and in addition to any other rights it may have) by notice in writing to the Recipient:

- c. require the Recipient to refund this amount to the Commonwealth within 20 Business Days (or other such period specified in the notice); or
 - d. reduce any further payments of Funding to the Recipient (if applicable) by an amount up to this amount.
- 6.5.2. If clause 6.5.1.a applies, the Commonwealth may by notice in writing require the Recipient to otherwise deal with this amount in accordance with any conditions that the Commonwealth considers appropriate, including conditions relating to the ongoing use and expenditure by the Recipient of that amount for particular goals or objectives associated with the Activity
- 6.5.3. The Recipient must immediately notify the Commonwealth in writing if any of the events in clauses 6.5.1.a or 6.5.1.b occurs.
- 6.5.4. If the completed Project ceases to be Operational during the Operational Period, the Commonwealth may give the Recipient notice requiring the Recipient to repay all or part of the Funding to the Commonwealth within the period specified in the notice and the Recipient must comply with that notice.
- 6.5.5. On completion of the Project, if the cost of the completed Project is less than the Cost Estimate, the Commonwealth may give the Recipient notice requiring the Recipient to return any unexpended Funding to the Commonwealth within the period specified in the notice and the Recipient must comply with that notice.
- 6.5.6. This clause survives termination or expiry of the Agreement.

7. Other Contributions and Cost Savings

7.1. Other Contributions

- 7.1.1. The Recipient must, within six (6) months of the date of the Agreement provide to the Commonwealth satisfactory written evidence that confirms the Other Contributions identified in Item C and detailed in Annexure B of the Schedule, including the amounts to be provided, the due dates for each of these amounts and the terms and conditions of the provision of the Other Contributions.
- 7.1.2. If, for any reason, the Recipient is not able to obtain the Other Contributions (including any part thereof) as required under this Agreement, then the Commonwealth may:
 - a. suspend payment of the Funding or an instalment of the Funding until the Other Contributions are obtained (as the case may be);
 - b. reduce the total Funding payable under this Agreement by an amount that, in the Commonwealth's opinion, represents an equivalent proportion of the overall reduction in the total value of the Other Contributions (as the case may be) resulting from the failure; or
 - c. terminate this Agreement in accordance with clause 17.2.
- 7.1.3. The Recipient must notify the Commonwealth in writing as soon as possible after it becomes aware of any likely or actual failure (for any reason) to obtain the Other Contributions (including any part thereof) as required under this Agreement.

- 7.1.4. The Recipient agrees to notify the Commonwealth within 10 Business Days of entering into any arrangement under which the Recipient is entitled to receive any additional monetary or in-kind contributions in respect of the Project and Activity that are not identified as Other Contributions in Item C and Annexure B of the Schedule. Any such additional contribution that the Recipient becomes entitled to receive after the Date of this Agreement constitutes Other Contributions for the purposes of the Agreement (and Schedule 1 is deemed to be varied accordingly) on the date on which the Recipient notifies the Commonwealth of that contribution under this clause 7.1.4.
- 7.1.5. If the Recipient is provided with or obtains (and/or was required to provide or obtain) any Other Contributions and the cost of the completed Project is less than the Cost Estimate, the Commonwealth may give the Recipient notice requiring the Recipient to return to the Commonwealth, within the period specified in the notice, an amount equal to the Commonwealth's Proportion of the Cost Savings. In this subclause 7.1.5, 'the Commonwealth's Proportion of the Cost Savings' means $\text{savings} \times \% \text{ where:}$
- a. $\text{savings} = (\text{the Cost Estimate} - \text{the actual cost of the Project} - \text{any Funds previously repaid to the Commonwealth under this Agreement}); \text{ and}$
 - b. $\% = (\text{the Funding} \div (\text{the maximum Funding} + \text{the maximum Other Contributions excluding any in-kind Other Contributions})).$
- 7.1.6. If the Recipient receives a notice given by the Commonwealth under subclause 18, the Recipient must comply with the notice within the period specified within the notice.
- 7.2. **Cost Savings**
- 7.2.1. Subject to compliance with this Agreement, the Recipient must:
- a. continually identify any costs saving or efficiency measures in carrying out the Activity; and
 - b. in consultation with the Commonwealth:
 - i. implement those costs saving or efficiency measures;
 - ii. ensure that any reductions in expenditure for the Activity that result from those costs saving or efficiency measures are accounted for and allocated equitably in proportion to the relative total values of the Funding, the Recipient Contributions and the Other Contributions (as applicable) as committed to the Activity.

8. Statutory Approvals

- 8.1 The Recipient must obtain all necessary statutory approvals in relation to the Project, including those specified in item K of the Schedule, and the Recipient must give the Commonwealth, within six (6) months after the Date of this Agreement, satisfactory written evidence that these statutory approvals have been obtained.

- 8.1A The Recipient must also provide satisfactory written evidence that the statutory approvals obtained under subclause 8.1 are sufficient for the Recipient to Commence Construction within six months after the Date of this Agreement.
- 8.2 If the Recipient does not comply with the requirement in subclause 8.1, the Commonwealth may at the Commonwealth's sole discretion:
- a. suspend payment of the Funding until the evidence of the statutory approvals referred to in subclause 8.1 has been received; or
 - b. terminate this Agreement in accordance with clause 17.2.

9. Assets

9.1. Acquisition of Asset

- 9.1.1. The Recipient agrees not to use the Funding to acquire or create any Asset, apart from those detailed in the Item E, without obtaining the Commonwealth's prior written approval. Approval may be given subject to any conditions the Commonwealth may impose.
- 9.1.2. Unless it is specified in Item E that the Commonwealth or a third party owns the Asset or the Commonwealth provides written consent to a third party owning the Asset, then the Recipient must ensure that it owns any Asset acquired with the Funding.
- 9.2. **Terms applicable to Asset**
- 9.2.1. If the Commonwealth owns the Asset clauses 9.4 and 9.6.2 do not apply.
- 9.2.2. If the Asset is owned by a third party then the Recipient agrees to ensure that the terms of the lease, hire or finance arrangement are consistent with clause 9.3, and clauses 9.4, 9.5 and 9.6 do not apply.

9.3. Recipient's responsibilities for Asset

- 9.3.1. Throughout the Term, the Recipient agrees to:
- a. use any Asset in accordance with this Agreement and for the purposes of the Activity;
 - b. not encumber or Dispose of any Asset, or deal with or use any Asset other than in accordance with this clause 9 without the Commonwealth's prior written approval;
 - c. hold all Assets securely and safeguard them against theft, loss, damage, or unauthorised use;
 - d. maintain all Assets in good working order;
 - e. maintain all appropriate insurances for all Assets to their full replacement cost noting the Commonwealth's interest, if any, in the Asset under the Agreement;
 - f. if required by law, maintain registration and licensing of all Assets;

- g. be fully responsible for, and bear all risks relating to, the use or Disposal of all Assets; and
- h. if specified in Item E, maintain an Assets register in the form and containing the details as described in Item E and as and when requested by the Commonwealth, provide copies of the Assets register to the Commonwealth.

9.4. **Sale or Disposal of Asset during Term**

9.4.1. If the Recipient Disposes of an Asset during the Term of this Agreement, the greater of the following proportions must, unless the Commonwealth otherwise directs, be accounted for as Funding and used for the Activity:

- a. the proportion of the sale proceeds from the Asset; or
- b. the proportion of the Undepreciated value of the Asset,

that is equivalent to the proportion of the cost of the Asset that was funded from the Funding.

9.5. **Loss, damage, etc of Asset**

9.5.1. If any of the Assets are lost, damaged or destroyed, the Recipient agrees to promptly reinstate the Assets including from the proceeds of the insurance, and this clause 9 continues to apply to the reinstated Assets. The proportion of any surplus from the proceeds of the insurance, which reflects the proportion of the cost of the Asset that was funded from the Funding, must be notified to the Commonwealth and accounted for as Funding and used for the Activity.

9.6. **Dealing with Asset**

9.6.1. On expiry of the Activity Period or earlier termination of the Agreement, the Commonwealth may require the Recipient to deal with an Asset as the Commonwealth may, at the sole discretion of the Commonwealth, notify the Recipient.

9.6.2. Subject to clause 9.6.1, if on expiry of the Activity Period or the earlier termination of this Agreement, an Asset has not been fully Depreciated, the Commonwealth may, by written notice, require the Recipient to:

- a. pay to the Commonwealth within 20 Business Days of the expiry of the Activity Period or earlier termination of the Agreement, an amount equal to the proportion of the Undepreciated value of the Asset that is equivalent to the proportion of the cost of the Asset that was funded from the Funding;
- b. sell the Asset for the best price reasonably obtainable and pay to the Commonwealth within 20 Business Days of the sale the proportion of the proceeds of the sale that is equivalent to the proportion of the cost of the Asset (less an amount equal to the reasonable Disposal costs incurred by the Recipient) that was funded from the Funding; or
- c. continue to use the Asset for the purposes, and in accordance with any conditions, notified by the Commonwealth.

10. Real Property

10.1. Approval

- 10.1.1 The Recipient must obtain the Commonwealth's prior written approval to spend the Funding on any Real Property that is not specifically identified in the Budget. The Commonwealth may grant that approval subject to conditions.

10.2. Outgoings

- 10.2.1 The Recipient must pay all rents, rates, taxes, levies and other outgoings of any nature in relation to the Real Property. The Funding must not be used to pay rent.

10.3. Recipient's Responsibilities for Real Property

- 10.3.1 Throughout the Term of this Agreement, including the Operational Period, the Recipient agrees to:
- a. hold the Real Property securely and safeguard it against theft, loss, damage, or unauthorised use;
 - b. maintain the Real Property in good condition;
 - c. maintain all appropriate insurances for the Real Property to its full replacement cost and use that insurance to rectify any damage to or destruction to the Real Property and this clause 10.3.1 continues to apply to the Real Property once rectified. The Recipient must notify the Commonwealth of any surplus from the proceeds of this insurance and the Recipient must use and account for that surplus as Funding under this Agreement;
 - d. if required by any Law, maintain registration and licensing of the Real Property;
 - e. be fully responsible for, and bear all risks relating to, the use or Disposal of all Real Property;
 - f. if specified in item E.2 of the Schedule, maintain a Real Property register in the form and containing the details as described in that item of the Schedule; and
 - g. as and when requested by the Commonwealth, provide copies of the Real Property register to the Commonwealth.

10.4. Recipient's Use of Real Property

- 10.4.1. The Recipient agrees to ensure that:
- a. the Real Property is used for, and is fit to be used for, the Purpose specified in item A.3 of the Schedule throughout the Operational Period; and
 - b. the use of the Real Property for the Purpose specified in item A.3 of the Schedule throughout the Operational Period, does not infringe any conditions of the Recipient's ownership or occupation of the Real Property.

10.4.2. Throughout the Operational Period, the Recipient must use the Real Property for the Purpose specified in item A.3 of the Schedule.

10.4.3. If the Commonwealth requests, the Recipient must take all action necessary to grant the Commonwealth a security, including in the form of a charge or mortgage, over the Real Property and on terms acceptable to the Commonwealth.

10.5. **Third Party Interests**

10.5.1. If a third party has proprietary or other rights or interests in relation to any Real Property, the Recipient agrees to:

- a. enter into legally binding written agreements under which all such third parties agree to:
 - i. the use of the Works Locations to undertake the Capital Works throughout the Activity Period;
 - ii. the use of the Works Locations, and completed Capital Works for the Purpose specified in item A.3 of the Schedule throughout the Operational Period; and
 - iii. the use of any other Real Property for the Activity throughout the Activity Period and for the Purpose specified in item A.3 of the Schedule throughout the Operational Period;
- b. not do anything that would give any such third party a right to rescind its agreement to one or more of the uses specified in paragraph (a); and
- c. within 10 Business Days of a request from the Commonwealth, provide evidence to the Commonwealth that the Recipient has complied with the requirements of this subclause 10.5.

10.6. **Dealing with Real Property**

10.6.1. If:

- a. the Agreement is terminated under clause 17.2 and some or all of the Funding has been provided to the Recipient for expenditure on Real Property;
- b. the Recipient fails to Commence Construction for the Activity within six months of the Date of this Agreement;
- c. the Recipient Disposes of any Real Property during the Term of this Agreement; or
- d. the Recipient fails to or ceases to use any Real Property for the Purpose specified in item A.3 of the Schedule at any time during the Operational Period

then:

- e. the Recipient must notify the Commonwealth at least 20 Business Days prior to the event in paragraph (b), (c) or (d) occurring; and

- f. the Commonwealth may give the Recipient a notice requiring the Recipient to repay the Commonwealth some or all of the Funding provided under this Agreement and the Recipient must repay the amount specified in any such notice within the period specified in that notice.
- 10.6.2. If the Recipient fails to pay the Commonwealth an amount as required by a notice given under subclause 10.6.1:
 - a. the Recipient must pay the Commonwealth the Interest on the unpaid amount from the date it was due, for the period it remains unpaid; and
 - b. that amount, and Interest owed under this subclause 10.6.2, will be recoverable by the Commonwealth as a debt due to the Commonwealth by the Recipient.
- 10.6.3. The provisions relating to this clause 10 shall survive the termination or expiration of this Agreement.

11. Records

11.1. Keeping Records

- 11.1.1. The Recipient must create and maintain full and accurate accounts and records of the conduct of the Project and Activity including, without limitation, all:
 - a. progress against the Milestones;
 - b. receipt and use of Funding;
 - c. Other Contributions (if any); and
 - d. creation, acquisition and Disposal of Assets or Real Property.

11.2. Retention of Records

- 11.2.1. The Recipient agrees to create and maintain records and accounts under clause 11.1.1 and retain them for a period of no less than seven (7) years after the end of the Term.

12. Intellectual Property

12.1. Use of Commonwealth Material

- 12.1.1. The Commonwealth grants a royalty-free, non-exclusive licence for the Recipient to use, reproduce and adapt the Commonwealth Material for the purposes of this Agreement.
- 12.1.2. The Recipient agrees to use the Commonwealth Material strictly in accordance with any conditions or restrictions the Commonwealth may notify to the Recipient.

12.2. Rights in Activity Material

- 12.2.1. Subject to this clause 12, Intellectual Property in Activity Material vests or will vest in the Recipient.
- 12.2.2. Clause 12.2.1 does not affect the ownership of Intellectual Property in any Commonwealth Material incorporated into the Activity Material.

- 12.2.3. The Recipient grants to (or will procure for) the Commonwealth a permanent, irrevocable, royalty-free, worldwide, non-exclusive licence (including a right of sublicense) to use, reproduce, exploit, communicate, adapt and distribute the Activity Material for any purpose.
- 12.2.4. The Recipient agrees that the licence granted in clause 12.2.3 includes a right for the Commonwealth to licence the Activity Material to the public under an Open Access Licence.
- 12.2.5. The Recipient agrees, on request by the Commonwealth, to create, sign, execute or otherwise deal with any document necessary or desirable to give effect to this clause 12.
- 12.2.6. The Recipient warrants that:
- a. it is entitled; or
 - b. it will be entitled at the relevant time,
- to deal with the Intellectual Property in the Activity Material in the manner provided for in this clause 12.

12.3. **Moral Rights**

12.3.1. In this clause 12.3:

Permitted Acts

means any of the following classes or types of acts or omissions:

- a. using, reproducing, adapting or exploiting all or any part of the Activity Material, with or without attribution or authorship;
- b. supplementing the Activity Material with any other Material;
- c. using the Activity Material in a different context to that originally envisaged; and
- d. releasing the Activity Material to the public under an Open Access Licence;

but does not include false attribution of authorship.

12.3.2. Where the Recipient is a natural person and the author of the Activity Material he or she:

- a. consents to the performance of the Permitted Acts by the Commonwealth or any person claiming under or through the Commonwealth (whether occurring before or after the consent is given); and
- b. acknowledges that their attention has been drawn to the Commonwealth's general policies and practices regarding Moral Rights.

12.3.3. Where clause 12.3.1 does not apply, the Recipient agrees:

- a. to obtain from each author a written consent which extends directly or indirectly to the performance of the Permitted Acts by the Commonwealth

or any person claiming under or through the Commonwealth (whether occurring before or after the consent is given) and, upon request, will provide the executed original of any such consent to the Commonwealth; and

- b. to ensure that each author's attention is drawn to the Commonwealth's general policies and practices regarding Moral Rights.

12.3.4. This clause 12.3 does not apply to any Commonwealth Material incorporated in the Activity Material.

13. Confidential Information

13.1. Confidential Information not to be disclosed

13.1.1. Subject to clause 13.2.1, a party must not, without the prior written consent of the other party, disclose any Confidential Information of the other party to a third party.

13.2. Written Undertakings

13.2.1. The Recipient must, on request by the Commonwealth at any time, arrange for:

- a. its Personnel; or
- b. any person with a Third Party Interest,

to give a written undertaking in a form acceptable to the Commonwealth relating to the use and non-disclosure of the Commonwealth's Confidential Information.

13.3. Exceptions to Obligations

13.3.1. The obligations on the parties under this clause 13.3 will not be taken to have been breached to the extent that Confidential Information:

- a. is disclosed by a party to its Personnel solely in order to comply with obligations, or to exercise rights, under this Agreement;
- b. is disclosed to a party's internal management Personnel, solely to enable effective management or auditing of Agreement-related activities;
- c. is disclosed by the Commonwealth to the responsible Minister;
- d. is disclosed by the Commonwealth, in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia;
- e. is shared by the Commonwealth (including other agencies), where this serves the Commonwealth of Australia's legitimate interests;
- f. is authorised or required by law to be disclosed; or
- g. is in the public domain otherwise than due to a breach of this clause 13.3.

13.3.2. Where a party discloses Confidential Information to another person pursuant to clauses 13.3.1.a - 13.3.1.e, the disclosing party must notify the receiving person that the information is confidential.

13.3.3. In the circumstances referred to in clauses 13.3.1.a, 13.3.1.b and 13.3.1.e, the disclosing party agrees not to provide the information unless the receiving person

agrees to keep the information confidential (subject to the exceptions in this clause 13.3).

- 13.3.4. The Recipient agrees to secure all of the Commonwealth's Confidential Information against loss and unauthorised access, use, modification or disclosure.

13.4. **Period of Confidentiality**

- 13.4.1. The obligations under this clause 13.4 will continue, notwithstanding the expiry or termination of this Agreement:

- a. in relation to an item of information described in Item N – for the period set out in respect of that item; and
- b. in relation to any item of information agreed after the Date of this Agreement to be Confidential Information – for the period agreed by the parties in writing in respect of that item, and if no such period is agreed by the parties, in perpetuity.

13.5. **No reduction in Privacy Obligations**

- 13.5.1. This clause 13 does not detract from any of the Recipient's obligations under the Privacy Act or under clause 21.2.

14. **Acknowledgement and publicity**

14.1. **Acknowledgement of support**

- 14.1.1. Unless otherwise notified by the Commonwealth, the Recipient agrees, in all publications, promotional and advertising materials, public announcements and activities by the Recipient or on the Recipient's behalf in relation to the Activity, or any products, processes or inventions developed as a result of it, to acknowledge the financial and other support the Recipient has received from the Australian Government, in the manner set out in Item H of the Schedule, or as otherwise approved by the Commonwealth prior to its use.

- 14.1.2. Where the Recipient has been provided with Funding to produce any publication, a copy of the publication must, on request, be provided to the Commonwealth.

14.2. **Right to publicise Funding**

- 14.2.1. The Commonwealth reserves the right to publicise and report on the awarding of Funding to the Recipient. The Commonwealth may do (but is not limited to doing) this by including the Recipient's name, the amount of the Funding given to the Recipient, the date the Agreement commences and its term, and the title, location, purpose and a brief description of the Activity in media releases, general announcements about the Funding, annual reports or through any other means as determined by the Commonwealth.

14.3. **No restriction on advocacy activities**

- 14.3.1. The Commonwealth confirms that, subject to clause 14.3.2:
- a. no right or obligation arising under this Agreement should be interpreted as limiting the Recipient's ability to enter into public debate or criticism of

the Commonwealth of Australia or its agencies, employees, servants or agents;

- b. the Commonwealth does not require the Recipient to obtain advance approval of any involvement by the Recipient in public debate or advocacy activities.

14.3.2. Nothing in this clause 14.3 limits or derogates from the Recipient's obligations under clauses 13 and 21.2.

15. Liability

15.1. Proportionate liability regime

15.1.1. To the extent permitted by law, the operation of any legislative proportionate liability regime is excluded in relation to any claim against the Recipient under or in connection with this Agreement.

15.2. Indemnity

15.2.1. The Recipient indemnifies the Commonwealth from and against any:

- a. cost or liability incurred by the Commonwealth;
- b. loss of or damage to property of the Commonwealth; or
- c. loss or expense incurred by the Commonwealth in dealing with any claim against it, including legal costs and expenses on a solicitor/own client basis and the cost of time spent, resources used, or disbursements paid by the Commonwealth,

arising from:

- d. any breach by the Recipient of the Agreement;
- e. any act or omission involving fault by the Recipient in connection with this Agreement;
- f. the use of Assets or Real Property; or
- g. the use by the Commonwealth of the Activity Material, including any claims by third parties about the ownership or right to use the Intellectual Property in the Activity Material.

15.2.2. The Recipient's liability to indemnify the Commonwealth under clause 15.2.1 will be reduced proportionally to the extent that any act or omission involving fault on the part of the Commonwealth or its Personnel contributed to the relevant cost, liability, loss, damage or expense.

15.2.3. The right of the Commonwealth to be indemnified under this clause 15.2 is in addition to, and not exclusive of, any other right, power or remedy provided by law, but the Commonwealth is not entitled to be compensated in excess of the amount of the relevant cost, liability, loss, damage or expense.

15.3. Meaning of 'fault'

15.3.1. In this clause 15, 'fault' means any negligent or unlawful act or omission or wilful misconduct.

16. Dispute resolution

16.1. Procedure for dispute resolution

- 16.1.1. The parties agree that a dispute arising under this Agreement will be dealt with as follows, and that, subject to clause 16.4, neither party will commence legal proceedings in relation to that dispute until this procedure is completed:
- a. the party claiming that there is a dispute will give the other party a notice setting out the nature of the dispute;
 - b. within five (5) Business Days (or such other period as agreed by the parties in writing) each party will nominate a representative not having any prior involvement in the dispute;
 - c. the representatives will try to settle the dispute by direct negotiation between them;
 - d. failing settlement within a further 10 Business Days or such other period as agreed by the parties in writing (or failure of one or both parties to nominate a representative within the period set out in clause 16.1.1.b), the parties may agree to refer the dispute to an independent third person with power:
 - i. to intervene and direct some form of resolution, in which case the parties will be bound by that resolution; or
 - ii. to mediate and recommend some form of non-binding resolution;
 - e. the parties will co-operate fully with any process instigated under clause 16.1.1.d in order to achieve a speedy resolution; and
 - f. if the parties have been unable to agree to refer the dispute to an independent third person, or they have agreed and a resolution is not reached within a further 20 Business Days (or such other period as the parties may agree in writing), either party may commence legal proceedings.

16.2. Costs

- 16.2.1. Each party will bear its own costs of complying with this clause 16 Dispute resolution, and the parties will bear equally the cost of any third person engaged under clause 16.1.1.d.

16.3. Continued performance

- 16.3.1. Despite the existence of a dispute, the Recipient will (unless requested in writing by the Commonwealth not to do so) continue to perform the Recipient's obligations under this Agreement.

16.4. Application of clause

- 16.4.1. This clause 16 does not apply to:
- a. legal proceedings by either party for urgent interlocutory relief; or

- b. action by the Commonwealth under or purportedly under clauses 3, 6, 17 and 21.2.

17. Termination or reduction in scope of Agreement

17.1. Termination for convenience

- 17.1.1. The Commonwealth may by notice, at any time and in its absolute discretion, terminate this Agreement or reduce the scope of the Agreement immediately.
- 17.1.2. The Recipient agrees, on receipt of a notice of termination or reduction, to:
 - a. stop or reduce the performance of the Recipient's obligations as specified in the notice;
 - b. take all available steps to minimise loss resulting from that termination or reduction;
 - c. continue performing any part of the Activity not affected by the notice; and
 - d. immediately return to the Commonwealth any Funding in accordance with clause 17.1.5, or deal with any such Funding as directed by the Commonwealth.
- 17.1.3. In the event of termination under clause 17.1.1, the Commonwealth will be liable only:
 - a. to pay Funding due and owing to the Recipient under the payment provisions of the Agreement before the date of the notice of termination; and
 - b. to reimburse any expenses the Recipient unavoidably incurs that relate directly and entirely to the Activity and not covered by clause 17.1.3.a.
- 17.1.4. The Commonwealth will not be liable to pay amounts under 17.1.3.a and 17.1.3.b which would, added to any payments already paid to the Recipient under this Agreement, together exceed the Funding set out in Item A.7 of the Schedule and Annexure A.
- 17.1.5. The Commonwealth will be entitled to recover from the Recipient any part of the Funding which:
 - a. is not legally committed for expenditure by the Recipient in accordance with the Agreement and due and payable by the Recipient by the date that the notice of termination is received; or
 - b. has not, in the Commonwealth's opinion, been spent by the Recipient in accordance with the Agreement.
- 17.1.6. In the event of a reduction in the scope of the Agreement under clause 17.1.1, the Commonwealth's liability to pay any part of the Funding will, unless there is agreement in writing to the contrary, reduce in accordance with the reduction in the Activity.
- 17.1.7. The Commonwealth's liability to pay any compensation under or in relation to this clause 17.1 is subject to:
 - a. the Recipient's compliance with this clause 17.1; and

- b. the Recipient's substantiation of any amount claimed under clause 17.1.3.b.

17.1.8. The Recipient will not be entitled to compensation for loss of prospective profits or loss of any benefits that would have been conferred on the Recipient.

17.2. Termination for fault

17.2.1. If the Recipient does not comply with any of its obligations under this Agreement, then the Commonwealth:

- a. *if it considers that the non-compliance is not capable of remedy* - may by notice terminate this Agreement immediately;
- b. *if it considers that the non-compliance is capable of remedy* - may, by notice require that the non-compliance be remedied within the time specified in the notice, and if not remedied within that time, may terminate the Agreement immediately by giving a second notice.

17.2.2. The Commonwealth may also by notice terminate this Agreement immediately if:

- a. the Recipient comes under one of the forms of external administration referred to in Chapter 5 of the Corporations Act 2001 (Cth) or equivalent provisions in legislation of the States and Territories pertaining to incorporated associations or Chapter 11 of the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth) or has an order made against it for the purpose of placing it under external administration;
- b. the Recipient is unable to pay all its debts as and when they become due and payable or it fails to comply with a statutory demand within the meaning of sections 459E and 459F of the Corporations Act 2001 (Cth);
- c. proceedings are initiated with a view to obtaining an order for winding up the Recipient, or any shareholder, member or director convenes a meeting for the purpose of considering or passing of any resolution for winding up the Recipient;
- d. in relation to this Agreement, the Recipient breaches any law of the Commonwealth of Australia, or of a State or Territory;
- e. the Recipient becomes bankrupt or enters into a scheme of arrangement with creditors;
- f. another clause of this Agreement allows for termination under this clause 17.2; or
- g. the Commonwealth is satisfied that any statement made in the Recipient's application for Funding is incorrect, incomplete, false or misleading in a way which would have affected the original decision to approve the Funding.

17.2.3. Where the Commonwealth terminates this Agreement under clause 17.2 the Commonwealth:

- a. will be liable only to pay Funding due and owing to the Recipient under the payment provisions of the Agreement before the date of the notice of termination; and
- b. will be entitled to recover from the Recipient any part of the Funding which:
 - i. is not legally committed for expenditure by the Recipient in accordance with the Agreement and payable by the Recipient by the date that the notice of termination is received; or
 - ii. has not, in the Commonwealth's opinion, been spent by the Recipient in accordance with the Agreement.

17.3. Preservation of other rights

- 17.3.1. Clause 17.2 does not limit or exclude any of the Commonwealth's other rights under this Agreement.

18. Notices

18.1. Format, addressing and delivery

- 18.1.1. A notice under this Agreement is only effective if it is in writing, and addressed as follows:

- a. *if given by the Recipient to the Commonwealth* - addressed to the Commonwealth at the address specified in Item L of the Schedule, or other address as notified by the Commonwealth; or
- b. *if given by the Commonwealth to the Recipient* - given by the Commonwealth and addressed as specified in Item L of the Schedule, or other address as notified by the Recipient.

- 18.1.2. Any such notice must be delivered to the other party by hand, prepaid post or transmitted electronically (via email or facsimile) and be signed by the sending party. For the avoidance of doubt, an electronic signature on an email will be taken to be a signed notice for the purpose of this clause 18.

18.2. When received

- 18.2.1. Subject to clause 18.2.2, a notice is deemed to be received:

- a. *if delivered by hand* - upon delivery to the relevant address;
- b. *if sent by prepaid post* - upon delivery to the relevant address; or
- c. *if transmitted electronically* - upon receipt by the sender of either an electronic receipt notification (generated by the system transmitting the notice) or an acknowledgement from the other party that it has received the notice (whichever is earlier).

- 18.2.2. If a notice is received:

- a. after 5.00 pm on any Business Day; or
- b. on a day that is not a Business Day,

it is deemed to be received at 9:00am on the next Business Day for the purposes of this clause 18.

19. Compliance with the Code for the Tendering and Performance of Building Work 2016

Optional – if deleted write 'Reserved' – This clause 19 must be included where:

Drafting Note:

The Building Code applies to all construction projects indirectly funded by the Australian Government through grants and other programmes. Clause 19 applies where the Australian Government Funding for a construction project where:

- The value of Australian Government contribution to the project that includes the building work is at least \$5 million and represents at least 50 per cent of the total construction project value; or
- Regardless of the proportion of Australian Government funding, where the Australian Government contribution to the project is \$10 million or more.

If the Australian Government's contribution to the project is above either of these thresholds, you must include Clause 19 otherwise remove it and replace the heading with "19. Reserved". For more information see the [Fact Sheet](#) here.

Building work is considered indirectly funded where it is funded by the Australian Government or an Australian Government authority through grants and other programmes. This includes building projects where the Australian Government provides money through a funding agreement or grants to a person, for example a state or territory government who may then contract with persons who will undertake the building work or persons who will arrange for the building work to be carried out.

19.1. In this clause 19:

ABCC	means the body referred to in subsection 29(2) of the Act.
Act	means the Building and Construction Industry (Improving Productivity) Act 2016.
Building Code	means the Code for the Tendering and Performance of Building Work 2016, which is available at https://www.legislation.gov.au/Details/F2017C00125
Building Contractor	has the same meaning as in the Act.
Building Industry Participant	has the same meaning as in the Act.
Building Work	has the same meaning as in subsection 3(4) of the Building Code.

Commonwealth Funded Building Work	means Building Work in items 1-8 of Schedule 1 of the Building Code.
Contractor	means a Building Contractor or Building Industry Participant who the Funding Recipient has entered, or proposes to enter, into a contract with to undertake any of the Works.
Exclusion Sanction	has the same meaning as in subsection 3(3) of the Building Code
Funding	means the funding provided by the Commonwealth to the Funding Recipient.
Funding Recipient	means the entity that the Commonwealth is providing funding or assistance to in relation to building works to which the Building Code applies.
Related Entity	has the same meaning as in subsection 3(2) of the Building Code.
Works	means Commonwealth Funded Building Work that is being indirectly funded by the Commonwealth through the provision of the Funding to the Funding Recipient.

- 19.2. The Funding Recipient must ensure that:
- tender processes and calls for expressions of interest (howsoever described) in respect of Commonwealth Funded Building Work are conducted in a manner consistent with this code of practice; and
 - respondents are only permitted to participate in tender processes where the respondent is not subject to an exclusion sanction.
- 19.3. The Funding Recipient must ensure that any request for expressions of interest or request for tender (howsoever described) for Commonwealth Funded Building Work requires a respondent:
- to confirm that the respondent and any related entity will comply with the Building Code when undertaking the Commonwealth Funded building Work; and
 - to confirm that the respondent, and any related entities; will comply with the Building Code from the time of lodging an expression of interest or tender response (if not already obligated to do so); and
 - to confirm that it is not subject to an exclusion sanction at the time of lodging an expression of interest or tender; and
 - to demonstrate a positive commitment to the provision of appropriate training and skill development for their workforce. Such commitment may

be evidenced by compliance with any state or territory government building training policies and supporting the delivery of nationally endorsed building and construction competencies; and

- e. to include details of the number of current apprentice and trainee employees and the number of classes of persons that hold visas under the Migration Act 1958 that are engaged by the respondent, and that are intended to be engaged by the respondent to undertake the Commonwealth Funded Building Work; and
- f. to advise whether the respondent has, within the preceding 3 year period:.
 - i. had an adverse decision, direction or order made by a court or tribunal for a breach of a designated building law, work health and safety law or the Migration Act 1958; or
 - ii. been required to pay any amount under an adjudication certificate (provided in accordance with a law relating to the security of payments that are due to persons in respect of building work) including by any related entity to a building contractor or building industry participant; or
 - iii. owed any unsatisfied judgement debts (including such debts owed by any related entity) to a building contractor or building industry participant.

19.4. Where the value of the Commonwealth's contribution to the project that includes the Works meets the financial thresholds set out in Item 1, Schedule 2 to the Building Code, the Funding Recipient must:

- a. ensure the requirement to have a Workplace Relations Management Plan (WRMP) for the Works approved by ABCC is included in all expression of interest and tender documents; and
- b. on behalf of the funding entity:
 - i. apply to the ABCC to have a WRMP for the Works approved; and
 - ii. ensure that an application to the ABCC for approval of a WRMP for the Works is made in the manner and form required by the ABCC Commissioner; and
 - iii. ensure that the proposed WRMP for the Works is accompanied by any supporting evidence required by the ABCC; and
 - iv. obtain and provide additional information to the ABCC when requested, to enable the ABCC to make a decision whether or not to approve the proposed WRMP for the Works.

20. Work Health and Safety

20.1. Use of Commonwealth's premises

20.1.1. The Recipient agrees, when using the Commonwealth's premises or facilities, to comply with all reasonable directions and procedures relating to work health and safety and security in effect at those premises or in regard to those facilities, as

notified by the Commonwealth or as might reasonably be inferred from the use to which the premises or facilities are being put.

20.2. **Assistance to the Commonwealth**

20.2.1. Without limiting clause 2.2 of this Agreement, the Recipient agrees to, on request, give all reasonable assistance to the Commonwealth, by way of provision of information and documents, to assist the Commonwealth and its officers (as defined in the Work Health and Safety Act 2011 (WHS Act)) to comply with the duties imposed on them under the WHS Act.

20.2.2. The Recipient acknowledges that the Commonwealth may direct the Recipient to take specified measures in connection with the Recipient's work under this Agreement or otherwise in connection with the Activity that the Commonwealth considers reasonably necessary to deal with an event or circumstance that has, or is likely to have, an adverse effect on the health or safety of persons. The Recipient must comply with the direction. The Recipient agrees that it is not entitled to an adjustment to the Funding merely because of compliance with the direction.

20.3. **Australian Government building and construction industry Work Health and Safety Accreditation Scheme**

optional – if deleted write 'Reserved' – This clause 20.3 must be included where:

Drafting note: The application of the WHS Accreditation Scheme extends to projects receiving indirect Commonwealth funding. The relevant thresholds for indirectly funded projects (based on the total project value) are Australian Government funding of:

- at least \$6 million representing at least 50 per cent of the total project value; or
- \$10 million or more, irrespective of the proportion of the total project value met by Australian Government funding.

If a project meets the above thresholds the requirement that accredited builders carry out the building work only applies to head contracts for building work valued at \$4 million or more.

If the Australian Government's contribution to the project is above either of these thresholds, you must include Clause 20.3 otherwise remove it and replace the heading with "20.3. Reserved". For more information see the [Fact Sheet](#) here.

The Scheme

means the Scheme described at Section 43 of the Building and Construction Industry (Improving Productivity) Act 2016.

Builder

has the meaning given in Section 43(8) of the Building and Construction Industry (Improving Productivity) Act 2016.

Building Work has the meaning given to it by Section 6 of the Building and Construction Industry (Improving Productivity) Act 2016.

Exclusions means the building work is prescribed under section 26 of the Fair Work (Building Industry—Accreditation Scheme) Regulation 2016

20.3.1. Construction projects that utilise funds provided under this agreement are bound by the application of the Australian Government building and construction industry Work Health and Safety Accreditation Scheme (the Scheme) and the following conditions:

All head contracts for building work under the project that are valued at \$4 million (GST inclusive) or more must:

- a. be notified to the Office of the Federal Safety Commissioner at the earliest possible opportunity (that is, when approaching the market).
- b. contain a requirement that the builder:
 - i. is accredited under the Scheme*;
 - ii. maintains Scheme accreditation for the life of the contract;
 - iii. must comply with all conditions of the Scheme accreditation; and
 - iv. must comply with the National Construction Code performance requirements in relation to building materials.

20.3.2. If conduct of the Activity requires You to carry out any Building Work, You must:

- a. maintain accreditation under the Scheme, and
- b. comply with all conditions of Scheme accreditation.

* Section 26(1)(f) of the Fair Work (Building Industry – Accreditation Scheme) Regulation 2016[#] outlines provisions applying to joint venture arrangements that include accredited and unaccredited builders.

[#] The Fair Work (Building Industry – Accreditation Scheme) Regulation 2016, made under section 35 of the Fair Work (Building Industry) Act 2012 (FWBI Act), was continued in force after the repeal of the FWBI Act as rules made for the purposes of section 43 of the Building and Construction Industry (Improving Productivity) Act 2016 (see item 11 of Schedule 2 to the Building and Construction Industry (Consequential and Transitional Provisions) Act 2016).

21. General Provisions

Note: for LGAs only clause 21.1 - delete 'Constitution' and replace with 'Reserved' and delete all subclauses in 21.1

21.1. Constitution

21.1.1. The Recipient warrants that the Recipient's Constitution is not, and will not become, inconsistent with this Agreement.

- 21.1.2. The Recipient must provide a copy of the Recipient's Constitution to the Commonwealth, upon request.
- 21.1.3. The Recipient must obtain the Commonwealth's written approval to any amendments to the Recipient's Constitution which may affect the Recipient's eligibility for the Funding or the Recipient's capacity to comply with this Agreement. If the Recipient alters the Constitution in breach of this subclause 21.1.3, the Commonwealth may terminate this Agreement in accordance with clause 17.2 of this Agreement.
- 21.2. **Obligations of Recipient in relation to privacy**
- 21.2.1. The Recipient agrees, in conducting the Activity:
- a. not to do any act or engage in any practice which, if done or engaged in by the Commonwealth, would be a breach of an Australian Privacy Principle; and
 - b. to comply with any directions, guidelines, determinations or recommendations of the Commonwealth, to the extent that they are consistent with the Australian Privacy Principles.
- 21.2.2. The Recipient agrees to notify the Commonwealth immediately if it becomes aware of a breach or possible breach of any of its obligations under this clause 21.2.
- 21.2.3. The provisions of this clause 21.2 survive the termination or expiration of this Agreement.
- 21.3. **Audit and Access**
- 21.3.1. The Recipient agrees:
- a. to give the Commonwealth, or any persons authorised in writing by the Commonwealth, access to premises where obligations under this Agreement are being carried out; and
 - b. to permit those persons to inspect and take copies of any Material relevant to this Agreement.
- 21.3.2. The rights referred to in clause 21.3.1. are subject to:
- a. the Commonwealth providing reasonable prior notice; and
 - b. the reasonable security procedures in place at the premises.
- 21.3.3. The Auditor-General and Information Officer (and their delegates) are persons authorised for the purposes of clause 21.3.1.
- 21.3.4. This clause 21.3 does not detract from the statutory powers of the Auditor-General or Information Officer.
- 21.4. **Access to Documents**
- 21.4.1. In this clause 21.4, 'document' and 'Commonwealth contract' have the same meaning as in the Freedom of Information Act 1982 (Cth). This clause 21.4 only

applies if this Agreement is a 'Commonwealth contract', as defined in the Freedom of Information Act 1982 (Cth).

21.4.2. Where the Commonwealth has received a request for access to a document created by, or in the possession of, the Recipient or any subcontractor that relates to the performance of this Funding Agreement (and not to the entry into the Funding Agreement), the Commonwealth may at any time by written notice require the Recipient to provide the document to the Commonwealth and the Recipient must, at no additional cost to the Commonwealth, promptly comply with the notice.

21.4.3. The Recipient must include in any subcontract relating to the performance of this Agreement provisions that will enable the Recipient to comply with its obligations under this clause 21.4.

21.5. **Insurance**

21.5.1. The Recipient agrees:

- a. to effect and maintain the insurance specified in Item F and
- b. on request, to provide proof of insurance acceptable to the Commonwealth.

21.5.2. This clause 21.5 continues in operation for so long as any obligations remain in connection with this Agreement.

21.6. **Extension of provisions to subcontractors and Personnel**

21.6.1. In this clause 21.6:

Requirement means an obligation, condition, restriction or prohibition binding on the Recipient under this Agreement.

21.6.2. The Recipient agrees to ensure that:

- a. its subcontractors and Personnel comply with all relevant Requirements; and
- b. any contract entered into in connection with this Agreement imposes all relevant Requirements on the other party.

21.6.3. The Recipient agrees to exercise any rights it may have against any of its subcontractors, Personnel or third parties in connection with a Requirement in accordance with any direction by the Commonwealth.

21.7. **Conflict of interest**

21.7.1. In this clause 21.7:

Conflict means any matter, circumstance, interest or activity involving or affecting the Recipient, its Personnel or subcontractors which may or may appear to impair the ability of the Recipient to perform the Activity diligently and independently.

21.7.2. The Recipient warrants that, to the best of its knowledge after making diligent inquiry, at the Date of this Agreement no Conflict exists or is likely to arise in the performance of the Recipient's obligations under the Agreement.

21.7.3. If during the Term a Conflict arises, the Recipient agrees to:

- a. notify the Commonwealth immediately;
- b. make full disclosure of all relevant information relating to the Conflict; and
- c. take any steps the Commonwealth reasonably requires to resolve or otherwise deal with that Conflict.

21.8. **Relationship of parties**

21.8.1. The Recipient is not by virtue of this Agreement an officer, employee, partner or agent of the Commonwealth, nor does the Recipient have any power or authority to bind or represent the Commonwealth.

21.8.2. The Recipient agrees:

- a. not to misrepresent its relationship with the Commonwealth; and
- b. not to engage in any misleading or deceptive conduct in relation to the Activity.

21.9. **Waiver**

21.9.1. A failure or delay by a party to exercise any right or remedy it holds under this Agreement or at law does not operate as a waiver of that right.

21.9.2. A single or partial exercise by a party of any right or remedy it holds under this Agreement or at law does not prevent the party from exercising the right again or to the extent it has not fully exercised the right.

21.10. **Variation of Agreement**

21.10.1. No variation of this Agreement is binding unless it is agreed in writing and signed by both parties.

21.11. **Assignment**

21.11.1. The Recipient cannot assign its obligations, and agrees not to assign its rights, under this Agreement without the Commonwealth's prior written approval.

21.11.2. The Recipient agrees not to enter into negotiations with any other person for the purposes of entering into an arrangement that will require novation of this Agreement without first consulting the Commonwealth.

21.12. **Survival**

21.12.1. Unless the contrary intention appears, the expiry or earlier termination of this Agreement will not affect the continued operation of any provision relating to:

- a. Intellectual Property;
- b. confidentiality;
- c. security;

- d. privacy;
- e. dealing with copies;
- f. books and records;
- g. audit and access;
- h. an indemnity;
- i. acknowledgement and publicity;
- j. rights or obligations following termination or expiry of the Agreement; or
- k. any other provision which expressly or by implication from its nature is intended to continue.

21.13. **Compliance with Legislation and Policies**

21.13.1. In this clause 21.13:

Legislation means a provision of a statute or subordinate legislation of the Commonwealth of Australia, or of a State, Territory or local authority.

21.13.2. The Recipient agrees to comply with any Legislation applicable to its performance of this Agreement.

21.13.3. The Recipient agrees, in carrying out its obligations under this Agreement, to comply with any of the Commonwealth's policies as notified, referred or made available by the Commonwealth to the Recipient (including by reference to an internet site), including those listed in Item J.

21.14. **Applicable law and jurisdiction**

21.14.1. This Agreement is to be construed in accordance with, and any matter related to it is to be governed by, the law of the Australian Capital Territory specified in Item M.

21.14.2. The parties submit to the jurisdiction of the courts of the Australian Capital Territory.

21.15. **Child Safety**

In this Agreement:

Child means an individual(s) under the age of 18 years and Children has a similar meaning;

Child-Related Personnel

means officers, employees, contractors (including subcontractors), agents and volunteers of the Grantee involved with the Activity who as part of that involvement may interact with Children;

Legislation means a provision of a statute or subordinate legislation of the Commonwealth, or of a State, Territory or local authority;

National Principles for Child Safe Organisations

means the National Principles for Child Safe Organisations, which have been endorsed in draft form by the Commonwealth Government (available at: <https://www.humanrights.gov.au/national-principles-child-safe-organisations>) and subsequently, from the time of their endorsement by the Council of Australian Governments, the final National Principles for Child Safe Organisations as published by the Australian Government;

Relevant Legislation

means Legislation in force in any jurisdiction where any part of the Activity may be carried out;

Working With Children Check or WWCC

means the process in place pursuant to Relevant Legislation to screen an individual for fitness to work with Children.

Relevant Checks and authority

21.15.1. The Grantee must:

- a. comply with all Relevant Legislation relating to the employment or engagement of Child-Related Personnel in relation to the Activity, including all necessary Working With Children Checks however described; and
- b. ensure that Working With Children Checks obtained in accordance with this clause 21.15.1 remain current and that all Child-Related Personnel continue to comply with all Relevant Legislation for the duration of their involvement in the Activity.

National Principles for Child Safe Organisations and other action for the safety of Children

21.15.2. The Grantee agrees in relation to the Activity to:

- a. implement the National Principles for Child Safe Organisations;
- b. ensure that all Child-Related Personnel implement the National Principles for Child Safe Organisations;
- c. complete and update, at least annually, a risk assessment to identify the level of responsibility for Children and the level of risk of harm or abuse to Children;

- d. put into place and update, at least annually, an appropriate risk management strategy to manage risks identified through the risk assessment required by this clause 21.15.2;
- e. provide training and establish a compliance regime to ensure that all Child-Related Personnel are aware of, and comply with:
 - i. the National Principles for Child Safe Organisations;
 - ii. the Grantee's risk management strategy required by this clause 21.15.2;
 - iii. Relevant Legislation relating to requirements for working with Children, including Working With Children Checks;
 - iv. Relevant Legislation relating to mandatory reporting of suspected child abuse or neglect, however described; and
- f. provide the Commonwealth with an annual statement of compliance with clauses 21.15.1 and 21.15.2, in such form as may be specified by the Commonwealth.

21.15.3. With reasonable notice to the Grantee, the Commonwealth may conduct a review of the Grantee's compliance with this clause 21.15.

21.15.4. The Grantee agrees to:

- a. notify the Commonwealth of any failure to comply with this clause 21.15;
- b. co-operate with the Commonwealth in any review conducted by the Commonwealth of the Grantee's implementation of the National Principles for Child Safe Organisations or compliance with this clause 21.15; and
- c. promptly, and at the Grantee's cost, take such action as is necessary to rectify, to the Commonwealth's satisfaction, any failure to implement the National Principles for Child Safe Organisations or any other failure to comply with this clause 21.15.

Executed as a deed

Executed by the parties as evidence of their agreement.

SIGNED for and on behalf of the
COMMONWEALTH OF
AUSTRALIA, as represented by and)
acting through the **Department of**)
Infrastructure, Transport, Cities)
and Regional Development:
ABN 86 267 354 017

Name of signatory

Signature

Position

Insert Date

In the presence of:

Name of witness

Signature of witness

Executed on behalf of **[INSERT**
RECIPIENT'S NAME HERE], ABN
[insert ABN here] or CAN [insert ACN
here] by [insert name of signatory
here] who by signing warrants they
are authorised to bind the **[name of**
Recipient]

Signature

Insert Date

In the presence of:

Name of witness

Signature of witness

SCHEDULE 1 PARTICULARS

A. Programme, Project, Purpose, Activity and Funding and Payment (Recital A, clauses 1.1.1 and 2.1.1)

A.1. Programme

The Commonwealth is undertaking the Community Development Grants programme, which was to support needed infrastructure that promotes stable, secure and viable local and regional economies.

A.2. Project

The project to be undertaken by the Recipient is [insert description of the project based on information from the application ensuring that the description is consistent with the approved project and include location/address of the project]. The Project will include the Activity that the Programme will fund, defined in more detail in item A.5 of the Schedule.

The Project Completion Date is [insert date the project will be completed – note that this date may be different to the date the Activity will be completed].

A.3. Purpose

The Purpose for which the completed Project is required to be used is:
[insert Purpose here]

A.4. Operational Period

The Operational Period commences on the date the Commonwealth accepts the Project Completion Report, to the Commonwealth's satisfaction. The duration of the Operational Period is dependent on the amount of Funding provided by the Commonwealth under this Agreement. The thresholds are set out in the table below:

Note: select Duration as appropriate and delete other lines

Amount of Funding	Duration of Operational Period
Up to \$250,000	One (1) year
\$250,001 to \$1,000,000	Three (3) years
Over \$1,000,000	Five (5) years

During the Operational Period, the Recipient must, if requested by the Commonwealth to do so, promptly provide evidence satisfactory to the Commonwealth that the Project is Operational.

A.5. Activity

The Activity to be undertaken by the Recipient is [insert description of what the Programme Funding must be used for, including any deliverables that are to be achieved]

- [insert deliverables]

The Activity Period commences on the Date of this Agreement and ends on the Activity Completion Date which is **[insert date which reflects when the Activity must be completed. Note that this date may occur before the Project is completed]**.

A.6. Reserved

**A.7. Funding and Payment
(clauses 1.1.1, 3.1, 6)**

The total Funding for the Activity is **[\$insert amount]** GST exclusive. The Funding will be paid as follows:

1. The first payment of Funding specified in the table at Annexure A will not be made until:
 - a) this Agreement has been executed by all Parties and all Milestones specified in the table at Annexure A that relate to the first payment have been achieved to the Commonwealth's satisfaction; and
 - b) all Reports identified in item D of the Schedule as being due on or before the due date for the first payment have been received and accepted by the Commonwealth; and
2. The second and each subsequent payment specified in the table at Annexure A will not be made until:
 - a) all Milestones specified in the table at Annexure A that relate to the relevant payment have been achieved to the Commonwealth's satisfaction;
 - b) all Reports identified in item D of this Schedule as being due on or before the due date for the relevant payment have been received and accepted by the Commonwealth; and
 - c) the Recipient has provided the Commonwealth with evidence that all previously paid Funds have been expended or committed.

Invoicing

The Commonwealth must receive a properly rendered invoice or, if required a tax invoice which meets the requirements of the Australian Taxation Office for the amount of the payment and;

The Recipient must provide the Commonwealth with evidence that all previous paid Funding has been expended or committed.

**B. Budget
(clause 6.2)**

The Budget for the Activity, identifying the Funding and Other Contributions, is at Annexure B.

The percentage of the Budget (Total Cost) below which Funding may be transferred between Cost items without the Commonwealth's approval is 10%.

The percentage of the Budget (Total Cost) which must not be exceeded in total transfers between expenditure items per Financial Year is 20%.

**C. Other Contributions
(clause 7)**

C.1. Other Contributions

Other Contributions are specified at the table titled “Other Contributions” in Annexure B. Any financial or in-kind assistance that the Recipient has received from the Commonwealth of Australia or a State, Territory or local government and which the Recipient intends to, or is required to, use to perform the Activity must be identified in Other Contributions.

**D. Reporting
(clauses 1.1.1, 2.6)**

D.1. Progress Reports, Activity Completion Report and Project Completion Report

D.1.1 The Recipient must give the Commonwealth the Progress Reports, the Activity Completion Report and Project Completion Report by the times specified in the Table of Milestones, Reports and Payments relating to the Activity at Annexure A.

D.1.2 Each Progress Report must contain:

- a. details of progress and performance against the Activity, and the Project (to the extent that it is directly related to the relevant part of the Activity which is being covered by that Progress Report) and evidence of completion of the Milestones listed in Annexure A of the Schedule that are due for completion (including but not limited to photographs to demonstrate completion of Milestones) during the period between the Recipient's previous Progress Report and the due date of this Progress Report (or in the case of the first Progress Report, the period between the Date of this Agreement and the due date of the first Progress Report);
- b. details of mitigating circumstances and remedial action undertaken in the event a Milestone is not met or completed in the manner and/or by the time specified;
- c. copies of any published reports, promotional material, media publicity, pamphlets or other documentation relevant to the Project;
- d. evidence that the Recipient has obtained and/or utilised in-kind Other Contributions specified in the table at Annexure B;
- e. a statement of receipts (which separately identifies any interest earned on the Funding) and expenditure to date in respect of the Funding; and
- f. a statement of receipts and expenditure to date in respect of Other Contributions (excluding in-kind).

D.1.3 The Activity Completion Report must contain:

- a. evidence that the Activity and the Milestones have been completed;

- b. an analysis of the planning, implementation and overall process the Recipient followed to deliver the Activity;
- c. any recommendations on improved practice, relevant to the Recipient's and the Commonwealth's practices, that may assist in the delivery of future projects;
- d. a copy of the current Assets register described in item E.1.2 of this Schedule and a copy of the Real Property register described in item E.2.4 of this Schedule;
- e. evidence that the Recipient has obtained in-kind Other Contributions for the Activity specified in the table at Annexure B;
- f. an up to date **Audited Financial Report/Acquittal Report** in respect of the Activity; and
- g. copies of any published reports, promotional material, media publicity, pamphlets or other documentation relevant to the Activity, not already included in the Progress Report/s.
- h. a copy of the Assets register described in item E.1 of this Schedule and a copy of the Real Property register described in item E.2 of this Schedule.

D.1.4 The Project Completion Report must contain:

- a. evidence that the Project has been completed;
- b. an analysis of the planning, implementation and overall process the Recipient followed to deliver the Project;
- c. any recommendations on improved practice, relevant to the Recipient's and the Commonwealth's practices, that may assist in the delivery of future projects;
- d. a copy of the Assets register described in item E.1 of this Schedule and a copy of the Real Property register described in item E.2 of this Schedule.
- e. evidence that the Recipient obtained in-kind contributions specified in the table at Annexure B;
- f. an **Audited Financial Report/Acquittal Report**; and
- g. copies of any published reports, promotional material, media publicity, pamphlets or other documentation relevant to the Project, not already included in the Progress Report/s.

In addition, the Project Completion Report must also:

- h. describe the Recipient's activities during the Term;
- i. discuss in detail the conduct, benefits and outcomes of the Activity as a whole and the Activity's results and findings; and
- j. Reserved; and
- k. **[Insert any other information relevant to the Activity that the Recipient is required to include in the Project Completion Report.]**

The Recipient must also include in the Project Completion Report a discussion of any other matters relating to the performance of the Project and Activity, which the Commonwealth notifies the Recipient is required to be included in the Project

Completion Report. Any such requirement will be notified to the Recipient at least 20 Business Days before the Project Completion Report is due.

- D.1.5. Unless otherwise agreed by the Commonwealth in writing, all Reports must be:
- a. supplied in hard copy or electronic form;
 - b. supplied in a format that is acceptable to the Commonwealth; and
 - c. signed by the Recipient's Chief Executive Officer, Chief Financial Officer or other person authorised by the Recipient to execute documents and legally bind the Recipient by their execution.

D.2. Audit and certification/Acquittal Report****

D.2.1. The Activity Completion Report and Project Completion Report must be accompanied by a copy of a letter to the Recipient from the Approved Auditor, or a report from the Approved Auditor, that includes:

- a. separate audited statements of receipts and expenditure in respect of the Funding and Other Contributions (excluding in-kind), which must:
 - i. comply with all relevant Australian Accounting Standards
 - ii. separately identify any interest earned on the Funding
 - iii. include a definitive statement made by an Approved Auditor as to whether:
 1. the statements of receipts and expenditure are fair and true
 2. Funding and Other Contributions (excluding in-kind) were held and expended in accordance with this Agreement
- b. a certificate, signed by the Recipient's Chief Executive Officer, Chief Financial Officer or a person authorised by the Recipient to execute documents and legally bind the Recipient by their execution, that:
 - i. all Funding and Other Contributions (excluding in-kind) received was expended for the purpose of the Activity and Project and expended and held in a manner in accordance with this Agreement
 - ii. salaries and allowances paid to persons involved in the Activity are in accordance with any applicable award or agreement in force under any relevant Law on industrial or workplace relations.

Note: For projects under \$1 million delete clauses above and replace with the following:

D.2.1 The Activity Completion Report and Project Completion Report must be accompanied by an Acquittal Report (as part of the Final Report) which includes:

- a. a certificate that all Funding received was expended for the Project and in accordance with this agreement**
- b. a Budget statement signed by the Recipient's Chief Executive Officer (or equivalent) showing the budgeted expenditure proposed against each line**

item approved in the Budget, and the actual expenditure outcome for each line item together with a brief explanation of under/over expenditure, and

- c. any other requirements set out in this agreement or any other information required by the Commonwealth and advised by the Commonwealth to the Recipient.

D.2.2 The certificate referred to in item D.2.1(a) and the audits referred to in clause D.2.1(b) and (c) must:

- a. contain the details, if any, described in Annexure A of Schedule 1
- b. be provided to the Commonwealth within one month (or other period specified in Annexure A of Schedule 1) of the end of the Completion Date, and
- c. be provided to the Commonwealth:
 - i. at the other times specified in Annexure A of Schedule 1 (if any), and
 - ii. at any other time notified by the Commonwealth to the Recipient.

D.2.3 The certificate referred to in item D.2.1(a) must be provided by the person specified in Annexure A of Schedule 1 or, if no person is specified, by the Recipient's Chief Executive Officer, chief internal auditor or board member.

D.3. Other Reports

Throughout the Term, the Commonwealth may require the Recipient to provide ad-hoc Reports concerning:

- a. any significant developments concerning the Activity;
- b. any significant delays or difficulties encountered in performing the Activity in accordance with the Agreement; and
- c. the outcomes and outputs of the project as listed in the application.

The Recipient must provide any such ad-hoc Reports within the timeframe notified by the Commonwealth.

E. Assets and Real Property (clauses 1.1.1 and 9)

E.1. Assets

E.1.1. For the purposes of Clause 9, the Recipient may create, acquire or upgrade the following Assets: [List here the Assets that the Department has determined the Recipient may create, acquire or upgrade with the use of Funding, without having to obtain the Department's prior written approval. Note that an item of Real Property is not an Asset. If no Assets are to be listed insert "None Specified"]

E.1.2. The Recipient must for the Term of this Agreement maintain an Asset Register in the following form and containing the following information:

- a. Asset description;
- b. acquisition, upgrade or creation price or total lease cost;

- c. date of acquisition, creation, upgrade or lease;
- d. if leased, type and term of lease;
- e. location of Asset;
- f. date of Disposal;
- g. disposal method; and
- h. if the Asset was partly created, acquired or upgraded using the Funding, the proportion of that creation, acquisition or upgrade that was paid for with the Funding.

E.1.3. The Recipient must use the Assets created, acquired, or upgraded under this Agreement for the Purpose set out in item A.3 of the Schedule for the duration of the Operational Period.

E.2. Real Property

E.2.1. The Real Property includes [insert project name].

E.2.2 The Capital Works includes [insert brief description of what is happening, eg construction and fit-out of the Real Property] at the Works Location.

E.2.3 The Works Locations includes [insert address/location of construction].

E.2.4. The Recipient must for the Term of this Agreement maintain a Real Property Register in the following form and containing the following information:

- a. Real Property description;
- b. acquisition, upgrade or creation price or total lease cost;
- c. date of acquisition, creation, upgrade or lease;
- d. if leased, type and term of lease;
- e. location of Real Property;
- f. date of Disposal;
- g. disposal method; and
- h. if the Real Property was partly created, acquired or upgraded using the Funding, the proportion of that creation, acquisition or upgrade that was paid for with the Funding.

E.2.5. The Recipient must use the Real Property created, acquired, or upgraded under this Agreement for the Purpose set out in item A.3 of the Schedule for the duration of the Operational Period.

F. Insurance

(clause 21.5)

The Recipient must maintain:

- a. workers compensation insurance as required by law where the Recipient carries out activities under this Agreement;
- b. public liability insurance to the value of at least \$10 million for each and every claim, or occurrence giving rise to a claim, in respect to activities undertaken under this Agreement, where occurrence means either a single

occurrence or a series of occurrences if these are linked or occur in connection with one another from one original cause, as the case may be; and

- c. insurance against any loss or damage to an Asset or Real Property for its full replacement cost including where relevant the costs of demolition and removal of debris and the cost of architects, engineers and other consultants.
- d. [Insert reference to any insurance of specific relevance to the Activity, or delete this item if there is no other insurance specific to the Activity.]

G. Reserved

**H. Acknowledgement and publicity
(clause 14)**

- H.1.1 If the Recipient erects or maintains any signage in relation to the Project, the signage must be approved by the Commonwealth prior to use and contain an acknowledgement of the Funding as required under Clause 14 of this Agreement. Any signage must remain in place during the Operational Period for the Project as specified in Item A.4. Signage for the Activity may be paid from the Budget if approved by Us. Signage for any other part of the Project must be at the Recipient's own cost.
- H.1.2 If a Federal, State or Local Government election is announced, the Recipient must cover any sign that is displayed within 100 metres of a polling place with an opaque (impenetrable to sight), durable and water repellent material from a period not less than 48 hours before the commencement of polling at that polling place until the polls close.
- H.1.3 The Recipient must include the Commonwealth logo in all signage, publications and promotional activities related to the Activity.
- H.1.4 The Recipient must not use the Commonwealth's logo without the Commonwealth's approval. If the Commonwealth provides approval for the Recipient's use of the Commonwealth's logo, the Recipient must use it in accordance with the Commonwealth's Print Style Guidelines (as advised by the Commonwealth).
- H.1.5 All the Recipient's publicity, announcements and media releases relating to the Activity must be cleared through the Commonwealth's contact officer specified at item L of the Schedule with at least 10 Business Days' notice, before release.
- H.1.6 The Commonwealth reserves the right to publicise and report on the provision of Funding to the Recipient, including progress on completing the Activity and the Project. The Commonwealth may do this by including the information specified in clause 14.2 in media releases, general announcements about the Funding and in annual reports and in electronic media.
- H.1.7 The Recipient must conduct an official opening of the completed Activity and Project unless otherwise agreed by the Commonwealth.

- H.1.8 The Recipient must provide to the Commonwealth with at least 3 options for dates for the official opening, or any other milestone events that the Recipient chooses to conduct (e.g. stage completion), for the Activity and the Project. These dates must be provided at least 56 days prior to the first proposed date for each event to be conducted.
- H.1.9 The date of official openings or other official public function for the completed Activity and Project must be agreed by the Commonwealth.
- H.1.10 The Recipient must invite the Commonwealth's representative to officiate at any official opening or other official public function relating to the Activity or the Project.
- H.1.11 The Commonwealth Minister's prior agreement must be sought, to invite any other Commonwealth or State elected official or other officials to attending either function. This invitation must be provided to the Commonwealth no later than 56 days before the date of the official opening or other official public function relating to the Activity or the Project.
- H.1.12 The Recipient must coordinate requests for the Commonwealth's agreement to the date of official openings and requests for Commonwealth representation at official openings or other official functions relating to the Activity or the Project through the Commonwealth's contact officer specified at item L of the Schedule.

I. Reserved

**J. Compliance with laws and policies
(clause 21.13)**

The Recipient must comply with the following laws and policies in carrying out the Activity:

- Crimes Act 1914;
- Criminal Code of Conduct 1995;
- Disability Discrimination Act 1992;
- Workplace Gender Equality Act 2012;
- Building and Construction Industry (Improving Productivity) Act 2016;
- Racial Discrimination Act 1975;
- Sex Discrimination Act 1984;
- Migration Act 1958
- Work Health and Safety Act 2011.

For the purposes of clause 21.13, the following policies are identified:

Community Development Grants Programme – Grant Programme Guidelines

**K. Statutory Approvals
(clause 2A.2)**

For the purposes of subclause clause 2A.2, the Recipient must obtain statutory approvals for the Project.

L. Notices

(clause 18.1)

The Commonwealth's details for notices are as follows:

Name: General Manager
Regional Programs Branch

Address: Department of Infrastructure, Transport, Cities and Regional
Development
GPO Box 594
CANBERRA ACT 2601

Email: CDG@infrastructure.gov.au

The Recipient's details for notices are as follows:

Name:

Position:

Address:

Telephone:

E-mail:

M. Applicable Law

(clause 21.14)

The Laws of the Australian Capital Territory apply to this Agreement.

N. Confidential Information

(clause 13)

Commonwealth's Confidential Information

Insert as required, or otherwise delete table below and insert "None Specified"

Agreement Provisions/Schedules/Attachments

Item	Period of Confidentiality
[insert relevant items]	

Agreement related material

Item	Period of Confidentiality
[insert relevant items]	

Recipient's Confidential Information

Insert as required or otherwise delete table below and insert "None Specified"

Agreement Provisions/Schedules/Attachments

Item	Period of Confidentiality
[insert relevant items]	

Agreement related material

Item	Period of Confidentiality
[insert relevant items]	

DRAFT

ANNEXURE A

Table of Milestones, Reports and Funding payments relating to the Activity

Report	Milestone(s) / Information covered by the Report	Milestone Completion Date	Payment amount (GST Exclusive)	Due Date for Report	Due Date for Funding Payment
Progress Report 1	<p>Evidence acceptable to the Commonwealth that the following have been achieved:</p> <ul style="list-style-type: none"> Confirmation that the contractor is compliant with the Code for the Tendering and Performance of Building Work 2016 and accredited under the Australian Government Building and Construction WHS Accreditation Scheme (delete or amend if clause 19 or 20.3 is Reserved); activity XXX <> per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 				
Progress Report 2	<p>Evidence acceptable to the Commonwealth that the following have been achieved:</p> <ul style="list-style-type: none"> activity XXX <> per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 				

Report	Milestone(s) / Information covered by the Report	Milestone Completion Date	Payment amount (GST Exclusive)	Due Date for Report	Due Date for Funding Payment
Activity Completion Report	<p>Evidence acceptable to the Commonwealth that the following have been achieved:</p> <ul style="list-style-type: none"> activity XXX activity YYY the Activity at item A.5 of the Schedule is completed and certified by the Project Manager, Quantity Surveyor, or similar. 				
Progress Report [insert number here]	<p>Evidence acceptable to the Commonwealth that the following have been achieved:</p> <ul style="list-style-type: none"> activity XXX; an Event Invitation has been submitted to the Department as required at Item H of the Schedule; (This mitigation is to be included is the last progress report before the Project Completion Report) <> per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 				

Report	Milestone(s) / Information covered by the Report	Milestone Completion Date	Payment amount (GST Exclusive)	Due Date for Report	Due Date for Funding Payment
Project Completion Report	<p>Evidence acceptable to the Commonwealth that the following has been achieved:</p> <ul style="list-style-type: none"> the Activity, at Item A.5 of the Schedule, is complete; the Project, at Item A.2 of the Schedule, is complete; all approvals required to enable public access and use of the facility have been met; and the Project is fully Operational. 				

ANNEXURE B

BUDGET FOR THE EXPENDITURE OF CDG FUNDING		
Cost item	Description	Amount (GST exclusive)
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Funding (A)		\$

OTHER CONTRIBUTIONS (FINANCIAL)			
Name of Contributor	Cost Item	Description of item	Amount (GST exclusive)
			\$
			\$
			\$
			\$
Other Contributions (Financial) (B)			\$

TOTAL COST ESTIMATE (A + B) (GST exclusive):	\$
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OTHER CONTRIBUTIONS (IN-KIND)

Name of Contributor	Description of Other Contribution (In-kind)

DRAFT

s22

Subject: FW: CDG1654 - Cardwell Sewage Treatment Plant

From: Bradford, Daniel <Daniel.Bradford@ccrc.qld.gov.au>

Sent: Friday, 12 November 2021 11:29 AM

To: s22 <[infrastructure.gov.au](mailto:s22@infrastructure.gov.au)>

Cc: Goodman, David <David.Goodman@ccrc.qld.gov.au>

Subject: CDG1654 - Cardwell Sewage Treatment Plant

Hi s22

As discussed please see below Mr David Goodman's qualifications and experience as Council's Project Manager for this project. As discussed previously, Council will be looking to have an external project manager for the delivery of the infrastructure components of the project. Mr Goodman's qualifications include:

- Bachelor's Degree Engineering Technology
- Diploma Project Management
- Diploma Local Government Planning
- GAICD

Applicable previous experience in recent times with Cassowary Coast Regional Council are delivery of government funded major projects, including:

- Mission Beach Aquatic Facility - \$9,300,000 Budget
- Tully (water) Scheme - \$5,917,807 Budget
- Nyleta (water) Scheme - \$4,700,000

As the Director Infrastructure, Mr Goodman is Council's asset custodian of close to \$1.7 billion worth of assets including roads, bridges, water, sewerage, marine facilities, buildings, parks, recreational facilities and natural assets. All assets are managed in accordance with asset management plans to optimise their life and cost, which results in servicing plans, maintenance programs and capital works programs. Capital works programs include the renewal of existing assets, upgrades and construction of new assets required to deliver services to the community.

If you require any further information, please contact me.

Kind regards,

Daniel Bradford

Business Opportunities and Improvement Lead | Cassowary Coast Regional Council

P: 07 4030 2213 M: 0419 942 191

E: daniel.bradford@ccrc.qld.gov.au | W: www.cassowarycoast.qld.gov.au

PO Box 887, Innisfail QLD 4860

#SILENT

#ECMBODY

Bring joy to people in need!

PLEASE DONATE TO THE COMMUNITY CHRISTMAS APPEAL

Buy a star or gift box to support those in need and bring Christmas to people who may otherwise miss out.

Stars from \$2

Gift Boxes from \$50

100% of funds go to support those in need in our local community at Christmas.

To make your donation, visit any Council Customer Service Centre or call
1300 763 903, and pay by credit card over the phone.

Visit cassowarycoast.qld.gov.au/christmas-appeal for more information.



Cassowary Coast Regional Council respectfully acknowledges the Traditional Owners and First People of the land on which we stand and pays respect to Elders past, present and future.

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