



Cook Shire
COUNCIL

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Annual Report

Acknowledgement of Country

Cook Shire Council would like to acknowledge the Traditional Owners of the land on which our Council operates. We pay respect to Elders past, present and emerging and value the traditions, cultures and aspirations of the First Australians of this land. We acknowledge and hold in great significance the valuable contribution that Traditional Owners have made and continue to make within the Cook Shire community.



COVER: Nash Snider (2019), *Ancestry*, acrylic on canvas, Cook Shire Council Collection

"My name is Nash Snider I am Kuku Yalanji, from Laura, Quinkan Country, Cape York, Queensland. My art is described as Contemporary Aboriginal Art due to the combination of traditional techniques and style. This painting represents the roots of my ancestors, from Laura and Cooktown areas. My connection to Quinkan country is through my forefathers, Jimmy Snider, and this painting is influenced by the distinctive Quinkan art style and the stories painted throughout his and my country. The paperbark tree depicts a tree found in the Cooktown park and symbolises my Great, Great, Grandmother Maggie Snider who was a Kuku Imudji Bama from this area. The circular designs, branches and ancestral art, is a jigsaw puzzle and a space in time connecting my family's pathway to our homelands."

Nash Snider

Council is required under the *Local Government Act 2009* and the *Local Government Regulation 2012* to prepare an Annual Report detailing its operations each financial year.

The 2019–20 Annual Report reflects Council's commitment to achieving effective corporate governance through openness and accountability and by ensuring resources are used efficiently to provide value-for-money services to the Cook Shire community.

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MESSAGE FROM THE MAYOR



This year has been a challenge for Cook Shire but has demonstrated again to all of us that we live in a wonderfully safe and supportive local, regional and national community.

In the latter months of 2019, our Local Disaster Management Group (LDMG) assisted Queensland Fire and Emergency Services with late-season bushfires and we continue to lobby for a full-time station officer to assist our hard-working volunteers, State Emergency Services and other agencies in dealing with fires, floods, cyclones and pandemics.

In January, the Aurukun civil emergency resulted in Coen being inundated with over 100 refugees requiring a prompt and disciplined cooperative response between Council, the Department of Aboriginal and Torres Strait Islander Partnerships, our local agencies and the State and Federal Governments.

A new Council was elected in March 2020 and comprises a great mix of experience and new enthusiasm with a real depth of local knowledge which will be usefully applied to the Councillor's various strategic and geographic portfolios.

Cook Shire relies heavily upon productive and pragmatic partnerships with our neighbouring community Councils, both State and Federal government agencies

and our local community groups and volunteer organisations. The importance of collaboration has been no better demonstrated than by the COVID-19 pandemic: our Local Disaster Management Group, the Queensland Department of Health, the Department of Aboriginal and Torres Strait Islander Partnerships, the Queensland Police Service and many others working together to ensure the safety of our communities. Our "Buy Local" and lobbying campaign with the Chamber of Commerce was critical to the survival of our local economy.

We are part of a small group of Councils involved in the "Communities in Transition" strategy and continue to develop projects with other levels of Government that will bring economic and social growth such as the Lakeland Water Supply Dam, the continued upgrading of the Peninsular Development Road and the Cooktown Housing subdivision, along with a myriad smaller projects. We are a large shire with a small population but our executive involvement with the Far North Queensland Regional Organisation of Councils (FNQROC) and the Torres Cape Indigenous Council Alliance (TCICA) gives us considerable advocacy strength for local and regional issues.

Council's adopted 2019–20 budget acknowledges our reliance on government grants to support our operational and capital works

programs. We are very fortunate to have a talented and dedicated team at Council who apply for, implement and acquit these grants and programs.

It was disappointing that our planned Cooktown Expo 2020 celebrations did not proceed after the incredible amount of passion and work that was expended by so many people and agencies. However, that effort has been wonderfully productive and brought forward to the Cooktown & Cape York Expo 2021: *The Rising Tide*, that promises to be bigger and better, with Queenslanders and Australians keen to explore their country and their history.

It has been a difficult start to 2020 and many have suffered personally with the COVID-19 pandemic. I am extremely proud of our Shire community for coming together to make the most of the current and forthcoming challenging times. We live in paradise but it comes at a cost. We are the lucky country but we make our own luck - and here in Cook Shire we are always up for a challenge.

Stay safe and thanks for your support.

CR PETER SCOTT
MAYOR, COOK SHIRE COUNCIL

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



In a year like no other Cook Shire has managed its responsibilities across Council with diligence and perseverance, providing support to the community at many levels, while continuing to strive for compliance in delivery of capital and operational projects, together with Council's myriad reporting obligations.

Our COVID-19 response sits firmly front of mind. Like all councils, Cook Shire was faced with the immediate challenges of organisational and operational assessments, business continuity reviews and the redeployment of staff. Pandemic plans were developed or were underway and staff progressively transitioned into work-from-home arrangements, not an easy task in areas with challenging internet reception. Six staff operated a call centre dedicated to COVID-related inquiries. As news of the pandemic broke the Commonwealth Government passed a Biosecurity Determination, effectively legally prohibiting general access to the Cape.

Numerous logistical challenges arose for Cook Shire Council: many questions around the operation of the new Determination, decisions regarding eligibility to travel and the development of an application process. The alignment of the role of the Commonwealth Human Biosecurity Officer with the Cape's Local Disaster Management Group (LDMG) Chairs, appeals from decisions to refuse entry, the intercepting responsibilities of the Commonwealth, Queensland Health, Emergency Management and State Agencies responsible for the health and well-being of Indigenous communities and local government, presented significant operational challenges. Cook's LDMG delegates met every day, at first, seven days a week. Over time, with much perseverance and patience, the numerous agencies and Cape councils worked in partnership to achieve the main aim of the 'lockdown' – to keep the Coronavirus out of the Cape. We landed in an entirely new political and operational space, and with a newly elected council, annual strategic planning and budget

preparations to keep us fully occupied.

Cook Shire successfully pivoted during the 'Cape lockdown' to deliver a significant capital program of 49 projects totalling over \$8 million and the majority of its operational plan initiatives. During the year Council delivered an exceptional and timely program of repair works totalling \$45 million across the Cape's 2,900 kms of road network, funded jointly by the Commonwealth and Queensland State Governments under the Disaster Recovery Funding Arrangements.

A very significant majority of Council's project and operational funding also comes from Commonwealth and State grants and Council continues to express its appreciation for this critical financial support.

Again I extend my sincere appreciation to Councillors and staff for their combined contributions to Cook Shire over this past year.

LINDA CARDEW
CHIEF EXECUTIVE OFFICER



ABOUT COOK SHIRE

Cook Shire is a large, sparsely populated shire located in Australia's Cape York Peninsula.

It is roughly half the size of Victoria and twice the size of Tasmania: 106,073 km². The Shire stretches from Palmerville in the south to north of the Jardine River, with over 2945 km of roads and encompassing several islands situated off the north-east coast of Cape York.

Cook Shire adjoins thirteen other local government authorities and includes two UNESCO World Heritage areas: The Wet Tropics and the Great Barrier Reef.

Successive Cook Shire Councils have worked creatively and industriously to create a well-connected, strong, healthy and friendly community. Cook Shire will continue to sustain and grow as a place that represents the best aspects of Cape York living.

Cook Shire Council seeks to continually support the population to meet key thresholds for social, health, educational and commercial services and is an advocate for sustainable and diversified economic growth within the region.

Ongoing improvements to infrastructure, amenities and services will continue to improve the health and quality of life for residents and make Cook Shire an increasingly attractive and connected place for residents and visitors.

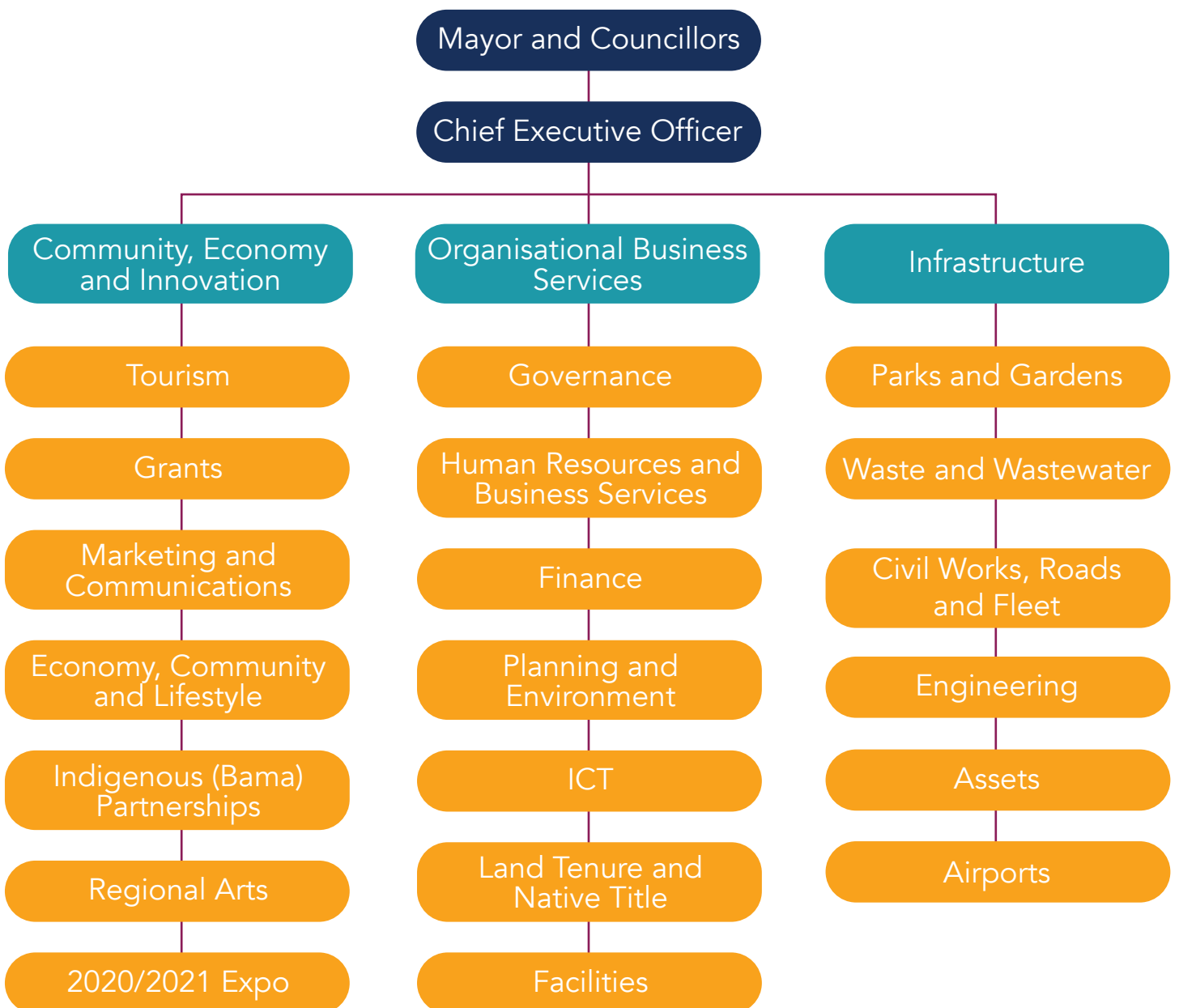


COOK SHIRE COUNCIL

Cook Shire Council is responsible for providing services to the defined Local Government Area: Cook Shire.

The Council comprises seven Councillors democratically elected to represent the diverse views and social ecology of the Shire. The strategic direction developed and overseen by the Councillors is delivered by a skilled and experienced workforce led by an Executive Leadership Team comprising the Chief Executive Officer and three Directors who are responsible for Council's operational directorates: Community, Economy and Innovation, Organisational Business Services and Infrastructure.

Cook Shire Council Organisational Chart



COOK SHIRE'S COUNCILLORS

Councillors Elected in 2020

The Queensland Local Government elections were held on 28 March 2020 by hybrid ballot. As the election was held during the financial year, information on both newly elected (incoming) and outgoing Councillors has been included in this Annual Report.

The workload associated with being an elected member is shared between all Councillors by strategically dividing local government responsibilities and the large geographical expanse of Cook Shire into portfolios aligned to the strengths and interests of each individual Councillor. Informed discussion is generated by the whole of Council however the Shire's Councillors decide strategy and make decisions in response to community feedback, initiatives and need.



**COUNCILLOR
PETER SCOTT,
MAYOR**

Mayor Peter Scott has served with Cook Shire Council since 2004 as a Councillor. Mayor Scott has also been elected as Council's Mayor for three consecutive terms: 2012, 2016 and again in 2020.

Geographic Portfolio

- Whole of Cook Shire
- Strategic Regional Representation

Strategic Portfolio

- Finance, Audit and Risk
- Community Wellbeing, Housing and Inter-Agency Groups
- Disaster Management and Mass Gatherings



**COUNCILLOR
ROBYN HOLMES,
DEPUTY MAYOR**

Councillor Robyn Holmes is serving her second consecutive term with Council: elected in both 2016 and 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Laura, Lakeland and the south-west Shire

Strategic Portfolio

- Finance, Audit and Risk
- Community Wellbeing, Housing and Inter-Agency Groups
- Environment and Waste
- Economic Development and Tourism
- Health and Education
- Disaster Management and Mass Gatherings



**COUNCILLOR
PETER BURNS**

Councillor Peter Burns is serving his first term as Councillor: elected in 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Coen, Portland Roads and the northern Shire

Strategic Portfolio

- Coen Inter-Agency Group
- Economic Development and Tourism





**COUNCILLOR
JOHN DESSMANN**

Councillor John Dessmann is serving his second consecutive term with Council: elected in both 2016 and 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Ayton, Bloomfield, Rossville and the south-east Shire

Strategic Portfolio

- Indigenous (Bama) Partnerships
- Climate Change and Sustainability



**COUNCILLOR
LARISSA HALE**

Councillor Larissa Hale is serving her second consecutive term with Council: elected in both 2016 and 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Laura, Lakeland and the south-west Shire

Strategic Portfolio

- Coen and Laura Inter-Agency groups
- Indigenous (Bama) Partnerships
- Climate Change and Sustainability
- Sport, Recreation and Arts



**COUNCILLOR
ROSS LOGAN**

Councillor Ross Logan is serving his third term with Council: elected in 2000 and 2004 and again in 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Coen, Portland Roads and the northern Shire

Strategic Portfolio

- Coen Inter-Agency Group
- Environment and Waste
- Economic Development and Tourism



**COUNCILLOR
MARILYN MORRIS**

Councillor Marilyn Morris is serving her first term with Council: elected in 2020.

Geographic Portfolio

- Cooktown, Marton and Endeavour Valley
- Ayton, Bloomfield, Rossville and the south-east Shire

Strategic Portfolio

- Indigenous (Bama) Partnerships
- Sport, Recreation and Arts

Outgoing Councillors

COUNCILLOR ALAN WILSON

Councillor Alan Wilson served the region as a Councillor for four consecutive terms: elected in 2004, 2008, 2012 and 2016. He did not stand for re-election in 2020.

COUNCILLOR KAZ PRICE

Councillor Kaz Price served the region as a Councillor for two consecutive terms: elected in 2012 and 2016. She did not stand for re-election in 2020.

COUNCILLOR JOHN GIESE

Councillor John Giese served the region as a Councillor for one term: elected in 2016. He did not stand for re-election in 2020.



STRATEGIC AND OPERATIONAL PROGRESS ASSESSMENT

Section 190 of the *Queensland Local Government Regulation 2012* requires Council's Chief Executive Officer to provide an annual assessment of Council's progress towards implementing its 2017–2022 Corporate Plan and 2019–20 Operational Plan.

The following section provides an overview of progress made by Council against the Key Priorities for the Shire as identified in its 2017–2022 Corporate Plan and the operational initiatives undertaken in the 2019–20 Operational Plan that support the implementation of those priorities.

Overwhelmingly the works undertaken during the 2019–20 financial year, in the progression of Council's 2017–2020 Corporate Plan, have been successful and have generated real value for Cook Shire and its communities.



KEY PRIORITY 1

COMMUNITY

“A sense of common purpose, whilst retaining local diversity, with the goals and aspirations of individual communities reflected in localised strategy and planning.”

Operational Plan initiatives undertaken during the 2019–20 financial year progressed key priorities for the Shire and reflect the goals and aspirations of the Shire’s individual communities, building on existing community engagement to deliver new and improved community facilities and services.

Projects of note undertaken by Council’s Community, Economy and Innovation Directorate include the translation of nursery rhymes into local Indigenous languages, progress towards the establishment of libraries in the Shire’s more remote towns and work on improved sporting facilities for various townships including new change room facilities at John Street Oval in Cooktown and the development and adoption of a Master Plan for the Lakeland Sports Field.

Council’s Infrastructure Directorate substantially progressed the Cooktown Botanic Gardens Master Plan, with access and new carpark facilities completed and the design for the footpath approved by the Department of Environment and Science.

Excellent work has been undertaken during the financial year in furthering commitments made under the Memorandum of Agreement between the Waymburr Warra/Guugu Yimithirr Clan and Cook Shire Council. Commitments honoured by Council under the Memorandum of Agreement include the sealing of Savage Street in Cooktown and the placement of one of the Clan’s Traditional Owners as a trainee within the Community, Economy and

Innovation Directorate: employed as Council’s Indigenous Projects Officer and closely working with the Creative Director for Cooktown’s Expo 2020 (now the Cooktown & Cape York Expo 2021: *The Rising Tide*).

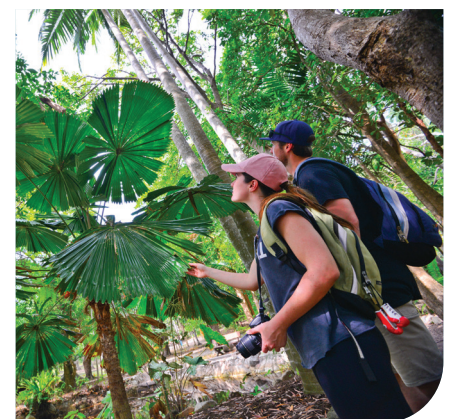
Council’s Regional Arts Officer travelled throughout Cape York and Torres Strait Islands, meeting with representatives from regional councils and communities, discussing key priorities and challenges as well as scoping and identifying support for current and future projects. Three networking functions were held in the region during the 2019–20 financial year. A highlight of the program being ‘Art Online Live’, which was developed to address issues of depression, boredom and isolation occurring in artists and other people confined to their homes during COVID-19. ‘Art Online Live’ also sought to provide employment opportunities for artists who had lost potential income during the lockdown period to work as teachers.

Over 80% of all community initiatives planned for 2019–20 were commenced and progressed during the financial year.

The remaining 20% of projects were either delayed or deferred by Council resolution as a result of external funding restrictions, or factors beyond council’s control, such as the COVID-19 pandemic.

In response to the declaration of the pandemic, Cook Shire established a dedicated call centre the day the Cape was locked down. The call centre was opened to address enquiries, issues and

permits for residents of Cook Shire and potential travellers. Six staff were seconded from various departments to provide support to the community, the Local Disaster Management Group and State government departments.



KEY PRIORITY 2

ENVIRONMENT

“*Respect for the unique natural environment of the Cape, its history and the provision of sustainable, safe access for the enjoyment of the Cape’s communities and visitors.*”

During the 2019–20 financial year, works undertaken to implement environmental objectives identified in the 2017–2022 Corporate Plan were highly successful.

In pursuit of improved disaster management services for the Shire, a public health education campaign was implemented, offering vital information about risks the community faces both before and after a public health disaster and offering advice on how to mitigate those risks. The campaign has seen excellent results and is ongoing. Council’s Environmental Health Officer completed demonstrations and talks at two local schools to great response. Information sheets were distributed to all businesses with a Food Business Licence and have been published on Council’s website. The program is expected to continue in 2020–21 as an ongoing response to the COVID-19 pandemic.

In the management of Council’s planning and development services, a study into land that might be used for light and low impact industry was completed and presented to Council for consideration. The study addresses ongoing concerns about the sufficiency of land available for industrial development within the Shire and supports the achievement of Corporate Plan objectives relating to growth through consideration of planning and development controls and sustainable development principles.

To better meet the needs of the Shire when enforcing Council’s

Local Laws, a review of those laws resulted in proposed amendments of significant interest to the community. The amendments include increased flexibility and decreased financial burden on the community when holding events; changes to the way Council’s RV Rest Area is used that provide potential economic advantages to local businesses; and changes that allow animals in Council cemeteries.

Projects extending beyond 30 June were largely delayed due to funding constrictions or the impacts of COVID-19.

Other works undertaken by Council during 2019–20 encompass the requirement for significant and ongoing disaster management within the Shire. During the financial year, the Cook Shire Local Disaster Management Group worked to collaboratively manage fire events, events impacting social welfare such as COVID-19, the influx of Aurukun displaced persons into Coen, and monsoonal flooding. The Group undertakes vital preventative and planning activities and is actively involved in disaster response operations and the facilitation of community recovery.

Cook Shire established a COVID-19 call centre on 22 March to address enquiries, issues and permits for residents of Cook Shire.

One of the most rewarding projects undertaken during the 2019–20 financial year was the continuation of the Community Resilience Blitz Program. The goal of the program’s ‘Blitz’ days was to tidy up communities within Cook Shire and to educate and show the community that Council cares. All Council employees were invited to participate in the program and stronger friendships between Council staff and community groups has been one of the program’s many highlights.

106 Days the Call Centre was activated

8,496 Phone calls received to the Cook Shire Council’s dedicated COVID-19 Call Centre

4,914 Emails received to the call centre email address

1,101 Walk-in enquiries to the front counter at the Cook Shire Council Main Administration Building

646 Applications processed (not including essential service applications)

52,942 Combined number of page views of Council’s two COVID-19 webpages

0 Number of cases reported in Cape York during Call Centre Activation

KEY PRIORITY 3

ECONOMY

“*Locality specific economic growth, understanding and development of potential for primary industries, including agriculture and aquaculture opportunities, appropriate to each community and the Shire as a whole.*”

Over the 2019–20 financial year Council made substantial progress in addressing key economic development priorities highlighted in both the 2017–2022 Corporate and 2019–20 Operational Plans.

Capital works that support economic growth through the Shire included the renovation and fit-out of the JS Love Building in Coen, providing accommodation for State government workers (amongst others) as they bring essential services to the region, and the progression of the Cooktown Airport Development, implementing plans to provide access to additional commercial blocks of land for leasing.

Phase Two of the Clean Growth Choices program was implemented during the financial year and Council partnered with experts from James Cook University, the University of Southern Queensland, the CSIRO and others to create comprehensive business cases and roadmaps for the identification of potential Federal, State and private sector investment which will support long term sustainable economic resilience for the region.

Sound and strategic management of the Shire’s assets and infrastructure is key to the achievement of Council’s economic objectives. This includes not only the development and implementation of long-term financial plans and strategy for asset management, but also the delivery of an annual capital works program. In 2019–20 this was undertaken by Council’s Infrastructure Directorate.

In the 2019–20 financial year the Infrastructure Directorate delivered

capital works that included key projects such as the new ‘Two Mile’ footpath and bridge in Cooktown, expanding shared pathways between the RV Rest Stop and the Cooktown Cemetery, the sealing of Savage Street and Oaky and Poison Creek Roads, and the construction and sealing of the Aurukun and Peninsula Development Road intersection. Bike racks were installed at Cooktown’s Waterfront Precinct and picnic tables were provided at the local skate park: very popular with parents of children using the much-loved facility.

Works undertaken to assist in the management of Council’s seasonal weather included the construction of new causeways at various locations, and capital works undertaken through Disaster Relief Funding Arrangements valued at \$45 million.

Projects commenced during the 2019–20 financial year not fully completed by 30 June 2020 were subject to external funding restrictions or intended to be undertaken across a number of years. Only one project intended to drive significant economic growth for the Shire was deferred until the 2020–21 financial year: The Cooktown Expo 2020. Originally intended to run through July and August of 2020, restrictions imposed as a result of the COVID-19 pandemic required the three week long regional Expo to be rescheduled for June 2021. Re-imagined, the Cooktown & Cape York Expo 2021: The Rising Tide will now serve as a catalyst for regional economic renewal in the face of the losses faced by the community as a result of COVID-19. It will be a festival of both celebration and reconciliation.



GOVERNANCE

“Accountable, responsible and appropriate governance and management, reflected in responsible long-term financial sustainability and clear strategic direction built around core local government business and affordable levels of service.”

Cook Shire Council's 2017–2022 Corporate Plan outlines Governance as one of its four Key Strategic Priorities. Specific Governance objectives include improved long-term sustainable financial management of Council's assets, resources and infrastructure, ongoing and improved communication to better inform employees and the community, improved organisational service provision and compliance through reviewed management systems and procedures and periodic reviews of Council's organisational structure and resourcing.

Governance projects undertaken in pursuit of Council's strategic objectives during the 2019–

20 financial year include the implementation of new management systems, improved strategy and reporting, new services offered by Council's ICT business function and the standardisation of Council's customer service commitments.

During the reporting period an organisational report card (Council in Focus) was developed and is now made available to the public quarterly. Additionally, a comprehensive and essential Work Health and Safety Management System was developed and is operational, and Council's Customer Service Charter was reviewed, providing the community with a benchmarking tool against

which expectations about Council's performance and service timelines can be measured.

Overall, Governance projects planned for and undertaken during the 2019–20 financial year have been successful and have progressed Council's commitment to meeting its strategic objectives for the management of Council and the benefit of the Shire.





COMMUNITY FINANCIAL REPORT



The Community Financial Report is a summary of the information contained in Council's Financial Statements for the period 1 July 2019 to 30 June 2020 and provides an overview of Council's financial management and performance in accordance with section 179 of the *Local Government Regulation 2012*.

The Community Financial Report is presented with the Chief Executive Officer's assessment of Council's progress towards implementing its Corporate and Operational Plans and in accordance with section 184 of the *Queensland Local Government Regulation 2009*.

SUMMARY

As a small regional Council with limited capacity to increase rates and charges due to the small rate base, Council has focused on minimising expenditure and strategically assessing funding opportunities to maximise asset renewals and deliver many programs.

Council has an operating deficit of \$8 million resulting mostly from depreciation, which illustrates that Council does not have sufficient income to set aside adequate funds to renew its assets each year. Depreciation is a non-cash expense and represents the amount that should be set aside each year to renew Council's assets, including water, wastewater, parks, roads and buildings.

Council's budget is guided by the available cash surplus and grant funding, to ensure it is able to maintain its cash reserves.

Because Council is unable to set adequate cash reserves to fund asset replacements, it is important for Council to maximise funding opportunities so that assets can be strategically prioritised and renewed as required. The revised capital budget for 2019–20 was \$12.865 million, with \$8.8 million grant-funded.

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income (often referred to as the Profit and Loss Statement) shows the details of Council's operating and capital income and expenses for a specified reporting period. Income minus expenses result in either a profit or loss amount known as the net result.

A Summarised Statement of Comprehensive Income for the year ended 30 June 2020 is shown in the table below:

Summary of Statement of Comprehensive Income	\$ '000
Operating Revenue	62,355
Less: Operating Expenses	70,380
Operating Position *	-8,025
Plus: Capital Income	6,305
Less: Capital Expenses	4,047
Net Result	-5,767

* The Operating Position, a deficit of \$8 million, does not represent loan borrowings or 'debt'. Council's operating revenue is less than operating expenses. Operating expenses include non-cash expenses such as depreciation.



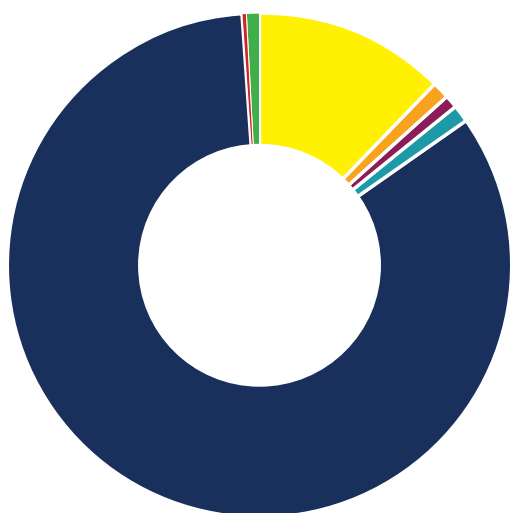
OPERATING REVENUE –

WHERE COUNCIL'S MONEY COMES FROM

Operating revenue includes rates and utility charges, fees and charges, sales revenue, operating grants and contributions, interest and other income.

Council received \$62.3 million in operating revenue during the financial year. Net rates and utility charges of \$7.7 million make up only 12.4% of the total operating revenue for the year and could only pay for 11% of Council's operating expenses. 83.6% of operating revenue comes from operating grants. \$40.2 million of operating grants related to the restoration of flood-damaged road assets.

Other sources of revenue are capital revenue and capital income. Capital revenues refer to income from grants, subsidies and contributions. This revenue is used to pay for fixed assets. Total capital revenue during the 2019–20 financial year was \$6.3 million.



Operating Revenue Sources	\$ '000	%
Rates, Levies and Charges (net)	7,736	12.4%
Fees and Charges	629	1.0%
Sales Revenue	640	1.0%
Rental Income	553	0.9%
Grants and Contributions - Operating	52,104	83.6%
Interest Received	294	0.5%
Other Income	399	0.6%
Total Operating Revenue	62,355	

Capital Revenue	\$ '000
Grants and Contributions - Capital	6,143
Capital Income	162
Total Capital Revenue	6,305



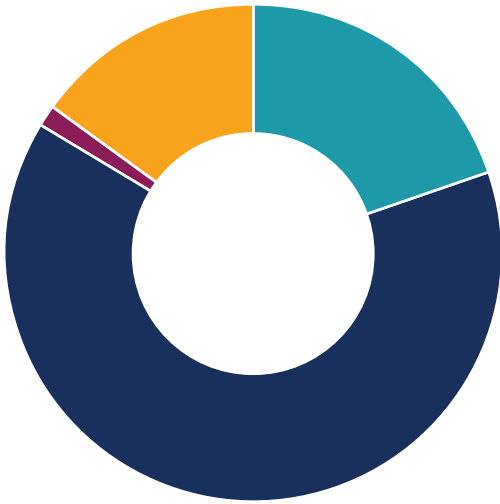
OPERATING EXPENDITURE –

WHAT EXPENSES DID COUNCIL HAVE?

During the 2019–20 financial year, Council focused on continuing its commitment to long-term financial sustainability.

Total operational expenses of \$70.3 million were incurred during the year 1 July 2019 to 30 June 2020. The largest portion of funds was spent on materials and services. Materials and services expenditure typically includes maintenance of roads, drainage and bridge assets, water and wastewater services, parks and open spaces and various community services. Materials and services expenditure totalled \$44.9 million or 63.9% of the total operating expenditure.

Of the \$44.9 million materials and services, \$35.3 million related to restoration of flood-damaged road assets.



Operating Expenditure	\$ '000	%
Employee Benefits	13,919	19.8%
Materials and Services	44,967	63.9%
Finance Costs	904	1.3%
Depreciation and Amortisation	10,590	15.0%
Total Operating Expenditure	70,380	



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (more commonly known as the Balance Sheet) displays a snapshot of assets and liabilities at a specified reporting date.

The statement measures what Council owns (assets) and what Council owes (liabilities). The difference between these two components is the net wealth (equity) of Council and our community, referred to as Community Equity.

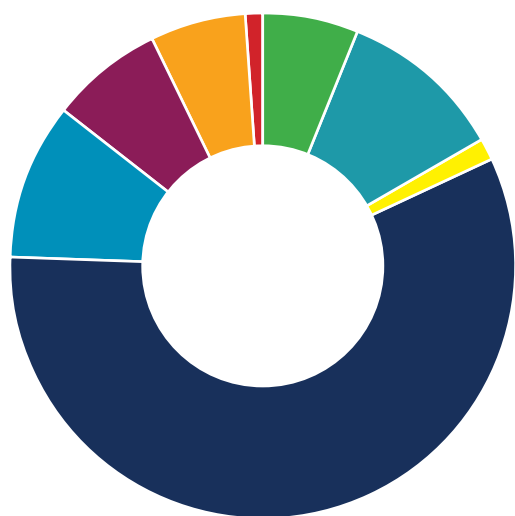
Each heading in the Statement of Financial Position is separated into detailed subheadings that are cross-referenced to Notes in the Financial Statements to provide further explanations.

Statement of Financial Position	\$ '000	%
Assets - What Council owns		
Cash Assets	23,071	6.9%
Receivables	2,766	0.8%
Inventories	461	0.1%
Contract Assets	5,430	1.6%
Other Assets	138	0.0%
Property, Plant and Equipment	301,456	90.4%
Total Assets	333,322	
Less: Liabilities - What Council Owes		
Payables	1,160	3.2%
Contract Liabilities	7,086	19.6%
Borrowings	8,082	22.3%
Provisions	19,597	54.2%
Other Liabilities	257	0.7%
Total Assets	36,182	
Net Community Assets - What Council is Worth	297,140	

WHAT DO WE OWN?

At 30 June 2020 Council assets were valued at \$333 million. Of this \$301 million related to property, plant and equipment. The graph below shows the different asset classes as a percentage of all property plant and equipment assets.

Council's major asset is property, plant and equipment. This is broken down into asset classes of land, buildings, plant and equipment, furniture and equipment, roads, drainage, bridges, water, sewerage and other infrastructure assets. Road, drainage, bridge, water and sewerage infrastructure represent 74.7% of the total fixed assets and provide a direct service/benefit to the community.



Property, Plant and Equipment	\$ '000	%
Assets - What Council owns		
Land	18,922	6.3%
Buildings	31,584	10.5%
Plant and equipment	4,181	1.4%
Furniture and equipment	132	0.0%
Road, drainage and bridge network	173,187	57.5%
Water	30,515	10.1%
Sewerage	21,272	7.1%
Other structures	18,211	6.0%
Works in progress	3,452	1.1%
Total Property, Plant and Equipment	301,456	

A total of \$9.9 million was spent to renew, upgrade and build new assets for the community during this financial year. Some of the capital expenditure highlights for the 2019–20 year included:

Project	\$ '000
Poison Creek Upgrade and Seal	1,284
Aurukun Access Rd Construct to Seal Standard	1,508
Oaky Creek Upgrade and Seal	742
Savage Street Upgrade and Seal	330
Airport Upgrades	516
Road Reseals	590
Rural Roads Drainage	369
Pathways	576
Botanic Gardens Development	611
Water and Wastewater Infrastructure	848
Buildings	327
Fleet	1,117
Ayton Radio Tower and VHF	83
John St Oval Irrigation	126

WHAT DO WE OWE?

Total loan borrowings, excluding overdrafts, for 2019–20 amount to \$4.2 million. Additionally, Council holds an overdraft facility for \$3.2 million.

The overdraft facility assists Council to manage flood damage projects where Council spends the money and subsequently claims it back from the funding provider. The overdraft facility is typically repaid in the short term once Council is paid for the completed works.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows measures the inflow and outflow of cash during the reporting period.

The statement is categorised into three groups:

- Net cash from Operating activities: These are normal day to day functions of Council. This would include receipts such as rates, fees and charges, interest received on investments and payments of employee wages, materials and services.
- Net cash from Investing activities: Including capital grants for the purchase and construction of property, plant and equipment and proceeds from the sale of assets.
- Net cash from Financing activities: These are repayments of loans, as well as the inflows from new loans drawn down in the year (if any). The inflow represents the drawdown from the working capital facility to fund flood damage works.

Statement of Cash Flows	\$ '000
Cash and Cash Equivalents Beginning Balance	19,022
Net cash from operating activities	1,893
Net cash from investing activities	-1,258
Net cash from financing activities	3,414
Cash and Cash Equivalents Closing Balance	23,071



MEASURES OF FINANCIAL SUSTAINABILITY

The *Local Government Regulation 2012* requires Council to report its results for the financial year against selected financial sustainability ratios. The financial ratios are shown below:

Ratio Description	Ratio	Ratio	Target
<p>The operating surplus ratio is an indicator of the extent to which revenues raised cover operational expenses.</p> <p>Council has reported an operating deficit of \$8 million which is why the operating surplus ratio is showing as negative 12.87%</p>	Operating Surplus Ratio	-12.87%	0 - 10%
<p>The asset sustainability ratio is an approximation of the extent to which infrastructure assets are being replaced as they reach the end of their useful lives.</p> <p>Council has not achieved this target in the financial year and will continue to leverage grant funding to renew its asset base.</p>	Asset Sustainability Ratio	24.26%	> 90 %
<p>The net financial liabilities ratio is an indicator of the extent to which the net financial liabilities can be serviced by operating revenue.</p> <p>As Council's borrowings are not excessive the 6.92% is well below the target of less than 60%. Council has easily achieved this target as it continues to pay down debt.</p>	Net Financial Liabilities Ratio	6.92%	< 60%





LEGISLATED REPORTING REQUIREMENTS



The Queensland *Local Government Act 2009* and associated *2012 Regulation* requires Council to include in its Annual Report specific information that promotes an informed community and a transparent Council. The following sections detail information required to be included in the Annual Report relevant to both Council and the Shire.

COUNCILLOR REPORTING REQUIREMENTS

Section 186 of the *Local Government Regulation 2012* requires Council's Annual Report to include information regarding its Councillors as follows:

Councillors Remuneration

For each Councillor the Annual Report must detail facilities provided to, expenses incurred by, and the total remuneration, including superannuation contributions, paid to each Councillor during the financial year.

Mayor and Councillor	Gross Salary	Superannuation Contribution	Expenses Claimed
Re-elected Councillors			
Mayor Peter Scott	\$105,797.38	\$13,173.99	\$17,352.00
Robyn Holmes	\$63,335.95	\$7,600.32	\$2,126.00
John Dessmann	\$54,890.69	\$6,537.06	\$2,353.00
Larissa Hale	\$54,890.69	\$6,586.89	\$ -
Newly Elected Councillors			
Marilyn Morris	\$10,173.80	\$966.50	\$ -
Peter Burns	\$10,173.80	\$966.50	\$ -
Ross Logan	\$10,173.80	\$966.50	\$ -
Outgoing Councillors			
Alan Wilson	\$45,834.83	\$4,248.06	\$11,679.00
John Giese	\$44,716.89	\$5,366.02	\$1,712.00
Kaz Price	\$44,716.89	\$5,366.02	\$1,892.00
TOTAL	\$444,704.72	\$51,777.86	\$37,114.00

Facilities provided to Cook Shire's Councillors during the 2019–20 financial year include meeting rooms and other spaces, technology as required to undertake official Council business, administrative facilities, uniforms and personal protective equipment, insurance cover, appropriate professional development and use of Council vehicles when needed.

Section 186 (1)(a)&(b) Local Government Regulation 2012

Council Meetings Attended

Elected representatives are expected to attend the relevant Council and committee meetings as part of their commitment to the Shire and as part of their official duties. Section 186 (c) of the *Local Government Regulation 2012* requires Council to report on the number of meetings attended by each Councillor during the 2019–20 financial year.

In the 2019–20 financial year the following Council meetings were held:

- 12 Ordinary Council Meetings
- 5 Planning and Environment Meetings
- 2 Special Council Meetings
- 1 Statutory Council Meeting

Newly elected Councillors were sworn in at the April Statutory Council meeting. Meeting attendance by Councillors has been provided below for both newly elected Councillors and outgoing Councillors.

Mayor and Councillors	Ordinary Council Meetings	Planning and Environment Meetings	Special Council Meetings	Statutory Council Meetings
Re-elected Councillors				
Peter Scott (Mayor)	11 of 12	4 of 5	2 of 2	1 of 1
Robyn Holmes	12 of 12	5 of 5	2 of 2	1 of 1
John Dessmann	12 of 12	4 of 5	2 of 2	1 of 1
Larissa Hale	9 of 12 *	4 of 5	2 of 2	1 of 1
Newly Elected Councillors				
Marilyn Morris	3 of 3	2 of 2	1 of 1	1 of 1
Peter Burns	3 of 3	2 of 2	1 of 1	1 of 1
Ross Logan	3 of 3	2 of 2	1 of 1	1 of 1
Outgoing Councillors				
Alan Wilson	8 of 9	3 of 3	1 of 1	NA
John Giese	8 of 9	3 of 3	1 of 1	NA
Kaz Price	9 of 9	2 of 3	1 of 1	NA

* Plus one meeting partially attended.

Section 186 (1)(c) Local Government Regulation 2012

Councillor Conduct

Councillor conduct is regulated through the Queensland *Local Government Act 2009* and the associated 2012 *Regulation*.

Section 186 of the Regulation requires Cook Shire Council to include in the Annual Report particulars of any decisions, orders, recommendations, complaints, referrals, or notifications made with reference to Councillor Conduct as follows:

The number of orders and recommendations made under section 150I(2) of the *Local Government Act 2009*:

No orders or recommendations made regarding unsuitable meeting conduct

The number of orders made under section 150AH(1) of the *Local Government Act 2009*:

No orders or recommendations made regarding inappropriate conduct

The number of decisions, orders and recommendations made under section 150AR(1) of the *Local Government Act 2009*:

No orders or recommendations made by the Tribunal regarding inappropriate conduct or misconduct

Section 186 (1)(d)(i)-(iii) Local Government Regulation 2012

Section 186 (1)(e)(i-iii) Local Government Regulation 2012 Not Applicable

The number of complaints referred to the assessor under section 150P(2)(a) of the *Local Government Act 2009* by the local government, a councillor of the local government, or the Chief Executive Officer of the local government:

No complaints referred to the Assessor by the local government, a Councillor of the local government, or the Chief Executive Officer of the local government

The number of matters, mentioned in section 150P(3) of the *Local Government Act 2009*, notified to the Crime and Corruption Commission:

No matter notified to the Crime and Corruption Commission

The number of notices about misconduct given under section 150R(2) of the *Local Government Act 2009*:

No notices regarding indicated Councillor misconduct sent to the Assessor

The number of notices given under section 150S(2)(a) of the *Local Government Act 2009*:

No notices regarding Councillors' disciplined for misconduct sent to Assessor

Section 186 (1)(f)(i)-(iv) Local Government Regulation 2012

The number of decisions made under section 150W(1)(a), (b) and (d) of the *Local Government Act 2009* (1 July 2019 to 31 August 2019) and the number of decisions made under section 150W(1)(a), (b) and (e) relating to Councillor conduct:

Three complaints dismissed by the Assessor in accordance with section 150W(1)(a)

No complaints referred by the Assessor to the local government to deal with under section 150W(1)(b)

No complaints decided by the Assessor under section 150W(1)(d)/(e)

Section 186 (1)(f)(v) and s353 Local Government Regulation 2012

The number of referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the *Local Government Act 2009*:

No referral notice was issued to Cook Shire Council under section 150AC(3)(a) of the Act relating to suspected inappropriate conduct

The number of occasions information was given under section 150AF(4)(a) of the *Local Government Act 2009*:

No information was sent the assessor under section 150AF(4)(a) relating to suspected inappropriate conduct

The number occasions the local government asked another entity to investigate, under Chapter 5A, Part 3, Division 5 of the *Local Government Act 2009*, suspected inappropriate conduct of a Councillor:

Cook Shire Council did not ask another entity to investigate suspected inappropriate conduct of a Councillor

The number of applications heard by the conduct tribunal under Chapter 5A, Part 3, Division 6 of the *Local Government Act 2009* about whether a Councillor engaged in misconduct or inappropriate conduct:

No matter was referred to the conduct tribunal under Chapter 5A, Part 3, Division 6 of the Act

Section 186 (1)(f)(vi)-(ix) Local Government Regulation 2012

ORGANISATIONAL REPORTING REQUIREMENTS

Cook Shire Council's Annual Report must contain information relating to specific legislative activities, decisions, resolutions and policy as follows.

Where information is required to be included in the Annual Report but that information does not pertain to Cook Shire Council, the exclusion has been noted at the end of the section.

Beneficial Enterprises

A local government's Annual Report must itemise all beneficial enterprises conducted by the local government. Beneficial enterprises are enterprises that benefit all or part of the local government area. Through the contribution of annual funding, Cook Shire Council conducted three beneficial enterprises during the 2019–20 financial year:

- The Barrier Reef Childcare Centre
- Nature's Powerhouse Visitor Information Centre
- The PCYC Community Events Centre

Section 41 Local Government Regulation 2012

Executive Remuneration

The *Local Government Act 2009* requires Council to report on the total remuneration packages payable to its senior executive employees.

Council employs four full-time senior executives including Council's Chief Executive Officer. The total remuneration paid in the 2019–20 financial year to executives was \$950,136. No executive was paid less than \$100,000, three executives received salary packages within a salary band of \$100,000 to \$200,000 and two executives received a salary package within a salary band of \$200,000 to \$300,000. During the year one of Council's senior executives resigned accounting for the inclusion of the fifth salary package.

Section 201 Local Government Act 2009

Non-Current Asset Policy

Cook Shire Council's Annual Report must contain a list of any resolution made under section 206 (2) of the *Local Government Regulation 2012*. At the Ordinary Council Meeting held on 19 February 2020, Council resolved the following:

14.12 NON-CURRENT ASSET POLICY

RESOLUTION 2020/46

Moved: Cr Alan Wilson

Seconded: Cr Larissa Hale

That Council adopts the Non-Current Asset Policy dated February 2020. **CARRIED**

Section 185(b) Local Government Act 2009

Administrative Action Complaints

Cook Shire Council is committed to providing the highest level of customer service. To constantly improve these services, Council acknowledges the public's right to provide feedback and welcomes their comments. This includes the right to lodge a complaint about a decision made by Council, an action undertaken by Council, or an action Council failed to undertake.

Council has adopted and implemented a Customer Service Charter which provides guidance across the organisation in relation to the standard of service the public can rightfully expect in their dealings with Council. Council's Customer Service Charter supports and aligns with Council's complaints management process which has been developed and implemented to ensure complaints are managed in a way that is efficient, effective, objective and fair.

During the 2019–20 financial year, 11 administrative action complaints were received by Council and 12 were resolved under Council's complaints management process. One complaint was made in 2018–19, not finalised until 2019–20. The majority of complaints actioned in 2019–20 were resolved to an outcome that was satisfactory to the complainant. All complainants were given the option of escalating their matter within Council or to the Queensland Ombudsman for review. The right to request a review of an administration action complaint was not exercised by any complainant.

Section 187 Local Government Regulation 2012

Overseas Travel

The Director of Infrastructure, David Klye, travelled to the Canterbury Plains of New Zealand on 22 February 2020 returning on 26 February 2020. The purpose of the trip was to inspect several irrigation schemes and gather information to assist with the development of a new scheme at Lakeland. The inspections were undertaken with representative farmers from the Lakeland area. The total cost of the travel was \$2,847.70.

Section 188 Local Government Regulation 2012



Community Grants and Sponsorship

The Annual Report of a local government must contain a summary of the local government's expenditure on grants to community organisations made during the financial year. The following tables details all grants funded by Cook Shire Council during the financial year:

Community Development Grants

Recipient	Amount	Purpose
Club Shed Cooktown	\$2,020	Installation of security cameras on the Club Shed building
QCWA Cooktown	\$4,171	Supply and installation of air-conditioner QCWA Hall
Dabu Jajikal Aboriginal Corporation	\$5,000	Interpretive signage and celebration event at Weary Bay
Cooktown Kindergarten	\$1,488	Purchase and install items to address safety issues
Round 2: Cooktown and District Historical Society Inc	\$4,786	Touch-screen display incorporating Cook area history
Cooktown Food Connect - Sol Studio Yoga	\$4,060	3-day Yoga Retreat and Kirtan Music Workshop
Rossville and District Citizens Association Inc	\$2,000	Repair and rebuild stone stairway at Hatfield Market Place
Total	\$23,525	

Regional Arts Development Fund (RADF) Program

Recipient	Amount	Purpose
Cairns and District Chinese Association Inc	\$8,033	Restoration of Cooktown Chinese Lion and Lion Dancing Work Shops
Bloomfield Art Club	\$5,000	Ceramics workshops creating a ceramic mural for the community
Cape York Folk Club Inc	\$9,050	Sails of light Lantern Parade and workshops
Vera Scarth-Johnson Gallery Association Inc	\$8,758	The Cooktown Cantata
Cooktown Re-enactment Association Inc	\$10,694	Re-enactment of the Landing of Captain Cook
Total	\$41,535	

Sponsorship and In-Kind Support Program

Recipient	Amount	Purpose
The Cooktown Historical Society	\$1,200	Survey Plans for boardwalk and poisoning of tree roots in Railway Park
Cooktown Amateur Swimming Club	\$1,000	Sunsmart shirts which will include Council's logo
Cape York Folk Club Inc	\$4,377	Water truck, volunteer shirts recycle trailer, chairs and development application fees waived.
Cooktown Sporting Shooters Association	\$800	Mulch for end of shooting range
Vera Scarth-Johnson Gallery Association Inc	\$3,000	Travel and associated expenses for rehearsals - Cooktown Cantata
Returned Services League Australia, Cooktown Sub Branch	\$600	Hire of chairs and staff to assist with ANZAC Day Service
Cooktown Baptist Church	\$1,100	Glow sticks and BBQ supplies for Cooktown Community Carols Service
Coen Kindergarten Associated Inc	\$3,000	Allkumo Malpa Paman Dance Troupe, accommodation and meals for Sydney Dance Rites
Lakeland Progress Association	\$2,990	I-Lead global culture immersion program, focusing on innovation, leadership and entrepreneurship
Cooktown School of Art Society	\$3,000	Support, advertising and promotion of the 42nd annual art exhibition
Lakeland Horse Sports Association	\$2,000	Purchase dining tables and chairs for Lakeland Camp Draft
Total	\$23067	

Cooktown Expo 2020 Streetscape Investment Initiative

Recipient	Amount	Purpose
Cooktown Post Office	\$2,500	Repair verandah railing, steps, install new verandah post stirrups and joist
Cooktown Orchid	\$5,000	Ceramics workshops creating a ceramic mural for the community
Travellers Park	\$1,122	Clear and replant planter boxes in front of 95 Charlotte Street and install a tap for watering plants
Seagrens PTY LTD	\$2,500	Renovation of Seagrens façade and verandah
Croc Shop	\$2,500	Replace signage above, side and hanging from verandah roof
CK and KH Knoble, new business	\$2,500	New signage for new shopfront and new restaurant
Total	\$11,122	

Registers

Cook Shire Council is required to include in its Annual Report a list of all registers kept and maintained by Cook Shire Council. Council's registers take different forms to align with various corresponding legislative requirements and to provide for operational functionality. Where required, Council's registers are published and made available for purchase. Registers kept and maintained by Council are presented below:

A

Abandoned Vehicles Register
Asbestos Register
Asset Register

B

Backflow Device Register

C

Cemetery Register
Community Grants Register
Council Grants and Funding Agreements Register
Councillor Conduct Register

D

Delegations and Authorisations Registers
Development and Change Applications Register
Dog Registry

E

Employee Register

F

Flood Damage Register
Food Business Licence Register

L

Land Liable to Flooding Register (Mapped)
Local Heritage Identification (Mapped)
Local Laws Register

M

Market Stalls Register/s

P

Property Register

R

Register of Cost-Recovery Fees and Schedule of Fees and Charges
Register of Interests
Register of Treasurer's Approvals
Roads Map and Register

S

Sewerage and Greywater Use Facilities Register
Swimming Pool Registers

T

Trade Waste Register

W

WHS Hazard Register
WHS Improvement Notices Register
WHS Incident and Accidents Register

Section 190 (1)(f) Local Government Regulation 2012



Rating Concessions

Concessions granted by Cook Shire for rates and charges levied during the 2019–20 Financial Year are required to be included in Council's Annual Report. A summary of these concessions has been provided in the table below:

Description	Count of Concessions Granted	Total
State Government Pensioner Subsidy	255	\$48,742.74
Council Pension Rebate	243	\$47,562.10
Concession on Water Consumption Charges for Dialysis Machine	1	\$91.80
Concession on Water Consumption for Leaks	6	\$12,585.70
Concession on Sewerage Charges	0	\$0.00
Concession on Rates and Charges	0	\$0.00
Change in Water Service Charge (25mm to 20mm)	13	\$3,432.00
50% Reduction on 20mm Res Water Service and 50% Reduction on Water Consumption	11	\$6,655.00
Change in Water Service Charge (32mm to 25mm)	4	\$2,956.00
100% General Rates Concession - Annually	5	\$10,287.13
100% Sewerage Charges Concession - Annually	5	\$1,442.00
100% Water Access Charge - Annually	7	\$833.00
100% Vacant Water Service at No Charge - Annually	0	\$0.00
100% Environmental Levy Concession - Annually	8	\$443.41
100% Waste Operations Levy Concession - Annually	7	\$112.50
Properties Resolved at Non-valued	5	\$0.00



AUDIT AND RISK AND INTERNAL AUDIT REPORTING

Section 105(1) of the *Queensland Local Government Act 2009* requires Council to establish and maintain an effective and efficient internal audit function. To this end, Council has established an active Audit and Risk Committee comprising two Councillors (Mayor Peter Scott and Deputy Mayor, Councillor Robyn Holmes) and an independent member and Committee Chair, Carolyn Eagle, Director at Pacifica Chartered Accountants.

Section 207(1) of the *Local Government Regulation 2012* requires Council to prepare, carry out, report on progress against, and assess compliance with an internal audit plan. During the reporting period, the Audit and Risk Committee met four times in order to oversee Council's internal audit function, approving internal audits of both Council's Human Resources and Payroll business functions. These projects were undertaken in accordance with Council's three-year Strategic Internal Audit Plan as prepared and implemented by Council's internal auditors (Crowe Horwath now Crowe).

In accordance with the requirement to include in the Annual Report details of Council's internal audit for the financial year, a summary of each internal audit has been provided below:

Human Resources Internal Audit

The 2019–20 Human Resources internal audit assessed key internal controls and risk mitigation measures employed within the Human Resources business function.

The audit looked at processes and controls surrounding the recruitment and selection of employees, Council's induction processes, and the procedures in place and actions undertaken when an employee leaves the organisation.

Several areas for policy and process improvement were identified and have been addressed by Council.

Payroll Internal Audit

The 2019–20 Payroll internal audit was undertaken to generate an understanding of Council's Payroll function with reference to performance, internal controls and risk.

The scope of the audit included (amongst other matters) employee hiring, transfers and terminations, timesheet keeping, leave tracking and management, employee deductions, the processing of higher duties and the management of TOIL, overtime and RDOs.

Several areas for policy and process improvement were identified and are being addressed by Council.

Section 190 (1)(h) Local Government Regulation 2012



EXCLUDED REPORTING

The following reporting requirements, as prescribed by the *Local Government Act 2009* and *2012 Regulation* are not applicable to Cook Shire Council:

Expense Reimbursement Policy

During the 2019–20 financial year Council made no resolution adopting an Expenses Reimbursement Policy.

Section 185 (a) Local Government Regulation

List of Business Activities

During the 2019–20 financial year Council undertook no significant business activities.

Section 45 Local Government Act 2009

Discretionary Funds

During the 2019–20 financial year Cook Shire Councillors were not provided with a budget for discretionary funds.

Section 189(2)(c) Local Government Regulation 2012

Commercial Business Units

During the 2019–20 financial year Council did not maintain any commercial business units.

Section 190(1)(c) Local Government Regulation 2012

Joint Local Government Activity

During the 2019–20 financial year Council undertook no joint local government activity.

Section 190 (1)(d) Local Government Regulation 2012

Change to Tenders

Cook Shire Council issued no requests for tenders to be changed during the 2019–20 financial year.

Section 190 (1)(e) Local Government Regulation

Competitive Neutrality

No complaints under section 49 of the *Local Government Regulation 2012* in relation to competitive neutrality were received by Council during the 2019–20 financial year.

Section 190 (1)(i) & (j) Local Government Regulation

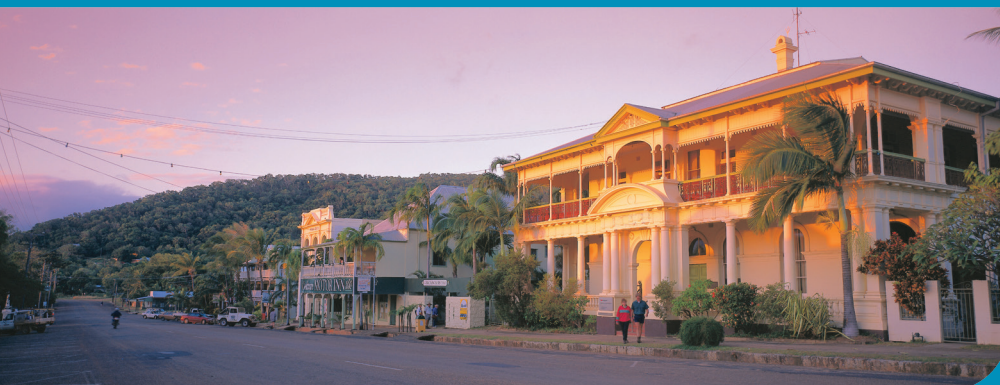


COOK SHIRE COUNCIL'S 2019–20 FINANCIAL STATEMENTS

In accordance with the Queensland *Local Government Regulation 2012*, a local government's Annual Report must contain:

- a) the general purpose financial statement for the financial year, audited by the auditor-general; and
- b) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and
- c) the long-term financial sustainability statement for the financial year; and
- d) the auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement

*Section 183
Local Government Regulation*



Cook Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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Cook Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	7,736	6,889
Fees and charges	3b	629	632
Sales revenue	3c	640	4,160
Grants, subsidies, contributions and donations	3d	52,104	35,948
Total recurrent revenue		61,109	47,629
Capital revenue			
Grants, subsidies, contributions and donations	3d	6,143	4,852
Total capital revenue		6,143	4,852
Other income			
Rental income		553	399
Interest received		294	405
Other income		399	213
Capital income	4	162	5
Total other income		1,408	1,022
Total income		68,660	53,503
Expenses			
Recurrent expenses			
Employee benefits	5	13,919	12,945
Materials and services	6	44,967	49,230
Finance costs	7	904	347
Depreciation and amortisation:			
- Property, plant and equipment	11	10,590	10,662
Total recurrent expenses		70,380	73,184
Other expenses			
Capital expenses	8	4,047	68
Total capital expenses		4,047	68
Total expenses		74,427	73,252
Operating result		(5,767)	(19,749)
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	11	12,542	-
Total other comprehensive income for the year		12,542	-
Total comprehensive income for the year		6,775	(19,749)

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 is presented using the previous standards relating to revenue and leases.

Cook Shire Council

Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	23,071	19,022
Receivables	10	2,766	2,365
Inventories		461	468
Contract assets	12	5,430	-
Other assets		138	93
Total current assets		31,866	21,948
Non-current assets			
Property, plant and equipment	11	301,456	291,047
Total non-current assets		301,456	291,047
TOTAL ASSETS		333,322	312,995
LIABILITIES			
Current liabilities			
Payables	13	1,160	5,021
Contract liabilities	12	7,086	-
Borrowings	14	4,324	460
Provisions	15	2,836	2,381
Total current liabilities		15,406	7,862
Non-current liabilities			
Borrowings	14	3,758	4,208
Provisions	15	16,761	13,762
Other liabilities		257	248
Total non-current liabilities		20,776	18,218
TOTAL LIABILITIES		36,182	26,080
Net community assets		297,140	286,915
COMMUNITY EQUITY			
Asset revaluation surplus		237,603	225,061
Retained surplus/(deficiency)		56,405	59,175
Reserves	27	3,132	2,679
Total community equity		297,140	286,915

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 is presented using the previous standards relating to revenue and leases.

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

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Other reserves \$'000	Total equity \$'000
2020					
Balance as at 1 July 2019		225,061	59,175	2,679	286,915
Adjustment on initial application of AASB 15 / AASB 1058	22	-	3,450	-	3,450
Restated balance as at 1 July 2019		225,061	62,625	2,679	290,365
Net result		-	(5,767)	-	(5,767)
Other comprehensive income for the year					
- Increase/(decrease) in asset revaluation surplus	11	12,542	-	-	12,542
Other comprehensive income		12,542	-	-	12,542
Total comprehensive income for the year		12,542	(5,767)	-	6,775
Transfers from reserves		-	(453)	453	-
Balance as at 30 June 2020		237,603	56,405	3,132	297,140

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Other reserves \$'000	Total equity \$'000
2019					
Balance as at 1 July 2018		225,061	78,947	2,656	306,664
Net result		-	(19,749)	-	(19,749)
Total comprehensive income for the year		-	(19,749)	-	(19,749)
Transfers to reserves		-	(23)	23	-
Balance as at 30 June 2019		225,061	59,175	2,679	286,915

Cook Shire Council

Statement of Cash Flows

for the year ended 30 June 2020

	2020	2019	
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		11,173	11,440
Payments to suppliers and employees		(62,076)	(49,334)
		<u>(50,903)</u>	<u>(37,894)</u>
Receipts:			
Interest received		294	405
Rental income		553	399
Non capital grants and contributions		52,853	35,948
Payments:			
Borrowing costs		(904)	(347)
Net cash - operating activities	20	1,893	(1,489)
Cash Flows from investing activities			
Receipts:			
Proceeds from sale of property, plant and equipment		278	225
Grants, subsidies, contributions and donations		8,375	4,852
Payments:			
Payments for property, plant and equipment		(9,911)	(6,256)
Net cash - investing activities		(1,258)	(1,179)
Cash flows from financing activities			
Receipts:			
Proceeds from borrowings		3,863	-
Payments:			
Repayment of borrowings		(449)	(424)
Net cash flow - financing activities		3,414	(424)
Net increase/(decrease) for the year		4,049	(3,092)
plus: cash and cash equivalents - beginning		19,022	22,114
Cash and cash equivalents - closing	9	23,071	19,022

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 is presented using the previous standards relating to revenue and leases.

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

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

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

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

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

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

(1.b) New and revised Accounting Standards adopted during the year

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

Refer to the change in accounting policy Note 20 for transition disclosures for AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases.

(1.c) Estimates and Judgements

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

- Valuation and depreciation of Property, Plant & Equipment - Note 11
- Impairment of Property, Plant and Equipment - Note 11
- Provisions - Note 14
- Contingent Liabilities - Note 16
- Financial instruments and financial assets – Note 22
- Revenue - Note 3

(1.d) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000.

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.e) Taxation

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

(1.f) Impacts from the COVID-19 pandemic

On 22nd March 2020, a disaster declaration was issued across Queensland due to the risks posed by the developing COVID-19 pandemic.

Council has assessed the impact of the COVID-19 global pandemic and found whilst there were significant impacts on some local business and individuals, there were no material financial implications for Council the financial year ending 30 June 2020.

Council reviewed its revenue collection practices for outstanding accounts and introduced the following:

- zero interest applied to outstanding rates;
- discount granted for all ratepayers who had not paid by the due date;
- ceased debt recovery action on outstanding accounts; and
- allowed generous repayment terms.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(a). Council functions - component descriptions

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

EXECUTIVE SERVICES

The objective of executive services is to be open, accountable, transparent and deliver value for money community outcomes. This function focuses on strategic and operational planning, risk management, legal and administrative support.

This function also includes the human resources and workplace health and safety functions of Council.

CORPORATE SERVICES

Provides the administrative services of Council including financial management, budget control, asset management, building maintenance, records management and customer service.

ECONOMIC DEVELOPMENT & COMMUNITY SERVICES

The goal of economic development and community services is to ensure Cook Shire is a vibrant community and remains attractive to visitors and investors.

This function is also responsible for providing community facilities including libraries and recreation facilities.

ENGINEERING SERVICES

Management of the engineering department and ensuring that the community is serviced by a high quality and effective road and drainage network. When applicable the department also oversees the restoration works as approved by the Disaster Recovery Funding Arrangements (DRFA).

The provision of a healthy safe community through the provision of sustainable water services through the supply of potable water, the maintenance of sewerage infrastructure assets and management of Council's waste and recycling programs and processes.

This department also manages the operation of the Cooktown, Coen and Laura aerodromes, including maintenance and refuelling facilities, as well as the maintenance of parks and gardens and various gravel pits throughout Cook Shire.

PLANNING & ENVIRONMENTAL SERVICES

This function facilitates the Shire's growth through well planned and quality development through management of the planning and building practices and standards and to ensure that Cook Shire preserves the natural character of the region while overseeing environmental protection programs and effective animal control by enforcing Council's local laws.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(b). Council functions - analysis of results by function

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2020											
Executive services	38	58	-	-	96	(3,868)	-	(3,868)	(3,772)	(3,772)	5
Corporate services	8,934	4,612	5,517	-	19,064	(5,919)	-	(5,919)	7,628	13,145	67,577
Economic development and community services	679	376	-	-	1,055	(3,465)	-	(3,465)	(2,410)	(2,410)	12,074
Engineering services	42,253	5,072	626	162	48,113	(56,480)	(4,047)	(60,527)	(9,155)	(12,415)	251,535
Planning and environmental services	130	203	-	-	333	(648)	-	(648)	(315)	(315)	2,131
Total	52,034	10,321	6,143	162	68,660	(70,380)	(4,047)	(74,427)	(8,025)	(5,767)	333,322

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2019											
Executive services	26	25	-	-	51	(2,822)	-	(2,822)	(2,771)	(2,771)	6
Corporate services	8,173	3,680	4,852	5	16,710	(17,272)	-	(17,272)	(5,419)	(562)	62,246
Economic development and community services	506	464	-	-	970	(3,224)	-	(3,224)	(2,254)	(2,254)	11,402
Engineering services	27,242	8,422	-	-	35,664	(49,357)	(68)	(49,425)	(13,693)	(13,761)	236,710
Planning and environmental services	-	108	-	-	108	(509)	-	(509)	(401)	(401)	2,631
Total	35,947	12,699	4,852	5	53,503	(73,184)	(68)	(73,252)	(24,538)	(19,749)	312,995

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue

		AASB 15	AASB 1058
		2020	2020
	Notes	\$'000	\$'000
Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.			
Revenue recognised at a point in time			
Rates, levies and charges (excluding those related to services)	3a	-	7,736
Fees and charges (excluding infringements)	3b	629	-
Sale of goods and services	3c	640	-
Grants, subsidies, donations and contributions	3d	480	11,379
Other		-	399
		<u>1,749</u>	<u>19,514</u>
Revenue recognised over time			
Grants, subsidies, donations and contributions	3d	40,245	6,143
Rental income		553	-
Other		-	162
		<u>40,798</u>	<u>6,305</u>
Total revenue		42,547	25,819
		2020	2019
	Notes	\$'000	\$'000

(a) Rates, levies and charges

2020 accounting policy

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

2019 accounting policy

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

General rates		3,889	3,438
Separate rates		279	268
Water		928	881
Water consumption, rental and sundries		1,127	968
Sewerage		1,320	1,252
Waste management		81	-
Garbage charges		456	445
Total rates and utility charge revenue		8,080	7,252
Less: discounts		(295)	(316)
Less: pensioner remissions		(49)	(47)
TOTAL RATES, LEVIES AND CHARGES		7,736	6,889

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

	Notes	2020 \$'000	2019 \$'000
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(b) Fees and charges

2020 accounting policy

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

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.

Building and development fees	154	112
Airport landing fees	151	135
Other statutory fees and charges	63	82
Waste management and transfer fees	98	161
Swimming pool fees	43	45
Halls and community centre fees	48	5
Other fees and charges	72	92

TOTAL FEES AND CHARGES	629	632
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(c) Sales revenue

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

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.

Sale of services

Contract and recoverable works	74	3,361
Airport services	507	710
Total sale of services	581	4,071

Sale of goods

Other sale of goods	59	89
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TOTAL SALES REVENUE	640	4,160
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

(d) 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 obligations is satisfied.

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

Grant income under AASB 1058

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

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

Capital grants

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

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

2019 accounting policy

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

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. 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.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue (continued)

	2020	2019
	\$'000	\$'000

(d) Grants, subsidies, contributions and donations (continued)

(i) Recurrent

General purpose grants	10,752	10,722
State government subsidies and grants	1,025	763
Commonwealth government subsidies and grants	12	131
Contributions	70	-
Disaster Recovery Funding Arrangements (DRFA)	40,245	24,332

TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	52,104	35,948
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(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	4,803	3,719
Commonwealth government subsidies and grants	1,340	1,130
Contributions	-	3

TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	6,143	4,852
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Note 4. Capital income

Gain / loss on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		278	225
Less: book value of property, plant and equipment disposed	11	(116)	(220)
Gain on disposal of non-current assets		<u>162</u>	<u>5</u>

TOTAL CAPITAL INCOME		162	5
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Notes to the Financial Statements
for the year ended 30 June 2020

Note 5. Employee benefits

	Notes	2020 \$'000	2019 \$'000
Accounting Policy			
Employee benefit expenses are recorded when the service has been provided by the employee. 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. This liability represents an accrued expense and is reported in Note 13 as a payable.			
Superannuation: The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 19.			
Wages and salaries		10,283	9,222
Councillors remuneration		433	440
Annual, sick and long service leave entitlements		2,478	2,355
Superannuation	19	1,380	1,201
		<u>14,574</u>	<u>13,218</u>
Other employee related expenses		404	439
		<u>14,978</u>	<u>13,657</u>
Less: capitalised employee expenses		(1,059)	(712)
TOTAL EMPLOYEE BENEFITS		<u>13,919</u>	<u>12,945</u>

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

Additional information:

Total Council employees at the reporting date:

Elected members	7	7
Administration staff	82	65
Depot and outdoors staff	78	76
Total full time equivalent employees	<u>167</u>	<u>148</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Materials and services

	2020	2019
Notes	\$'000	\$'000
Accounting Policy		
Materials and Services expenses are recorded on an accruals basis as the Council receives the goods or services.		
Advertising and marketing	150	136
Audit of annual financial statements by the Auditor-General of Queensland	51	78
Consultants	471	705
Contractors	3,200	2,930
Donations paid	59	63
Subscriptions and registrations	165	116
Travel	254	204
Insurance	531	503
Fuel and oils	766	854
IT - software and hardware	199	208
Legal costs	266	136
Management fees	392	472
Royalties	296	214
Utilities	855	841
Disaster Recovery Funding Arrangements (DRFA)	35,352	27,964
Establish provision for tip restoration	-	11,654
Other materials and services	1,960	2,152
TOTAL MATERIALS AND SERVICES	44,967	49,230

Total audit fees quoted by the Queensland Audit Office relating to the 2019-20 financial statements are \$81,000 (2019: \$77,500).

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Finance costs

	Notes	2020 \$'000	2019 \$'000
Finance costs charged by the Queensland Treasury Corporation		255	260
Bank charges		49	48
Impairment of receivables		469	-
Quarry and tip rehabilitation		131	39
TOTAL FINANCE COSTS		904	347

Note 8. Capital expenses

(a) Loss on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		-	-
Less: book value of property, plant and equipment disposed	11	(1,338)	-
Loss on disposal of non-current assets		1,338	-

(b) Provision for restoration of land

Additional provision and discount rate adjustment to refuse restoration provision	15	2,569	-
Discount rate adjustment to quarry rehabilitation liability		140	68
		2,709	68

TOTAL CAPITAL EXPENSES		4,047	68
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The discount rate adjustment to the quarry rehabilitation liability was adjusted against expenses as there was an insufficient asset revaluation reserve in the relevant asset class.

Note 9. Cash and cash equivalents

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

Cash at bank and on hand		2,879	1,171
Deposits at call		20,192	17,851
TOTAL CASH AND CASH EQUIVALENTS		23,071	19,022

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Cash and cash equivalents (continued)

	2020	2019
Notes	\$'000	\$'000

Restricted cash and cash equivalents

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

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

Unspent government grants and subsidies	-	1,029
Unspent loan monies	1,300	1,300
Total external restrictions	1,300	2,329
Total unspent restricted cash	1,300	2,329

Cash and deposits at call are held in the Westpac Bank in term deposits and business cheque accounts. On call accounts are also held with QTC.

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. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since 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	233	224
Security deposits	1	15
	234	239

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Receivables

	2020	2019
Notes	\$'000	\$'000
<p>Receivables, loans and advances are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued. Terms for loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained.</p> <p>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.</p> <p>Because Council is empowered under the provisions of the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables.</p>		
Rates and charges	1,550	1,452
Statutory charges	60	-
Water charges not yet levied	469	373
Other debtors	791	695
GST recoverable	519	-
Total	<u>3,389</u>	<u>2,520</u>
less: Provision for impairment		
Rates and charges	(573)	(105)
Other debtors	(50)	(50)
Total provision for impairment - receivables	<u>(623)</u>	<u>(155)</u>
TOTAL CURRENT RECEIVABLES	<u>2,766</u>	<u>2,365</u>

Cook Shire Council

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

Note 11. Property, plant and equipment

30 June 2020		Land	Buildings	Plant and equipment	Furniture and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Works in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement basis	Note	Cost	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	
Opening gross balance - at cost		-	-	10,147	915	-	-	-	-	3,001	14,063
Opening gross balance - at fair value		18,922	53,169	-	-	253,077	50,670	27,099	19,341	-	422,278
Opening gross balance		18,922	53,169	10,147	915	253,077	50,670	27,099	19,341	3,001	436,341
Additions - new		-	-	-	-	-	-	-	-	9,910	9,910
Disposals	4, 8	-	(527)	(715)	-	(672)	(563)	(291)	(513)	-	(3,281)
Revaluation increments to equity (ARS)		-	4,231	-	-	9,976	2,686	1,436	1,509	-	19,838
Work in progress transfers		-	292	1,172	85	5,743	973	567	624	(9,456)	-
Total gross value of property, plant and equipment - at cost		-	-	10,604	1,000	-	-	-	-	3,452	15,056
Total gross value of property, plant and equipment - at fair value		18,922	57,165	-	-	268,126	53,766	28,811	20,961	-	447,751
Total gross value of property, plant and equipment		18,922	57,165	10,604	1,000	268,126	53,766	28,811	20,961	3,452	462,807
Opening accumulated depreciation		-	22,774	6,115	847	84,885	21,529	6,749	2,395	-	145,294
Depreciation expense		-	1,100	906	21	6,709	934	552	368	-	10,590
Disposals	4, 8	-	(190)	(598)	-	(276)	(402)	(148)	(215)	-	(1,829)
Revaluation increments to equity (ARS)		-	1,897	-	-	3,621	1,190	386	202	-	7,296
Total accumulated depreciation of property, plant and equipment		-	25,581	6,423	868	94,939	23,251	7,539	2,750	-	161,351
Total net book value of property, plant and equipment		18,922	31,584	4,181	132	173,187	30,515	21,272	18,211	3,452	301,456
Other information											
Range of estimated useful life (years)		Not deprec.	30 - 100	3 - 20	3 - 10	15 - 180	20 - 80	12 - 100	50 - 100	Not deprec.	
*Asset additions comprise											
Asset renewals		-	368	1,118	173	1,213	700	36	27	-	3,635
Other additions		-	1,562	-	22	4,376	48	203	63	-	6,274
Total asset additions		-	1,930	1,118	196	5,589	748	239	90	-	9,909

Cook Shire Council

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

Note 11. Property, plant and equipment

30 June 2019		Land	Buildings	Plant and equipment	Furniture and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Works in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement basis	Note	Cost	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	
Opening gross balance - at cost		-	-	9,956	846	-	-	-	-	3,582	14,384
Opening gross balance - at fair value		18,922	51,697	-	-	251,676	49,100	26,189	18,927	-	416,511
Opening gross balance		18,922	51,697	9,956	846	251,676	49,100	26,189	18,927	3,582	430,895
Additions - new		-	-	-	-	-	-	-	-	6,256	6,256
Disposals	4, 8	-	-	(810)	-	-	-	-	-	-	(810)
Work in progress transfers		-	1,748	984	69	1,452	897	1,533	166	(6,849)	-
Adjustments and other transfers		-	(276)	17	-	(51)	673	(623)	248	12	-
Total gross value of property, plant and equipment - at cost		-	-	10,147	915	-	-	-	-	3,001	14,063
Total gross value of property, plant and equipment - at fair value		18,922	53,169	-	-	253,077	50,670	27,099	19,341	-	422,278
Total gross value of property, plant and equipment		18,922	53,169	10,147	915	253,077	50,670	27,099	19,341	3,001	436,341
Opening accumulated depreciation		-	21,615	5,720	831	78,266	20,526	6,226	2,038	-	135,222
Depreciation expense		-	1,158	985	16	6,619	1,003	522	359	-	10,662
Disposals	4, 8	-	-	(590)	-	-	-	-	-	-	(590)
Total accumulated depreciation of property, plant and equipment		-	22,774	6,115	847	84,885	21,529	6,749	2,395	-	145,294
Total net book value of property, plant and equipment		18,922	30,395	4,032	68	168,192	29,141	20,350	16,946	3,001	291,047
Other information											
Range of estimated useful life (years)		Not deprec.	30 - 100	3 - 20	3 - 10	15 - 180	20 - 80	12 - 100	50 - 100	Not deprec.	
*Asset additions comprise											
Asset renewals		-	1,174	738	69	848	761	924	36	-	4,550
Other additions		-	574	246	-	604	136	609	130	-	2,299
Total asset additions		-	1,748	984	69	1,452	897	1,533	166	-	6,849

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(a) Recognition

Property, plant and equipment with a total value of less than \$5,000 and items of land with a total value less than \$1 are treated as an expense in the period of acquisition. All other items of property, plant and equipment are recognised as assets.

Assets such as computers and water meters which individually are below the asset recognition threshold of \$5,000, but form part of and/or are connected to a larger network are capitalised and recognised as an asset. Parks, including all the various components, are recognised as a network asset.

(b) Measurement

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs directly attributable to bringing the asset to a location and condition capable of being used by Council.

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 or for significantly less than fair value are initially recognised at their fair value.

(c) Depreciation

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date.

Key judgements and estimates

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(d) Impairment

Property, plant and equipment 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.

(e) Valuation

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

Valuation Processes

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3-5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management engage independent, professionally qualified valuers to perform a desktop valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(e) Valuation (continued)

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair value measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2020					
Property, plant and equipment					
- Land	30/06/17	-	18,922	-	18,922
- Buildings	30/06/17	-	-	31,584	31,584
- Road, drainage and bridge network	30/06/18	-	-	173,187	173,187
- Water	30/06/17	-	-	30,515	30,515
- Sewerage	30/06/17	-	-	21,272	21,272
- Other structures	30/06/17	-	-	18,211	18,211
Total property, plant and equipment		-	18,922	274,769	293,691
2019					
Property, plant and equipment					
- Land	30/06/17	-	18,922	-	18,922
- Buildings	30/06/17	-	-	30,395	30,395
- Road, drainage and bridge network	30/06/18	-	-	168,192	168,192
- Water	30/06/17	-	-	29,141	29,141
- Sewerage	30/06/17	-	-	20,350	20,350
- Other structures	30/06/17	-	-	16,946	16,946
Total property, plant and equipment		-	18,922	265,024	283,946

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs). The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are shown below.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(f) Valuation (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Land (level 2)

Land fair values were determined by independent valuer, Cardno (Qld) Pty Ltd effective 30 June 2017. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square meter.

At 30 June 2020, Cardno undertook a desktop assessment of market trends in the Cook LGA since the date of the last comprehensive revaluation. There have been no dominant factors indicating the fair value of Council's land assets would be materially different to the current carrying value. 0% indexation was recommended by Cardno and endorsed by Council. On this basis Council have not applied any indexation at 30 June 2020.

Buildings (level 3)

The fair value of buildings were determined by independent valuer, Cardno (Qld) Pty Ltd effective 30 June 2017.

Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

At 30 June 2020, Cardno undertook a desktop review of fair value by assessing the movement in a range of relevant indices since the date of the last comprehensive valuation. An increment of 8% has been applied at 30 June 2020.

Road, drainage and bridge network, water, sewerage and other structures (level 3)

Road, drainage and bridge infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. Water and sewerage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2017.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(f) Valuation (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Road, drainage and bridge network, water, sewerage and other structures (level 3) (continued)

All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's 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.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

Condition assessments were made using a five point scale with 1 being the lowest and 5 being the highest. A condition assessment of 1 indicates an asset with a very high level of remaining service potential (95%). A condition assessment of 5 represents an asset that is unserviceable with a limited remaining useful life (5%).

Specific valuation techniques used to value Council infrastructure assets comprise:

1(a) Road, drainage and bridge network - calculation of current replacement cost:

Roads

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). CRC is calculated with reference to asset linear and area specifications, estimated labour and material inputs, service costs and overhead allocations.

At 30 June 2020, Cardno undertook a desktop review of fair value by assessing the movement in a range of relevant indices since the date of the last comprehensive valuation. An increment of 3.9% has been applied at 30 June 2020.

Bridges

Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads. At 30 June 2020 the same desktop valuation considerations were applied to bridge assets, as outlined in the Roads section above. An increment of 3.9% has been applied at 30 June 2020.

Drainage

Drainage assets are managed by components - culverts, pipes and channels being the major types. Council assumes that each component is designed and constructed to the same standard and uses a consistent amount of labour and materials. Construction estimates were determined on a similar basis to bridges. An increment of 3.9% has been applied at 30 June 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Property, plant and equipment (continued)

(f) Valuation (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

At 30 June 2020, Cardno undertook a desktop review of fair value by assessing the movement in a range of relevant indicies since the date of the last comprehensive valuation. An increment of 4.6% has been applied at 30 June 2020.

Accumulated depreciation:

In determining the level of accumulated depreciation, roads, bridges and drainage assets were disaggregated into significant components which exhibited different useful lives. In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments. The condition assessments were made using a scale where the relationship between the condition score and the remaining service potential of the asset is inverse. 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.

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

2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost:

Current replacement cost:

CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

At 30 June 2020, Cardno undertook a desktop review of fair value by assessing the movement in a range of relevant indicies since the date of the last comprehensive valuation. An increment of 5.3% has been applied at 30 June 2020.

Accumulated depreciation:

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment.

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

Useful life of unlined sewers has been determined based on an assessment of industry standards, manufacturers data and performance history. Useful lives of re-lined pipes have been based on the manufacturers recommendations for the materials used.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Contract balances

Notes	2020 \$'000
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Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

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

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

(a) Contract assets

Contract assets	5,430
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TOTAL CONTRACT ASSETS	5,430
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Classified as:

Current contract assets	5,430
Total contract assets	5,430

Contracts with customers	5,430
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Contract assets arise when work has been performed by Council relating to a contract with customer (or capital grant paid in arrears) but no receivable has arisen since the invoice has not been raised, for example construction work where an invoicing milestone has not yet been met.

(b) Contract liabilities

Funds received upfront to construct Council controlled assets	7,086
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TOTAL CONTRACT LIABILITIES	7,086
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Classified as:

Current contract liabilities	7,086
Non-current contract liabilities	-
Total contract liabilities	7,086

(c) Significant changes in contract balances

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables

	Notes	2020 \$'000	2019 \$'000
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Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Current

Creditors and accruals		785	4,709
Prepaid rates		186	-
Employee entitlements		171	132
Employee related accruals		-	92
Waste levy refund received in advance		-	87
Other		18	1
TOTAL CURRENT PAYABLES		1,160	5,021

Note 14. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly/semi annually/annually in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15th December 2015 to 15th March 2038. There have been no defaults or breaches of the loan agreement during the period.

Council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current

Loans - Queensland Treasury Corporation		460	460
Working Capital Facility - Queensland Treasury Corporation		3,864	-
TOTAL CURRENT BORROWINGS		4,324	460

Non-current

Loans - Queensland Treasury Corporation		3,758	4,208
TOTAL NON-CURRENT BORROWINGS		3,758	4,208

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Borrowings (continued)

	Notes	2020 \$'000	2019 \$'000
Reconciliation of loan movements for the year			
Loans - Queensland Treasury Corporation			
Opening balance at beginning of financial year		4,668	5,092
Loans raised		4,844	-
Principal repayments		(1,430)	(424)
Book value at end of financial year		8,082	4,668

The QTC loan market value at the reporting date was \$4,912,004. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Note 15. Provisions

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

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

Long service leave

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

Refuse dump restoration and quarry rehabilitation

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the Council will have an obligation to rehabilitate when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. The expected closure dates of landfill sites included in the provision range from 2023 to 2069 with remediation expected to occur progressively in the years following the closure.

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

Note 15. Provisions (continued)

Refuse dump restoration and quarry rehabilitation (continued)

Changes in the provision are treated as an expense or income.

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of 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 quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2023.

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

	2020	2019
Notes	\$'000	\$'000
Current		
Annual leave	1,501	1,318
Long service leave	1,043	986
Sick leave	93	77
Other	199	-
TOTAL CURRENT PROVISIONS	2,836	2,381
Non-current		
Long service leave	447	287
Refuse restoration	14,336	11,654
Gravel pit sites	1,978	1,821
TOTAL NON-CURRENT PROVISIONS	16,761	13,762

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Provisions (continued)

	2020	2019
Notes	\$'000	\$'000

Details of movements in provisions:

Gravel pit sites

Balance at beginning of financial year	1,821	1,714
Additional provision	140	68
Increase in provision due to unwinding of discount	17	39
Balance at end of financial year	<u>1,978</u>	<u>1,821</u>

Landfill sites

Balance at beginning of financial year	11,654	-
Additional provision	2,569	11,654
Increase due to change in time	113	-
Balance at end of financial year	<u>14,336</u>	<u>11,654</u>

Note 16. 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:

Balance at the beginning of financial year	225,061	225,061
Net adjustment to non-current assets at end of period to reflect a change in:		
Buildings	2,334	-
Road, drainage and bridge network	6,355	-
Water	1,496	-
Sewerage	1,050	-
Other structures	1,307	-
	<u>237,603</u>	<u>225,061</u>

Asset revaluation surplus analysis

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

Land	14,041	14,041
Buildings	12,531	10,197
Road, drainage and bridge network	182,191	175,836
Water	20,725	19,229
Sewerage	6,136	5,086
Other structures	1,979	672
	<u>237,603</u>	<u>225,061</u>

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Commitments for expenditure

	2020	2019
Notes	\$'000	\$'000

Contractual commitments

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

Kerbside garbage collection	5,178	166
Transportation and Disposal of Bulk Waste	1,763	-
	<u>6,941</u>	<u>166</u>

Note 18. Contingent liabilities

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

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.

As at 30 June 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$376,056.

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

Note 19. Superannuation - regional defined benefit fund

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

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

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

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

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

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

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

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 next actuarial investigation will be made as at 1 July 2019.

	Notes	2020 \$'000	2019 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		1,037	999
Other superannuation contributions for employees		343	202
Total superannuation contributions paid by Council for employees	5	<u>1,380</u>	<u>1,201</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

Notes	2020 \$'000	2019 \$'000
Net operating result from income statement	(5,767)	(19,749)
Non-cash items		
Depreciation and amortisation	10,590	10,662
Revaluation adjustments (restoration provision)	2,839	11,761
	<u>13,429</u>	<u>22,423</u>
Investing and development activities		
Net (profit)/loss on disposal of assets	1,176	(5)
Non cash capital grants and contributions	(8,375)	(4,852)
	<u>(7,199)</u>	<u>(4,857)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(869)	(427)
Increase/(decrease) in provision for doubtful debts	468	-
(Increase)/decrease in inventories	7	23
(Increase)/decrease in contract assets	327	-
(Increase)/decrease in other assets	(45)	-
Increase/(decrease) in payables and accrual	(4,032)	1,650
Increase/(decrease) in contract liabilities	4,950	-
Increase/(decrease) in provisions	615	414
Increase/(decrease) in other liabilities	9	(966)
	<u>1,430</u>	<u>694</u>
Net cash provided from/(used in) operating activities from the statement of cash flows	1,893	(1,489)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Reconciliation of liabilities arising from finance activities

	As at 30-Jun-19 \$'000	Change in accounting policy \$'000	Cashflows \$'000	Non-cash changes (new leases) \$'000	As at 30-Jun-20 \$'000
Loans	4,668	-	3,414	-	8,082
	<u>4,668</u>	<u>-</u>	<u>3,414</u>	<u>-</u>	<u>8,082</u>

	As at 30-Jun-18 \$'000	Change in accounting policy \$'000	Cashflows \$'000	Non-cash changes (new leases) \$'000	As at 30-Jun-19 \$'000
Loans	5,092	-	(424)	-	4,668
	<u>5,092</u>	<u>-</u>	<u>(424)</u>	<u>-</u>	<u>4,668</u>

Note 22. Changes in accounting policy

During the year ended 30 June 2020, the Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of NFP Entities* and *AASB 16 Leases* using the modified retrospective 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 earnings at 1 July 2019.

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

Revenue standards - AASB 15 and AASB 1058

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Changes in accounting policy (continued)

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

	Balance at 1-Jul-19 \$'000
Opening contract balances on transition at 1 July 2019	
Contract assets	
Under AASB 15	3,835
Under AASB 1058	1,922
Total contract assets	5,757
Contract liabilities	
Under AASB 15	-
Under AASB 1058	2,136
Total contract liabilities	2,136

A liability of \$170,589 representing prepaid rates has also been recognised at 1 July 2019.

	Carrying amount per statement of comprehensive income	Adjustments Dr / (Cr)	Carrying amount if previous standards had been applied
Notes	\$'000	\$'000	\$'000

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

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

Statement of comprehensive income for the year ended 30 June 2020

Revenue			
Operating grants	52,104	344	52,448
Capital grants	6,143	2,232	8,375
Net revenue	58,247	2,576	60,823

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

Note 22. Changes in accounting policy (continued)

	Carrying amount per statement of financial position Dr / (Cr) \$'000	Adjustments Dr / (Cr) \$'000	Carrying amount if previous standards had been applied Dr / (Cr) \$'000
Notes			

Comparison of affected financial statement lines between AASB 15 / 1058 and previous revenue standards (continued)

Statement of financial position at 30 June 2020

Contract assets	5,430	5,430	-
Contract liabilities	(7,086)	(7,086)	-
Rates received in advance	(186)	(186)	-

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

Statement of cash flows for the year ended 30 June 2020

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

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

Impact of adopting AASB 16 at 1 July 2019

The adoption of AASB 16 has not had a significant impact on the financial position or performance of Council.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Events after the reporting period

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 24. Financial instruments and financial risk management

(a) Financial assets and financial liabilities

Council has exposure to the following risks arising from financial instruments; **(i)** interest rate risk, **(ii)** credit risk, and **(iii)** liquidity risk.

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

Financial risk management

Council's risk committee / management (as appropriate) approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

Council does not enter into derivatives.

Credit risk

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Financial instruments and financial risk management (continued)

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 losses or risking damage to the Council's reputation.

Exposure to liquidity risk

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions (if applicable).

The 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. These facilities are disclosed in note 14. The following lines of credit were available at the end of the reporting period:

	2020 \$'000	2019 \$'000
Overdraft - QTC working capital facility limit	5,000	5,000
QTC working capital facility balance	(3,864)	-
Total available at 30 June	<u>1,136</u>	<u>5,000</u>

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease liabilities for 2020) held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
2020					
Payables	1,160	-	-	1,160	1,160
Loans - QTC	4,554	2,760	1,805	9,120	4,218
	<u>5,714</u>	<u>2,760</u>	<u>1,805</u>	<u>10,280</u>	<u>9,242</u>
2019					
Payables	4,797	-	-	4,797	5,021
Loans - QTC	690	2,760	2,496	5,946	4,668
	<u>5,487</u>	<u>2,760</u>	<u>2,496</u>	<u>10,743</u>	<u>9,689</u>

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

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

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and/or other financial institutions (if applicable).

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

Cook Shire Council

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

Note 25. National competition policy

Business activities to which the code of competitive conduct is applied

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

Aerodromes
Water and sewerage
Waste management

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

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities 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 CSO's by the Council.

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

	Aerodromes \$'000	Water and sewerage \$'000	Waste Mgt \$'000
\$'000			
Revenue for services provided to the Council	658	3,441	1,026
Less: expenditure	(1,276)	(5,183)	(2,312)
Surplus/(deficit)	(618)	(1,742)	(1,286)

Note 26. Transactions with related parties

(a) Other related parties

Transactions with other related parties

	Amount of transactions during year \$'000	Outstanding balance (incl. commitments) \$'000	Terms and conditions	Provisions for doubtful debts on outstanding \$'000	Doubtful debts expense recognised \$'000
2020					
Employee expenses of close family members of KMP	142	-	Ordinary	-	-
	142	-		-	-

Cook Shire Council

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

Note 26. Transactions with related parties (continued)

(a) Other related parties (continued)

Transactions with other related parties

	Amount of transactions during year	Outstanding balance (incl. commitments)	Terms and conditions	Provisions for doubtful debts on outstanding	Doubtful debts expense recognised
Details	\$'000	\$'000		\$'000	\$'000
2019					
Employee expenses of close family members of KMP	132		Ordinary		
	132	-		-	-

The Finance Manager is a close family member of the Deputy Mayor. The Finance Manager was employed through an arms length process by Leading Roles and is compensated at a market salary.

The Council employs 160 staff of which only one is a close family member of a KMP.

(b) Key management personnel

Transactions with key management personnel

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management. The compensation paid to Key Management Personnel comprises:

The compensation paid to key management personnel for comprises:

	2020 \$'000	2019 \$'000
Short-term employee benefits	1,303	1,233
Post-employment benefits	95	87
Long-term benefits	20	18
Termination benefits	14	68
Total	1,432	1,406

(c) Transactions with related parties that have not been disclosed

Most of the entities and persons that are related parties of council live and operate within the Cook Shire, therefore on a regular basis ordinary citizen transactions occur between the council and its related parties.

Some examples include:

- payment of rates
- use of Cooktown swimming pool
- animal registration
- use of Library facilities

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Reserves

Notes	2020 \$'000	2019 \$'000
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The reserves that have been transferred to Council's cash, cash equivalents and investment restrictions are disclosed in note 9.

Reserves held for funding future capital exp:

Refuse levy reserve	1,377	924
Land purchase reserve	455	455
Unspent loan cash reserve	1,300	1,300
<u>TOTAL RESERVES</u>	<u>3,132</u>	<u>2,679</u>

Details of movements in Reserves:

Refuse levy reserve

Balance at beginning of financial year	924	901
Transfer from retained surplus	453	23
Balance at end of financial year	<u>1,377</u>	<u>924</u>

Land purchase reserve

Balance at beginning of financial year	<u>455</u>	<u>455</u>
Balance at end of financial year	<u>455</u>	<u>455</u>

Unspent loan cash reserve

Balance at beginning of financial year	<u>1,300</u>	<u>1,300</u>
Balance at end of financial year	<u>1,300</u>	<u>1,300</u>

Cook Shire Council

General Purpose Financial Statements for the year ended 30 June 2020

Management Certificate for the year ended 30 June 2020

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 41, 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.



Peter Scott

MAYOR

25 November 2020



Linda Cardew

CHIEF EXECUTIVE OFFICER

25 November 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

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

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



Sri Narasimhan
as delegate of the Auditor-General

26 November 2020

Queensland Audit Office
Brisbane

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

	Actual 2020	Target 2020
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Measures of financial sustainability

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

Performance indicators

1. Operating surplus ratio

$\frac{\text{Net result (excluding capital items)}^{(1)}}{\text{Total operating revenue (excluding capital items)}^{(2)}}$	-12.87%	0 - 10%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset sustainability ratio

$\frac{\text{Capital expenditure on the replacement of assets (renewals)}^{(3)}}{\text{Depreciation expense}}$	24.26%	more than 90%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net financial liabilities ratio

$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue (excluding capital items)}^{(2)}}$	6.92%	less than 60%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Note 1 - basis of preparation

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

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

Notes

- ⁽¹⁾ Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to note 5 for exclusions), and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.
- ⁽²⁾ Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to note 5 for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.

Cook Shire Council

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

Certificate of Accuracy for the year ended 30 June 2020

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

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



Peter Scott

MAYOR

25 November 2020



Linda Cardew

CHIEF EXECUTIVE OFFICER

25 November 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the current year financial sustainability statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

26 November 2020

Queensland Audit Office
Brisbane

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement

prepared as at 30 June 2020

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

Measures of financial sustainability

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

Performance indicators

1. Operating surplus ratio

Net result (excluding capital items) ⁽¹⁾

Total operating revenue (excluding capital items) ⁽²⁾

0 - 10%	-12.87%	-20.30%	-19.80%	-19.00%	-16.60%	-14.90%	-13.90%	-12.80%	-11.80%	-10.90%	-10.00%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset sustainability ratio

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

Depreciation expense

> 90%	24.26%	27.30%	60.10%	80.60%	38.70%	80.50%	89.30%	54.60%	61.80%	80.70%	63.40%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net financial liabilities ratio

Total liabilities less current assets

Total operating revenue (excluding capital items) ⁽²⁾

< 60%	6.92%	10.40%	10.50%	7.00%	4.90%	2.70%	-10.00%	-5.20%	-6.70%	-7.00%	-11.40%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Unaudited Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2020

Measures of financial sustainability

Cook Shire Council Financial Management Strategy

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

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table above summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure. Our operating result in this period was adversely affected by the impacts of water reform and this issue is outlined in more detail in the coming pages.

Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to Note 5 for exclusions), and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.
- (2) Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to Note 5 for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

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

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

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



Peter Scott

MAYOR

25 November 2020



Linda Cardew

CHIEF EXECUTIVE OFFICER

25 November 2020



Cook Shire COUNCIL

For more information about Cook Shire Council's 2019–20 Annual Report, please contact Council's Organisational Business Services Directorate:

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