



2 0 2 0 - 2 1

Annual Report



Respecting People, Place and Progress

Acknowledgement of Country

Cook Shire Council acknowledges 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: COVER: *Ngutha-Ngutha*, in the Guugu Yimithirr Aboriginal language, translates to 'back in time' or 'long ago.'

As part of the 2021 Cooktown & Cape York Expo held in June, Indigenous artists, vendors and performers were invited to showcase their culture at the *Ngutha-Ngutha Indigenous Precinct*.

The precinct hosted a number of art workshops (pictured), traditional hunting and lifestyle demonstrations, and cultural forums that showcased Indigenous culture from across the region, and provided economic development opportunities for Indigenous businesses.

Under the *Local Government Act 2009*, Council must publish an Annual Report, which provides an update to the community about Cook Shire Council's finances, performance and how Council has delivered against the Corporate and Operational Plans. Legislation requires particular information to be included in an Annual Report. This report also includes a summary of the performance against Council's Operational Plan 2020–21.

CONTENTS

Message from the Mayor	4
Cook Shire at a Glance 2021	5
Cook Shire's Councillors	6
Strategic and Operational Progress Assessment	7
Key Priority 1 Community	8
Key Priority 2 Environment	9
Key Priority 3 Economy	10
Key Priority 4 Governance	11
Community Financial Report	12
Statement of Comprehensive Income	13
Operating Revenue	13
Operating Expenditure	14
Statement of Financial Position	15
What do we Own?	16
What do we Owe?	17
Statement of Changes in Equity	17
Statement of Cash Flows	17
Measures of Financial Sustainability	18
Legislated Reporting Requirements	19
Councillor Reporting Requirements	20
Organisational Reporting Requirements	23
Internal Audit Reporting	29
Excluded Reporting	30
Cook Shire Council's 2020-21 Financial Statements	31

MESSAGE FROM THE MAYOR



My sincere thanks to Council's Executive team, Directors and staff for the effort and expertise involved in producing this Cook Shire Annual Report for 2021.

We operate in a continually evolving and complex theatre of social, cultural, environmental and economic variables but manage to provide adequate services and facilities to allow for an enviable and healthy lifestyle for our residents and visitors.

The body of this Annual Report details our achievements across Council's directorates and areas of influence.

A new resident recently told me, how obvious it was that Council and its staff were dedicated to and genuinely caring for the welfare of the whole Shire community. I mentioned that all those in our community appreciate how lucky we are to live and work here. Our progress is primarily due to the efforts of our partner government agencies, community and volunteer groups and small businesses.

Our year-on-year financial results are heavily influenced by:

- Our small resident population numbers and vast geographical area
- A heavy reliance (>80%) on Government grant funding to cover operational and capital expenses
- Remote issues of housing, freight, construction, travel and communication costs
- A large annual depreciation figure of approximately \$11 million that negatively influences our net financial position
- Complex land tenure issues that need to address a protracted process of State ownership, Native Title and Cultural Heritage (less than 1% of Cape York is normal freehold)
- The perennial challenges of climate and weather extremes, bushfires and now COVID-19.

In summary and considering these challenges, I am proud of what our community and Council have achieved in partnership over the last 12 months.

Council, through continual improvement and collaboration, will provide accountable and responsible governance while striving to develop opportunities for our community, our environment and our economy.

Thanks for your support.

CR PETER SCOTT
MAYOR, COOK SHIRE COUNCIL

COOK SHIRE AT A GLANCE 2021



Population:
4,595+



Land Area:
106,073 km²⁺



Road network:
2,934 km⁺

- 238 km sealed⁺
- 2,165 km gravel⁺
- 215 km unpaved⁺
- 316 km unmaintained⁺



Water & sewer mains:
112 km^{*}



Buildings:
198^{*}



Airports:
4^{*}



Businesses:
319⁺



Rateable properties:
2,399



Value of building approvals:
\$31,204,901

⁺ Source: id.com.au

^{*} Source: Cook Shire Council Asset Management Strategy, June 2019



COOK SHIRE'S COUNCILLORS



**COUNCILLOR
PETER SCOTT,
MAYOR**

mayor@cook.qld.gov.au
0418 878 370



**COUNCILLOR
ROBYN HOLMES,
DEPUTY MAYOR**

crrholmes@cook.qld.gov.au
0448 342 428



**COUNCILLOR
PETER BURNS**

crpburns@cook.qld.gov.au
0488 209 728



**COUNCILLOR
JOHN DESSMANN**

crjdessmann@cook.qld.gov.au
0429 665 589



**COUNCILLOR
LARISSA HALE**

crlhale@cook.qld.gov.au
0448 537 621



**COUNCILLOR
ROSS LOGAN**

crrlogan@cook.qld.gov.au
0477 867 030



**COUNCILLOR
MARILYN MORRIS**

crmmorris@cook.qld.gov.au
0488 246 371





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 2020–21 Operational Plan.

The following section provides an overview of the progress made against the key priorities identified in the 2017–2022 Corporate Plan and the operational initiatives undertaken in the 2020–21 financial year that support the implementation of those initiatives. Overwhelmingly the works undertaken have generated real value for Cook Shire, its communities, and its residents.

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.”

Council, through the Community Economy and Innovation (CEI) directorate, coordinated a comprehensive program of community engagement across the vast Shire to underpin the development of its 10-year Community Plan, 2021–2031. The plan outlines the aspirations, priorities and vision for the future of the Shire, and sets out the key strategies required to realise those aspirations. The plan is a strong statement of commitment by Council to the community and complements other activities undertaken during the year, including the development of an Active Recreation Strategy, which encourages a healthy and active lifestyle for residents, as well as a Master Plan to guide the development of a key community asset, the Cooktown Events Centre.

Council also joined the North Queensland Sports Foundation to assist in achieving its aspirations for community health and well-being, and a project to heat the Cooktown Swimming Pool was also delivered to enable the community to enjoy the benefits of hydrotherapy treatment all year round.

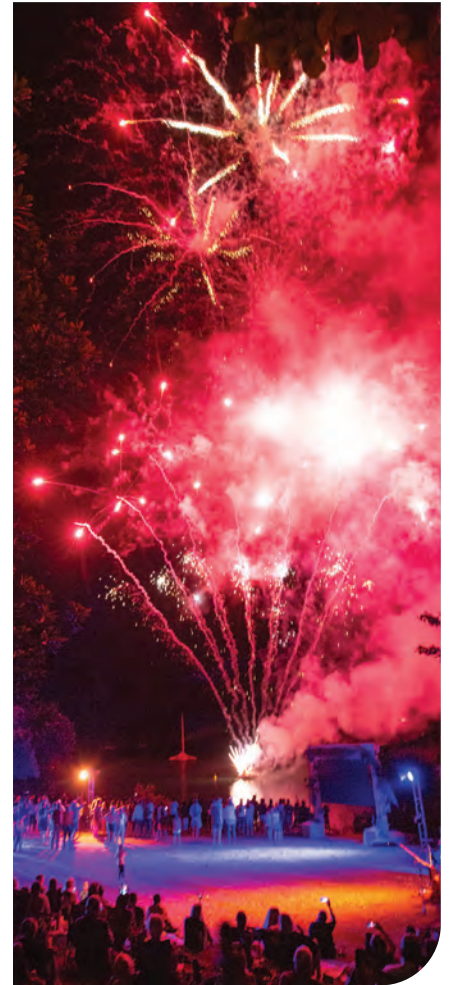
Council's strong commitment to the advancement of its Indigenous communities was demonstrated by the formation of a committee to drive the development of Council's first Reconciliation Action Plan (RAP), the provision of active support to the National Trust of Australia (Queensland) which resulted in the Reconciliation Rocks site being listed on the Queensland

Heritage Register, and importantly, the installation of two additional flag poles at Council's main office to enable the Aboriginal and Torres Strait Island flags to be proudly flown.

Council's commitment to Reconciliation was further demonstrated through the completion of two significant capital projects recognising the importance of Cooktown's unique cultural history and the first recorded act of Reconciliation – Reconciliation Rocks and the Waalmbal Birri Heritage and Culture Centre.

Council has a strong commitment to supporting the development of its young people, demonstrated through the formation of the Shire's first Youth Council, comprised of 17 talented young people from across the region. Other initiatives include the continued delivery of the First 5 Forever early literacy program for children aged zero to 5 years and a community youth project to create a vibrant mural on the Cooktown skate park at the Events Centre.

Council's recognition of the important contribution of the arts to the lifestyle of the Shire was demonstrated through the delivery of a landmark piece of work which resulted in the development of the Shire's Arts and Culture Strategy 2021–2025. Council also delivered the 2020–21 Regional Arts Development Fund (RADF) program, which promotes the role and value of arts, culture and heritage as key drivers of diverse and inclusive communities.



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 2020–21 financial year Council completed many operational initiatives that positively impact our environment including disaster management, weed control and animal management.

The primary focus of the Cook Shire Council disaster management system is to mitigate the effects of disasters on the community by ensuring a coordinated effort by all levels of government and non-government entities with responsibilities or capabilities in disaster management. In October 2020 Cook Shire Council was successful in obtaining funding through the Queensland Risk Reduction and Resilience Fund (QRRRF) enabling Council to employ a full-time Disaster Management and Resilience Officer (DMRO) for a two-year period. This position has provided a great opportunity for community preparedness, consultation, education and resilience. The (DMRO) has reviewed Council’s disaster management plans and has conducted several *Get Ready* events and activations across

the Shire, working with local communities to prepare for bushfire and cyclone seasons. The family fun day held in Coen was extremely well attended and resulted in 11 volunteers recruited to assist in the local disaster response.

Approximately 2,600 km of the region’s road network was surveyed to identify the distribution of invasive high biomass grasses. This detailed information has been utilised by Council to more effectively allocate resources to manage these species and modify annual road works practices to reduce spread within the local government area.

The *Healthy Dogs, Healthy Communities* program has provided a much-needed service for the townships of Laura and Coen. The general health of domestic dogs has improved and parasite loads greatly reduced. This is likely to have had positive flow-on effects on community health as local residents are now eagerly anticipating veterinary visits. Council recently received funding to continue this program in 2021–22.



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.”

Council recognises the importance of a strong economy to the region and continues to actively support small businesses, and promote the region. The highlight of the year undoubtedly was the delivery of the highly successful *Cooktown & Cape York Expo 2021 – The Rising Tide*, a 10-day festival that showcased the best that Cape York has to offer.

The Expo highlighted the region's unique history, including Australia's first recorded act of Reconciliation, as well as its culture, hidden tourism gems, visual and performing arts, agricultural and Indigenous and non-Indigenous businesses. The direct economic impact to Cook Shire from the estimated 8,051 visitors, was more than \$1 million

with a further \$3.3 million benefit across Queensland. Distinguished guests at the many Expo events included the Governor-General of Australia, His Excellency General the Hon David Hurley, AC DSC (Retd) and the British High Commissioner, Her Excellency, Ms Vicki Treadell, CMG, MVO.

Cooktown & Cape York Expo

11-20 JUNE 2021

Queensland

ATTENDANCES



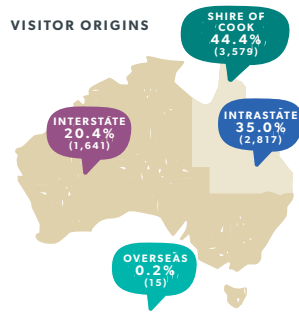
COOKTOWN & CAPE YORK EXPO
22,426

NUMBER OF INDIVIDUALS
8,051

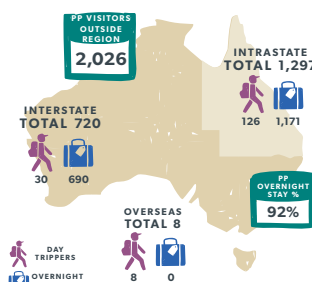
TOTAL NUMBER OF DAYS
10

Commercial in Confidence

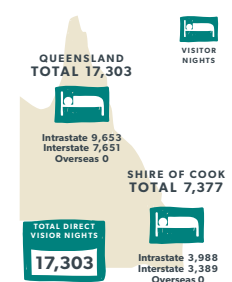
VISITOR ORIGINS



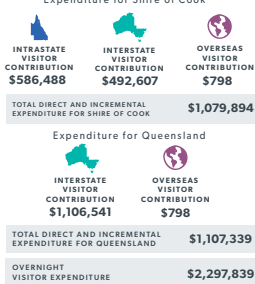
PRIMARY PURPOSE VISITORS



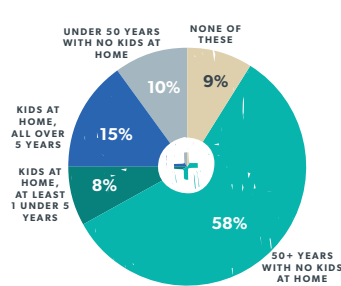
DIRECT VISITOR NIGHTS



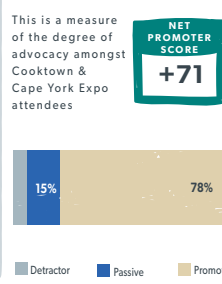
ESTIMATED ECONOMIC AND TOURISM IMPACTS



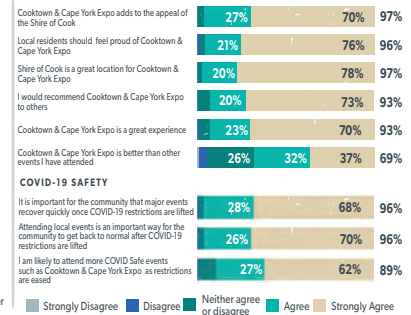
DEMOGRAPHIC PROFILE



NET PROMOTER SCORE



COMMUNITY PRIDE



Please note: Expenditure figures for both the Shire of Cook and Queensland have been established using average overnight and day tripper expenditure from a 'big data' set of previous events



Council's active support of local businesses extended to developing and promoting a Buy Local Campaign, called *Go Local First* and by way of proactive support for the Cooktown Chamber of Commerce and Tourism. *Go Local first* encouraged Cook Shire residents to consider the products

and services available through local suppliers before shopping outside the Shire.

The State Government's Climate Transition Strategy sets out how Queensland will be set on a pathway to transition to a clean growth

economy. Council has worked with the Clean Growth Choices Consortium, comprised of James Cook University, University of Southern Queensland and CSIRO, to develop plans to transition to this type of economy through a mix of significant place-based initiatives.

KEY PRIORITY 4

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.”

Council's 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. This work is ongoing as Council strives to meet its strategic objectives for the management of the organisation and the benefit of the Shire.

Specific projects delivered in the 2020–21 year to assist in this work

included a commitment to ongoing Audit and Risk Compliance through internal audit, overseen by Council's Audit and Risk Committee. During the year internal audits were conducted on Council's Corporate Compliance and Fleet and many of the improvement opportunities noted were addressed.

To improve organisational efficiency and protect Council data, a review of Council's Information Communication Technology (ICT) was conducted and work commenced on a five-year ICT Strategy. The draft strategy was completed for internal consultation before adoption by Council in 2021–22.





COMMUNITY FINANCIAL REPORT



The Community Financial Report is a summary of the information contained in Council's General Purpose Financial Statements for the period 1 July 2020 to 30 June 2021 and has been provided to enable community members to obtain an improved understanding of Council's financial performance over the last financial year.

Under section 179 of the *Local Government Regulation 2012*, the Community Financial Report must include the following:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Measures of Financial Sustainability

STATEMENT OF COMPREHENSIVE INCOME

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

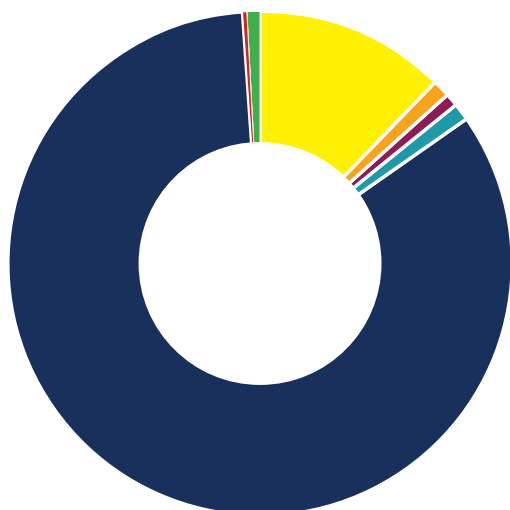
A summarised Statement of Comprehensive Income for the year ended 30 June 2021 is shown in the table below:

Summary of Statement of Comprehensive Income	\$ '000
Operating Revenue	60,034
Less: Operating Expenses	(70,866)
Operating Position *	-10,832
Plus: Capital Income	19,410
Less: Capital Expenses	(973)
Net Result	7,605

* The Operating Position, a deficit of \$10.832 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

Total operating revenue for the year was \$60.034 million and this revenue is derived from various sources. The significant majority of Council's revenue is grants and contributions which account for 81.8% of total revenue. The following table and graph provide a breakdown of these revenue categories and the relevant percentage of total revenue for the financial year.



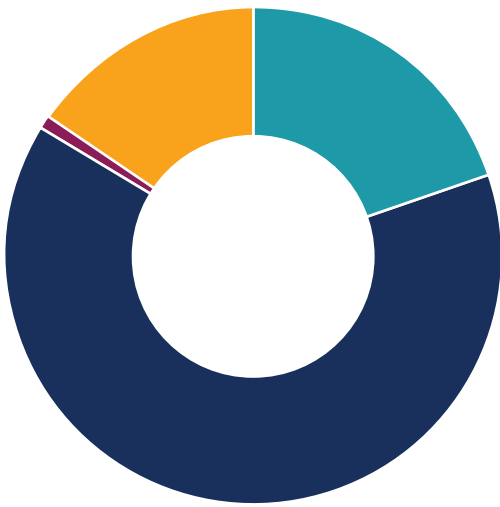
Operating Revenue Sources	\$ '000	%
Rates, Levies and Charges (net)	7,877	13.2%
Fees and Charges	1,024	1.7%
Sales Revenue	867	1.5%
Rental Income	566	0.9%
Grants and Contributions - Operating	49,151	81.8%
Interest Received	149	0.2%
Other Income	400	0.7%
Total Operating Revenue	60,034	

OPERATING EXPENDITURE

Total operating expenses of \$70.866 million were incurred during the year 1 July 2020 to 30 June 2021. The largest portion of funds was spent on materials and services and totalled \$44.669 million or 63.6% of total operating expenditure.

Materials and services expenditure typically includes, but is not limited to, repairs and maintenance of Council's roads, drainage and bridge network, water and wastewater services, parks and open spaces and various community services.

Of the \$44.669 million of materials and services, \$34.3 million related to the restoration of flood-damaged road assets.



Operating Expenditure	\$ '000	%
Employee Benefits	14,427	20.5%
Materials and Services	44,669	63.6%
Finance Costs	672	0.1%
Depreciation and Amortisation	11,098	15.8%
Total Operating Expenditure	70,866	



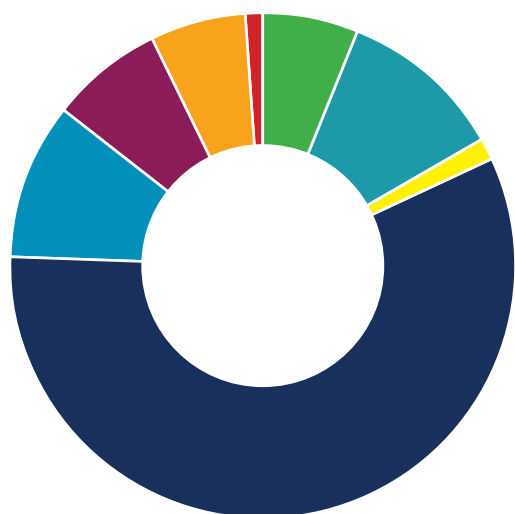
STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (formerly 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 explanation.

Statement of Financial Position	\$ '000	%
Assets - What Council owns		
Cash Assets	13,574	4.1%
Receivables	3,601	1.18%
Inventories	304	0.1%
Contract Assets	9,252	2.7%
Other Assets	287	0.1%
Property, Plant and Equipment	307,204	91.9%
Total Assets	334,222	
Less: Liabilities - What Council Owes		
Payables	3,731	12.6%
Contract Liabilities	2,793	9.3%
Borrowings	6,618	22.4%
Provisions	16,029	54.7%
Other Liabilities	306	1.0%
Total Liabilities	29,477	
Net Community Assets - What Council is Worth	304,745	

WHAT DO WE OWN?

As at 30 June 2021 Council assets were valued at \$334 million, of which, \$307 million related to Council's major assets being property, plant and equipment. Property, plant and equipment consist of various fixed asset classes which are detailed in the following table.



Property, Plant and Equipment	\$ '000	%
Assets - What Council owns		
Land	18,922	6.2%
Buildings	33,247	10.8%
Plant and equipment	3,600	1.2%
Furniture and equipment	171	0.1%
Road, drainage and bridge network	173,049	56.3%
Water	30,249	9.8%
Sewerage	20,849	6.8%
Other structures	20,191	6.6%
Works in progress	6,926	2.2%
Total Property, Plant and Equipment	307,204	

In the 2020–21 financial year, Council had a capital works program budget of \$29.5 million of which over 90% was sourced from grant funding. The capital works program is implemented to renew, upgrade and build new assets for the community during the financial year. Some of the capital expenditure highlights for 2020–21 included:

Project	\$ '000
Coen – Airport Facilities	1,098
Cooktown Airport – Realign roadway and add parking	1,139
Waalmbaal Birri Cultural Centre	601
Cooktown Cherry Tree Bay Walking Track	861
Reconciliation Rocks Precinct	1,107
Botanical Gardens – Legacy Project	1,356
Various Road Works (excluding DFRA)	9,544
John Street Oval Lighting - Repairs	18
Barrier Reef Childcare – Upgrade Playground & Shade	136
Grassy Hill Lighthouse – Repairs and Painting	58
Water and Wastewater Infrastructure	776

WHAT DO WE OWE?

The total balance of loan borrowings, excluding overdrafts as at 30 June 2021 was \$3.7 million. Additionally, Council holds an overdraft facility for \$2.9 million. The overdraft facility assists Council to manage flood damage projects where Council must spend the money before subsequently claiming it back from the funding provider. The overdraft facility is typically repaid in the short term once Council has paid for the completed works.

STATEMENT OF CHANGES IN EQUITY

The equity in Council's operation, which is commonly referred to as Community Equity, is its net assets derived from the difference between total assets and total liabilities at the end of the financial year. The change in equity reflects the variance in Council's net assets between the start of the financial year (1 July) to the end of the financial year (30 June).

As at 30 June 2021, Total Community Equity was \$304.745 million representing an increase of \$7.458 million from the start of the financial year. Community Equity comprises of the following components:

Description	\$ '000
Asset Revaluation Surplus	237,603
Retained surplus/(deficiency)	64,010
Reserves	3,132
Total Community Equity	304,745

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	19,207
Net cash from operating activities	766
Net cash from investing activities	-8,799
Net cash from financing activities	-479
Cash and Cash Equivalents Closing Balance	10,695

Cash at the end of the year was \$10.695 million which is represented in note 9 of the Financial Statements as the cash and cash equivalents less the amount of the overdraft facility.

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. Council does not have the capacity to generate sufficient income to cover total expenditure including depreciation (a non-cash transaction) and has reported an operating deficit of \$10.832 million. This is why the operating surplus ratio is showing as negative 18.04%. Although Council has recorded an operating deficit for the financial year, it is generating sufficient revenue to cover all cash expenditure and is able to meet and cover all known liabilities.</p>	Operating Surplus Ratio	-18.04%	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	43.20%	> 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 4.10% 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	4.10%	< 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 Incurred
Mayor Peter Scott	\$108,524.56*	\$13,023.05	\$15,189.33
Deputy Mayor Robyn Holmes	\$62,609.67*	\$7,513.10	\$1,423.67
Cr Peter Burns	\$54,135.93*	\$4,956.97	\$2,317.19
Cr John Dessmann	\$54,259.21*	\$6,511.14	\$ 255.93
Cr Larissa Hale	\$54,259.21*	\$6,511.14	-
Cr Ross Logan	\$54,135.93*	\$4,956.97	\$2,577.44
Cr Marilyn Morris	\$54,135.93*	\$4,956.97	\$2,286.33

* received a small back pay due to an incorrect calculation of remuneration in a prior year.

Facilities provided to Cook Shire's Councillors during the 2020–21 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 required for Council business.

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 2020–21 financial year.

In the 2020–21 financial year the following Council meetings were held:

- 12 Ordinary Council Meetings
- 4 Planning and Environment Meetings
- 4 Special Council Meetings

Mayor and Councillors	Ordinary Council Meetings	Planning and Environment Meetings	Special Council Meetings
Mayor Peter Scott	8	3	4
Deputy Mayor Robyn Holmes	12	4	4
Cr Peter Burns	12	4	4
Cr John Dessmann	12	4	2
Cr Larissa Hale	9	4	4
Cr Ross Logan	12	4	3
Cr Marilyn Morris	12	4	4

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 made regarding unsuitable meeting conduct

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

No orders made regarding inappropriate conduct

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

No decisions, orders or recommendations made 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 matters 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:

One complaint dismissed by the Assessor in accordance with section 150W(1)(a) 150Y (b)(ii)

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 2020–21 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 2020–21 financial year to executives was \$915,809.23. All four of our senior executives received salary packages within the salary band of \$200,000 and \$300,000.

Section 201 Local Government Act 2009

Councillor Expense Reimbursement Policy

Cook Shire Council's Annual Report must contain a list of any resolution made under section 250(1) of the *Local Government Regulation 2012*. At the Ordinary Council Meeting held on 13 October 2020, Council resolved the following:

15.2 COUNCILLOR EXPENSE REIMBURSEMENT POLICY

RESOLUTION 2020/1

Moved: Cr Peter Burns

Seconded: Cr Marilyn Morris

That Council adopt the Councillor Expense Reimbursement Policy (Version 1) dated October 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 consistently 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 2020–21 financial year, 14 administrative action complaints were received by Council and 7 were resolved under Council's complaints management process by June 30 2021. The remaining complaints received during this period will roll-over into the 2021–22 financial year. No complaints received in the previous financial year were outstanding, having all been resolved within that financial year. 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 was exercised for five complaints.

Section 187 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:

Cook Shire Economic Resiliency Investment Initiative

Recipient	Amount	Purpose
Beer and Bulldust	\$900	Website domain registration and advertising
Bloomfield Escape	\$4,000	PPE, equipment and bedding to meet COVID-19 requirements
Cape Crusaders	\$1,463	Hand sanitiser stations and assorted PPE
Cooktown Canvas and Shade	\$2,949	Phone and website upgrades
Cooktown Chamber of Commerce	\$4,000	Website and Facebook development, logo design and development of Buy Local Campaign
Cooktown Holiday Park	\$3,765	Purchase and set-up of computers and software to support contactless check-in
Cooktown Re-enactment Association	\$4,000	Business and continuity plan, logo development, website development
Driftwood Café	\$3,595	Point of sale equipment, flags and website
Frog Dogs Australia	\$4,000	Marketing and promotional material, promotions, e-commerce upgrades
Greenhouse	\$3,242	Purchase office computer and printer
Learning from Nature	\$1,680	Virtual training for Facebook marketing to run advertising campaigns
MC Cleaning and Landscaping	\$1,600	Advertising/website, computer programs and PPE
Portland Roads Out of the Blue Café	\$4,000	Website development
U&i Town Plan	\$3,250	Business Directory advertising
Riverbend Tours	\$1,680	Purchase of a laptop and colour printer
Total	\$44,124	

Regional Arts Development Fund (RADF) Program

Recipient	Amount	Purpose
Cooktown Blue Water Club	\$5,000	Blue Water Club waterfront mural
Gungarde Community Centre	\$3,000	Drama group (primary-school aged children)
Lakeland Progress Association/P&C	\$4,950	Photography workshop and Lakeland Photo Competition support
Stephanie Hook	\$4,935	Hooked on Arts Kids Club
Total	\$17,885	

Sponsorship and In-Kind Support Program

Recipient	Amount	Purpose
Cooktown Re-enactment Association	\$1,000	Equipment hire for 250th Anniversary of the first recorded reconciliation
Far North Queensland Hospital Foundation	\$5,000	Sponsorship and equipment hire for Q Super Cardiac Challenge
Bloomfield River District Residents Association	\$54	Hand sanitiser and Get Ready bags for fundraising event
Cooktown Amateur Turf Club	\$5,000	Sponsorship and equipment hire for Annual Race Meeting
Cooktown District Community Centre	\$3,200	Sponsorship and equipment hire for Where Song Began
Cooktown RSL Sub-Branch	\$200	Chairs for Remembrance Day service
Peninsula Singers – Auspices by Vera-Scarath Johnson Gallery	\$5,000	Sponsorship and equipment hire for Big Sing
Cooktown Amateur Swimming Club	\$250	Family pool pass for Christmas fundraiser
Cooktown Community Church Ltd	\$1,540	Sponsorship and equipment hire for Cooktown Christmas Carols
Cooktown School of Art Society	\$3,000	Sponsorship of the 42nd Annual Art Exhibition Awards
Cooktown Underwater Hockey	\$3,000	Travel for Underwater Hockey National Competition 2021 in Tasmania
Cooktown Amateur Swimming Club	\$2,679	Sponsorship for new marquees for Annual Swimming Carnival
Cooktown RSL Sub-Branch	\$2,000	Equipment hire for ANZAC Day Services 2021
Cooktown Amateur Turf Club	\$290	Temporary Caravan Park Permit for the Cooktown & Cape York Expo 2021
Coen Regional Aboriginal Corporation	\$5,000	Troy Cassar-Daley and The Black Image Band free community concert in Coen
Total	\$37,015	

Section 189 (former version) & 354 Local Government Regulation 2012



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

Procurement Register
Property Register

R

Register of Cost-Recovery Fees and Schedule of Fees and Charges
Register of Interests
Roads Map and Register

S

Sewerage and Greywater Use Facilities Register
Swimming Pool Registers

T

Trade Waste Register

W

WHS Hazard 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 2020-21 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	269	\$49,580.46
Council Pension Rebate	262	\$49,582.70
Concession on Water Consumption Charges for Dialysis Machine	1	\$351.50
Concession on Water Consumption for Leaks	6	\$13,192.70
Concession on Sewerage Charges	7	\$5,056.00
Concession on Rates and Charges	0	\$0.00
Change in Water Service Charge (25mm to 20mm)	13	\$3,588.00
50% Reduction on 20mm Residential Water Service and 50% Reduction on Water Consumption	0	\$0.00
Change in Water Service Charge (32mm to 25mm)	4	\$3,056.00
100% General Rates Concession - Annually	5	\$10,368.02
100% Sewerage Charges Concession - Annually	5	\$5,056.00
100% Water Access Charge - Annually	8	\$5,234.00
100% Vacant Water Service at No Charge - Annually	0	\$0.00
100% Environmental Levy Concession - Annually	8	\$850.00
100% Waste Operations Levy Concession - Annually	7	\$270.00
Properties Resolved at Non-valued	5	\$0.00



INTERNAL AUDIT REPORTING

Council has a legislative responsibility to establish an Internal Audit function, which includes undertaking an internal audit plan each financial year. The purpose of the Internal Audit function is to objectively evaluate the organisation's business processes, work practices and systems of internal control, report on opportunities for improvement, and to recommend enhancements to the effectiveness of internal controls and business practices.

To ensure the independence and objectivity of the internal audit function, and following a proper procurement process, Council has outsourced this function to appropriately qualified internal audit consultants. For the financial year ended 30 June 2021, these internal audit activities were undertaken by the Mead Perry Group.

In establishing the Annual Internal Audit Plan, Management considers all areas of its operations and prioritises internal audit reviews where potential benefits are seen to enhance the effectiveness and efficiencies of operation. For the 2020-21 financial year, the following areas were reviewed by the internal auditors:

- Payroll System Structure
 - o Scope of work - Review all calculations and inputs used in the payroll module with relevant contracts, awards and certified agreement. Review payments to external bodies to ensure correct payments have been effected.

The report on this internal audit review was presented to Council's Audit and Risk Committee in June 2021. The Audit and Risk Committee continues to receive updates from Management on progress in implementing the recommendations of this review.

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:

Non-Current Physical Assets

During the 2020-21 financial year Council made no resolution adopting a Non-Current Assets Policy.

Section 185 (a) Local Government Regulation

List of Business Activities

During the 2020-21 financial year Council undertook no significant business activities.

Section 45 Local Government Act 2009

Discretionary Funds

During the 2020-21 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 2020-21 financial year Council did not maintain any commercial business units.

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

Joint Local Government Activity

During the 2020-21 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 2020-21 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 2020-21 financial year.

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

Overseas Travel

No Councillors or Cook Shire Council employees travelled overseas on Council business in the 2020-21 financial year.

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



COOK SHIRE COUNCIL'S 2020–21 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

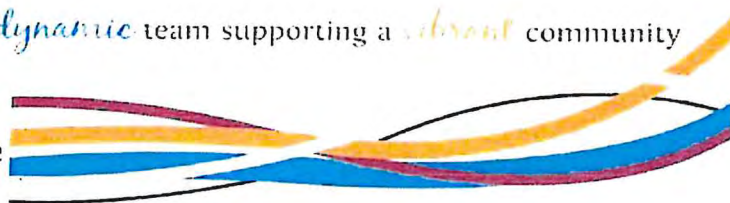
*Section 183
Local Government Regulation*



Cook Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

a *dynamic* team supporting a *vibrant* community



Cook Shire Council

General Purpose Financial Statements for the year ended 30 June 2021

Table of Contents		Page
1. Primary Financial Statements:		
Statement of Comprehensive Income		2
Statement of Financial Position		3
Statement of Changes in Equity		4
Statement of Cash Flows		5
2. Notes to the Financial Statements		
Note	Details	Page
1	Information about these financial statements	6
2(a)	Council functions - component descriptions	7
2(b)	Council functions - analysis of results by function	8
3	Revenue	9
4	Capital income	12
5	Employee benefits	12
6	Materials and services	13
7	Finance costs	13
8	Capital expenses	14
9	Cash and cash equivalents	14
10	Receivables	16
11	Property, plant and equipment	18
12	Contract balances	24
13	Payables	24
14	Borrowings	25
15	Provisions	26
16	Asset revaluation surplus	28
17	Commitments for expenditure	29
18	Contingent liabilities	29
19	Superannuation - regional defined benefit fund	30
20	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities	31
21	Reconciliation of liabilities arising from finance activities	32
22	Events after the reporting period	32
23	Financial instruments and financial risk management	33
24	National competition policy	36
25	Transactions with related parties	36
3. Management Certificate		38
4. Independent Auditor's Report		39
5. Current Year Financial Sustainability Statement		42
	Certificate of Accuracy - Current Year Financial Sustainability Statement	43
	Independent Auditor's Report - Current Year Financial Sustainability Statement	44
6. Unaudited Long Term Financial Sustainability Statement		47
	Certificate of Accuracy - Unaudited Long Term Financial Sustainability Statement	49

Cook Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income			
<i>Revenue</i>			
<i>Recurrent revenue</i>			
Rates, levies and charges	3a	7,877	7,736
Fees and charges	3b	1,024	629
Sales revenue	3c	867	640
Grants, subsidies, contributions and donations	3d	49,151	52,104
Total recurrent revenue		58,919	61,109
<i>Capital revenue</i>			
Grants, subsidies, contributions and donations	3d	15,780	6,143
Total capital revenue		15,780	6,143
<i>Other income</i>			
Rental income		566	553
Interest received		149	294
Other income		400	399
Capital income	4	3,630	162
Total other income		4,745	1,408
Total income		79,444	68,660
Expenses			
<i>Recurrent expenses</i>			
Employee benefits	5	14,427	13,919
Materials and services	6	44,669	44,967
Finance costs	7	672	904
Depreciation:			
- Property, plant and equipment	11	11,098	10,590
Total recurrent expenses		70,866	70,380
<i>Other expenses</i>			
Capital expenses	8	973	4,047
Total capital expenses		973	4,047
Total expenses		71,839	74,427
Net result		7,605	(5,767)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Increase/(decrease) in asset revaluation surplus	11	-	12,542
Total other comprehensive income for the year		-	12,542
Total comprehensive income for the year		7,605	6,775

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

Cook Shire Council

Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	13,574	23,071
Receivables	10	3,601	2,766
Inventories		304	461
Contract assets	12	9,252	5,430
Other assets		287	138
Total current assets		27,018	31,866
Non-current assets			
Property, plant and equipment	11	307,204	301,456
Total non-current assets		307,204	301,456
TOTAL ASSETS		334,222	333,322
LIABILITIES			
Current liabilities			
Payables	13	3,731	1,160
Contract liabilities	12	2,793	7,086
Borrowings	14	3,392	4,324
Provisions	15	2,729	2,836
Total current liabilities		12,645	15,406
Non-current liabilities			
Borrowings	14	3,226	3,758
Provisions	15	13,300	16,761
Other liabilities		306	257
Total non-current liabilities		16,832	20,776
TOTAL LIABILITIES		29,477	36,182
Net community assets		304,745	297,140
COMMUNITY EQUITY			
Asset revaluation surplus		237,603	237,603
Retained surplus/(deficiency)		64,010	56,405
Reserves		3,132	3,132
Total community equity		304,745	297,140

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

Cook Shire Council

Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Other reserves \$'000	Total equity \$'000
2021					
Balance as at 1 July 2020		237,603	56,405	3,132	297,140
Net result		-	7,605	-	7,605
Other comprehensive income for the year					
- Increase/(decrease) in asset revaluation surplus	11	-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	7,605	-	7,605
Transfers from reserves		-	-	-	-
Balance as at 30 June 2021		237,603	64,010	3,132	304,745

	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 / 1058		-	3,450	-	3,450
Restated balance at 1 July 2019		225,061	62,625	2,679	290,365
Net result		-	(5,767)	-	(5,767)
Other comprehensive income					
- Increase/(decrease) in asset revaluation surplus	11	12,542	-	-	12,542
Total comprehensive income for the year		12,542	(5,767)	-	6,775
Transfers to reserves		-	(453)	453	-
Balance as at 30 June 2020		237,603	56,405	3,132	297,140

Cook Shire Council

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		10,132	11,172
Payments to suppliers and employees		(56,854)	(62,676)
		(46,722)	(51,504)
<u>Receipts:</u>			
Interest received		149	294
Rental income		566	553
Non capital grants and contributions		47,046	52,853
<u>Payments:</u>			
Borrowing costs		(273)	(304)
Net cash - operating activities	20	766	1,892
Cash Flows from investing activities			
<u>Receipts:</u>			
Proceeds from sale of property, plant and equipment		134	278
Grants, subsidies, contributions and donations		9,020	8,375
<u>Payments:</u>			
Payments for property, plant and equipment		(17,953)	(9,911)
Net cash - investing activities		(8,799)	(1,258)
Cash flows from financing activities			
<u>Payments:</u>			
Repayment of borrowings		(479)	(449)
Net cash flow - financing activities		(479)	(449)
Net increase/(decrease) for the year		(8,512)	185
plus: cash and cash equivalents - beginning		19,207	19,022
Total cash, cash equivalents and investments		<u>10,695</u>	<u>19,207</u>

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Information about these financial statements

(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 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

(1.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 2020. There was no impact to the reported position, performance and cash flows as a result of applying these standards.

(1.c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards which are not effective at 30 June 2021. These standards have not been adopted by Council and will be included in the financial statements at their effective dates. Once effective, these standards are not expected to have a significant impact on the reported position, performance and cash flows of Council.

(1.d) Estimates and Judgements

Council 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 15
- Contingent Liabilities - Note 18
- Financial instruments and financial assets – Note 23
- Revenue - Note 3

(1.e) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000, unless otherwise stated. Comparative information is stated on the same basis as the prior year.

(1.f) 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.g) Impacts from the 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 2021.

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.

No changes were made to supplier payment terms. Council did not experience significant difficulties or delays in carrying out capital and operational works.

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

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 2021

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		Other	Recurring		Capital					
	Grants	Other	Grants	Other									
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2021													
Executive services	-	26	-	-	-	26	(3,431)	\$'000	(3,431)	(3,405)	(3,405)	1	
Corporate services	8,744	4,660	15,568	3,630	3,630	32,602	(5,637)	-	(5,637)	7,767	26,965	68,109	
Economic development and community services	603	327	-	-	-	930	(4,614)	-	(4,614)	(3,684)	(3,684)	12,037	
Engineering services	39,626	5,813	212	-	-	45,651	(56,380)	(973)	(57,353)	(10,942)	(11,702)	252,044	
Planning and environmental services	177	58	-	-	-	235	(804)	-	(804)	(569)	(569)	2,032	
Total	49,150	10,883	15,780	3,630	3,630	79,444	(70,866)	(973)	(71,839)	(10,832)	7,605	334,222	
Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring		Capital		Other	Recurring		Capital					
	Grants	Other	Grants	Other									
\$'000	\$'000	\$'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	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	162	68,660	(70,380)	(4,047)	(74,427)	(8,025)	(5,767)	333,322	

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 3. Revenue

(a) Rates, levies and charges

Rates and annual charges are recognised as revenue at 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.

	Notes	2021 \$'000	2020 \$'000
General rates		3,934	3,889
Separate rates		291	279
Water		968	928
Water consumption, rental and sundries		1,072	1,127
Sewerage		1,368	1,320
Waste management		97	81
Garbage charges		468	456
Total rates and utility charge revenue		8,198	8,080
Less: discounts		(272)	(295)
Less: pensioner remissions		(49)	(49)
TOTAL RATES, LEVIES AND CHARGES		7,877	7,736

(b) Fees and charges

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

	Notes	2021 \$'000	2020 \$'000
Building and development fees		178	154
Airport landing fees		131	151
Other statutory fees and charges		94	63
Waste management and transfer fees		480	98
Swimming pool fees		55	43
Halls and community centre fees		19	48
Other fees and charges		67	72
TOTAL FEES AND CHARGES		1,024	629

(c) Sales revenue

Sale of goods revenue is recognised at the point in time that the customer obtains control, general at delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees.

This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the end of the year. The contract work is not subject to retentions.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

	2021	2020
	Notes	Notes
	\$'000	\$'000
(c) Sales revenue (continued)		
Rendering of services		
Contract and recoverable works	6	74
Airport services	610	507
Total sale of services	616	581
Sale of goods		
Other sale of goods	251	59
TOTAL SALES REVENUE	867	640

(d) Grants, subsidies, contributions and donations

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.

Performance obligations vary in each agreement but include, stage of completion, performance achieved, time or cost incurred. Payment terms vary depending on the terms of grants, cash is received up front for some and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control, with grant agreements there may be performance obligation where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) and recorded and income is then recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised 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.

Donations and Contributions

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. Donations and contributions are recognised upon receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and waste-water infrastructure and park equipment are recognised as revenue when Council obtains control of the asset 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 threshold are recorded as an expense.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 3. Revenue (continued)

	2021	2020
	\$'000	\$'000
(d) Grants, subsidies, contributions and donations (continued)		
(i) Operating		
General purpose grants	10,443	10,752
State government subsidies and grants	780	1,025
Commonwealth government subsidies and grants	99	12
Contributions	70	70
Disaster Recovery Funding Arrangements (DRFA)	37,759	40,245
TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	49,151	52,104

(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	14,455	4,803
Commonwealth government subsidies and grants	1,325	1,340
TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	15,780	6,143

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations.

	2021		2020	
	Revenue Recognised at a point in time \$000	Revenue Recognised over time \$000	Revenue Recognised at a point in time \$000	Revenue Recognised over time \$000
Grants and Subsidies	3d 11,853	53,008	11,789	46,388
Contributions	3d 70	-	70	-
	<u>11,923</u>	<u>53,008</u>	<u>11,859</u>	<u>46,388</u>

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 4. Capital income

	Notes	2021 \$'000	2020 \$'000
Gain / loss on disposal of non-current assets			
Proceeds from the disposal of property, plant and equipment		-	278
Less: Carrying value of disposed property, plant and equipment	11	-	(116)
		-	162
Adjustment of discount rate relating to rehabilitation liability	15	3,630	-
TOTAL CAPITAL INCOME		3,630	162

Note 5. Employee benefits

Accounting Policy

Employee benefit expenses are recorded when the service has been provided by the employee.

Wages and salaries		10,788	10,283
Councillors remuneration		443	433
Annual, sick and long service leave entitlements		2,308	2,478
Superannuation	19	1,498	1,380
		15,037	14,574
Other employee related expenses		488	404
		15,525	14,978
Less: capitalised employee expenses		(1,098)	(1,059)
TOTAL EMPLOYEE BENEFITS		14,427	13,919

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

Additional information:

Total Council employees at the reporting date:

	2021 Number	2020 Number
Elected members	7	7
Administration staff	81	82
Depot and outdoors staff	79	78
Total full time equivalent employees	167	167

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 6. Materials and services

	2021	2020
Notes	\$'000	\$'000
Accounting Policy		
Expenses are recorded on an accrual basis as Council receives the goods and services.		
Advertising, marketing and promotion	94	150
Audit of annual financial statements by the Auditor-General of Queensland*	112	51
Consultants	616	471
Contractors	3,600	3,200
Donations paid	90	59
Subscriptions and registrations	148	165
Travel	261	254
Insurance	544	531
Fuel and oils	856	766
IT - software and hardware	276	199
Legal costs	66	266
Management fees	342	392
Royalties	197	296
Utilities	829	855
Disaster Recovery Funding Arrangements (DRFA)	34,351	35,352
Other materials and services	2,287	1,960
TOTAL MATERIALS AND SERVICES	44,669	44,967

* Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$125,000

Note 7. Finance costs

	2021	2020
Notes	\$'000	\$'000
Finance costs charged by the Queensland Treasury Corporation	222	255
Bank charges	51	49
Impairment of receivables	96	469
Quarry and tip rehabilitation	303	131
TOTAL FINANCE COSTS	672	904

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 8. Capital expenses

	Notes	2021 \$'000	2020 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the disposal of property, plant and equipment		134	-
Less: Carrying value of disposed property, plant and equipment.	11	<u>(1,107)</u>	<u>(1,338)</u>
Loss on disposal of non-current assets		<u>973</u>	<u>1,338</u>
(b) Provision for restoration of land			
	15		
Additional provision and discount rate adjustment to refuse restoration provision		-	2,569
Discount rate adjustment to rehabilitation liability		-	<u>140</u>
		<u>-</u>	<u>2,709</u>
TOTAL CAPITAL EXPENSES		973	4,047

Note 9. Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques received but not yet banked at the end of the year, deposits held at call with financial institutions.

Cash and cash equivalents

Cash at bank and on hand	7,972	2,879
Deposits at call	<u>5,602</u>	<u>20,192</u>
Balance Per Statement of Financial Position	<u>13,574</u>	<u>23,071</u>
Less bank overdraft	<u>(2,879)</u>	<u>(3,864)</u>
Balance per Statement of Cashflows	<u>10,695</u>	<u>19,207</u>
TOTAL CASH AND CASH EQUIVALENTS	10,695	19,207

Council is exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", the likelihood of the counterparty not having capacity to meet its financial commitments is low.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Cash and cash equivalents (continued)

Notes	2021 \$'000	2020 \$'000
Cash and cash equivalents	10,695	19,207
Less: Externally imposed restrictions on cash	4,077	8,386
Unrestricted cash	<u>6,618</u>	<u>10,821</u>

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

(i) Externally imposed restrictions at the reporting date relate to the following cash assets;

Unspent government grants and subsidies	2,793	7,086
Unspent loan monies	1,284	1,300
Unspent headworks	306	257
Total externally imposed restrictions on cash assets	<u>4,077</u>	<u>8,386</u>

(ii) Internal allocations of cash at the reporting date

Future asset replacement / purchases	1,845	1,300
Total internally allocated cash	<u>1,845</u>	<u>1,300</u>

Cash and deposits are held at Westpac Bank in term deposits and business cheque accounts.
At call accounts are 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 Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (eg wages). 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	271	233
Security deposits	1	1
	<u>272</u>	<u>234</u>

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Receivables

Receivables, loans and advances are amounts owed to council at year end and 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 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.

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

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written off at 30 June 2021. If an amount is recovered in a subsequent period it is recognised as revenue. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

	Notes	2021 \$'000	2020 \$'000
Current			
Rates and charges		1,472	1,550
Statutory charges		60	60
Water charges not yet levied		357	469
Other debtors		1,928	791
GST recoverable		302	519
Total		4,119	3,389
less: loss allowance			
Rates and charges		(468)	(573)
Other debtors		(50)	(50)
Total provision for impairment - receivables		(518)	(623)
TOTAL CURRENT RECEIVABLES		3,601	2,766

Accounting Policy Grouping

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

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Receivables (continued)

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

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

Statutory charges: In some limited circumstances Council may write off impaired statutory charges, on this basis Council calculates an expected credit loss for Statutory Charges (non-rates & utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency

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

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

	2021	2020
	\$'000	\$'000
The exposure to credit risk for receivable by type of counterparty was as follows		
Rates and Utility Charges	3,757	2,810
State and Commonwealth Government	302	519
Other	60	60
Total	<u>4,119</u>	<u>3,389</u>

Notes to the Financial Statements
for the year ended 30 June 2021

Note 11. Property, plant and equipment

30 June 2021	Basis of Measurement	Note	Land		Buildings		Plant and equipment		Furniture and equipment		Road, drainage and bridge network		Water		Sewerage		Other structures		Works in progress		Total		
			\$'000	Cost	\$'000	Fair value	\$'000	Cost	\$'000	Fair value	\$'000	Cost	\$'000	Fair value	\$'000	Fair value	\$'000	Cost	\$'000	Fair value	\$'000	Cost	\$'000
	Opening gross balance		18,922	57,165	10,604	1,000	268,126	53,766	28,811	20,961	3,452	462,807											
	Additions - Renewal		-	-	408	81	-	-	-	-	4,405	4,405											
	Additions - other		-	-	(391)	-	(1,004)	(74)	-	-	13,180	13,669											
	Disposals	4.3	-	(774)	-	-	-	-	-	-	-	-											
	Work in progress transfers		-	3,241	-	-	7,585	675	108	2,381	(13,990)	(2,243)											
	Adjustments and other transfers		-	-	-	-	-	-	-	-	-	-											
	Total gross value of property, plant and equipment		18,922	59,632	10,621	1,081	274,707	54,367	28,919	23,342	6,926	478,517											
	Opening accumulated depreciation		-	25,581	6,423	868	94,939	23,251	7,539	2,750	-	161,351											
	Depreciation expense		-	1,256	861	42	7,117	890	531	401	-	11,098											
	Disposals	4.3	-	(452)	(263)	-	(398)	(23)	-	-	-	(1,136)											
	Total accumulated depreciation of property, plant and equipment		-	26,385	7,021	910	101,658	24,118	8,070	3,151	-	171,313											
	Total net book value of property, plant and equipment		18,922	33,247	3,600	171	173,049	30,249	20,849	20,191	6,926	307,204											
	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.												

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

30 June 2020	Measurement basis	Notes	Land		Buildings		Plant and equipment		Furniture and equipment		Road, drainage and bridge network		Water		Sewerage		Other structures		Works in progress		Total		
			\$'000	Cost	\$'000	Fair value	\$'000	Cost	\$'000	Fair value	\$'000	Cost	\$'000	Fair value	\$'000	Fair value	\$'000	Fair value	\$'000	Fair value	\$'000	Fair value	\$'000
	Opening gross balance		18,922		53,169	10,147	915	253,077	50,670	27,099	19,341	3,001	9,910	436,341									
	Additions - new		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,910	-	9,910	
	Disposals	4, 5	-	-	(527)	(715)	-	(672)	(563)	(291)	(513)	-	-	(3,281)	-	-	-	-	-	-	-	-	-
	Revaluation increments to equity (ARS)		-	-	4,231	-	9,976	2,686	1,436	1,509	624	(9,456)	-	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		18,922		57,165	10,604	1,000	268,126	53,766	28,811	20,961	3,452	9,910	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, 5	-	-	(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	9,910	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.											

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

(a) Recognition

Property, plant and equipment are recognised as assets unless they are below the asset recognition threshold (\$5,000) or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger, network for example the components of parks.

Land under roads and reserve land on the Land Act 1994 or Land Title Act 1994 is controlled by Queensland state Government and not recognised in Council's Financial Statements.

(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 consideration plus incidental costs incidental to the acquisition. Direct Labour materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions or for significantly less than fair value or as off sets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against Asset Revaluation Surplus.

(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Land, work in progress and road formations are not depreciated.

The useful life of lease hold improvements is the shorter of the useful life of the asset or the remaining life of the lease. Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values 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.

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.

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

(d) Impairment

Property, plant and equipment held at cost, 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

Key judgements and estimates

Some of Council's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the council uses market-observable data to the extent it is available and other inputs as necessary. For the period ending 30 June 2021 Council considered key indices for building and construction industry to assess whether there has been a significant change in the fair value of its building and infrastructure assets.

(i) Valuation

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 3-5 years council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes:

A management valuation using external engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets and an appropriate cost index for the region.

A desk top valuation for land and improvements, buildings and major plant asset which involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions for useful life, residual value and condition rating. The valuer then determines suitable indicies which are applied to each of these assets.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there is insufficient amounts available in the asset revaluation surplus, the decrease is recognised in the statement of comprehensive income.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

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.

Fair values are classified into three levels as follows;

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

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

(e) Valuation (continued)

(ii) Valuation Technique used to derive fair values

Asset Class and Fair value hierarchy	Valuation Approach	Last Comprehensive Valuation date	Valuer Engaged	Key Assumptions and Estimated (Related Data Sources)	Index Applied (Change in index recognised this year)	Other interim revaluation adjustments
Land (L2)	Market Value	30th June 2017	Cardno (Qld) Pty Ltd	The most significant inputs into this valuation approach are price per square meter. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.	0%	Nil
Buildings (L3)	Current Replacement Cost	30th June 2017	Cardno (Qld) Pty Ltd	Gross replacement cost has been derived with reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Each asset has been disaggregated into significant components which exhibit useful lives. Useful lives are based on typical asset lifecycles based on past experience. In determining accumulated depreciation physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence have been considered.	0%	Nil
Road, Drainage and Bridge Network(L3)	Current Replacement Cost	30th June 2018	Cardno (Qld) Pty Ltd	Gross replacement cost has been derived with reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Each asset has been disaggregated into significant components which exhibit useful lives. Useful lives are based on typical asset lifecycles based on past experience. In determining accumulated depreciation physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence have been considered.	0%	Nil

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

(e) Valuation (continued)

(ii) Valuation Technique used to derive fair values

Asset Class and Fair value hierarchy	Valuation Approach	Last Comprehensive Valuation date	Valuer Engaged	Key Assumptions and Estimated (Related Data Sources)	Index Applied (Change in index recognised this year)	Other interim revaluation adjustments
Water & Sewerage (L3)	Current Replacement Cost	30th June 2018	Cardno (Qld) Pty Ltd	Gross replacement cost has been derived with reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Each asset has been disaggregated into significant components which exhibit useful lives. Useful lives are based on typical asset lifecycles based on past experience and industry and manufacturers standards. In determining accumulated depreciation physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence have been considered. Where site inspections are not possible the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.	0%	Nil
Other Structures (L3)	Current Replacement Cost	30th June 2017	Cardno (Qld) Pty Ltd	Gross replacement cost has been derived with reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Each asset has been disaggregated into significant components which exhibit useful lives. Useful lives are based on typical asset lifecycles based on past experience. In determining accumulated depreciation physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence have been considered.	0%	Nil

(iii) Changes in Fair Value Measurements using significant unobservable inputs (Level 3)

There are no transfers into or out of level 3 of the fair value hierarchy

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 12. Contract balances

Contract Assets represent the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that the council has invoiced the customer or grantor. Where Council has invoiced the customer or grantor amounts in excess of what it has incurred in relation to a contract or in construction of an asset, this gives rise to a contract liability.

(a) Contract assets

	Notes	2021 \$'000	2020 \$'000
Contract assets		9,252	5,430
TOTAL CONTRACT ASSETS		9,252	5,430

(b) Contract liabilities

Funds received upfront to construct or remediate Council controlled assets		2,405	6,680
Non capital performance obligations not yet satisfied		388	406
TOTAL CONTRACT LIABILITIES		2,793	7,086

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

Funds received upfront to construct or remediate Council controlled assets		6,680	2,312
Non capital performance obligations not yet satisfied		406	25
Total revenue included in the contract liability		7,086	2,336

Note 13. Payables

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		3,328	785
Prepaid rates		210	186
Accrued wages and salaries		139	171
Employee related accruals		9	-
Other creditors		45	18
TOTAL CURRENT PAYABLES		3,731	1,160

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 14. Borrowings

	2021	2020
Notes	\$'000	\$'000

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 monthly, quarterly, semi annually or annually in arrears.

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 15 December 2021 to 15 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	513	460
Working Capital Facility - Queensland Treasury Corporation	2,879	3,864
TOTAL CURRENT BORROWINGS	3,392	4,324

Non-current

Loans - Queensland Treasury Corporation	3,226	3,758
TOTAL NON-CURRENT BORROWINGS	3,226	3,758

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 14. Borrowings (continued)

	2021	2020
Notes	\$'000	\$'000
Reconciliation of loan movements for the year		
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	8,082	4,668
Loans raised	-	4,844
Principal repayments	(1,463)	(1,430)
Book value at end of financial year	<u>6,619</u>	<u>8,082</u>

The QTC loan market value at the reporting date was \$4,242,895.85. 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 provision is discounted using the Commonwealth Government Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

Landfill restoration and quarry rehabilitation

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

The calculation for the provisions use assumptions including; the application of environmental legislation, closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision is reviewed annually and updated based on the facts and circumstances available at the time.

Refuse restoration provision represents the present value of anticipated costs associated with the closure of landfill sites, decontamination and monitoring of historic residual and leaching on these sites. The expected closure dates range from 2034 to 2069 with a 30 year post closure period.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 15. Provisions (continued)

Landfill restoration and quarry rehabilitation (continued)

Quarry rehabilitation provision represents the present value of anticipated future costs associated with the closure of the quarries, refilling the basin and reclamation and rehabilitation of these sites.

Quarries are situated on Council controlled land and are classified as land & 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 to 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 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 (unwinding of the discount) are treated as finance costs.

	Notes	2021 \$'000	2020 \$'000
Current			
Annual leave		1,503	1,501
Long service leave		1,088	1,043
Sick leave		93	93
Other		45	199
TOTAL CURRENT PROVISIONS		2,729	2,836
Non-current			
Long service leave		313	447
Refuse restoration		11,009	14,336
Gravel pit sites		1,978	1,978
TOTAL NON-CURRENT PROVISIONS		13,300	16,761

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 15. Provisions (continued)

	Notes	2021 \$'000	2020 \$'000
Movements in non- employee benefit provisions:			
Gravel pit sites			
Balance at beginning of financial year		1,978	1,821
Additional provision		-	140
Increase/(decrease) in provision due to unwinding of discount		-	17
Balance at end of financial year		<u>1,978</u>	<u>1,978</u>
Landfill sites			
Balance at beginning of financial year		14,336	11,654
Additional provision		-	2,569
Increase/(decrease) in provision due to unwinding of discount		303	113
Increase/(decrease) in provision due to change in discount rate		(3,630)	-
Balance at end of financial year		<u>11,009</u>	<u>14,336</u>
Other			
Balance at beginning of financial year		199	-
Additional provision / (Reversal of provision)		(154)	199
Balance at end of financial year		<u>45</u>	<u>199</u>

Note 16. Asset revaluation surplus

Movements in the 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. There has been no change in 2021.

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

Land	14,041	14,041
Buildings	12,531	12,531
Road, drainage and bridge network	182,191	182,191
Water	20,725	20,725
Sewerage	6,136	6,136
Other structures	1,979	1,979
	<u>237,603</u>	<u>237,603</u>

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 17. Commitments for expenditure

	Notes	2021 \$'000	2020 \$'000
Capital commitments relating to infrastructure works projects		3,386	2,382
Other contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Kerbside garbage collection		4,531	5,178
Transportation and Disposal of Bulk Waste		1,410	1,763
		5,941	6,941

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 2021 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 \$407,425.73.

Other matters

Council is party to a legal matter relating to regarding unpaid gravel royalties. The estimated liability on Council at the conclusion of this matter is \$251,192.04 comprising of principal and interest payments. However, possible offsets are available for outstanding rates. This matter remains ongoing and the settlement date and final outcome is unknown at the time of this report.

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2021

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.

This scheme is a pooled defined benefits plan and it is not in accordance with the deed to allocate obligations, but has not been recognised as an asset or liability of the Council.

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

Council may 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 measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme.

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 salary or wages and there are no known requirements to change the rate of contributions.

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

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

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

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

	Notes	2021 \$'000	2020 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		26	25
Other superannuation contributions for employees		1,472	1,355
Total superannuation contributions paid by Council for employees	5	1,498	1,380

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

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

	2021 \$'000	2020 \$'000
	Notes	
Net result from income statement	7,605	(5,767)
Non-cash items		
Depreciation and amortisation	11,098	10,590
	<u>11,098</u>	<u>10,590</u>
Losses/(gains) recognised on fair value re-measurements through the income statement		
Revaluation adjustments (restoration provision)	(3,327)	2,839
	<u>7,771</u>	<u>13,429</u>
Investing and development activities		
Net (profit)/loss on disposal of assets	973	1,176
Non cash capital grants and contributions	(9,020)	(8,375)
	<u>(8,047)</u>	<u>(7,199)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(730)	(869)
Increase/(decrease) in provision for doubtful debts	(105)	468
(Increase)/decrease in inventories	157	7
(Increase)/decrease in contract assets	(3,822)	327
(Increase)/decrease in other assets	(149)	(45)
Increase/(decrease) in payables and accrual	2,571	(4,032)
Increase/(decrease) in contract liabilities	(4,293)	4,950
Increase/(decrease) in employee provisions	(241)	615
Increase/(decrease) in other liabilities	49	9
	<u>(6,563)</u>	<u>1,430</u>
Net cash provided from/(used in) operating activities from the statement of cash flows	766	1,893

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 21. Reconciliation of liabilities arising from finance activities

	As at 30-Jun-20 \$'000	Change in accounting policy \$'000	Cashflows \$'000	Non-cash changes \$'000	As at 30-Jun-21 \$'000
Borrowings	8,082	-	(1,463)	-	6,619
	<u>8,082</u>	<u>-</u>	<u>(1,463)</u>	<u>-</u>	<u>6,619</u>

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

Note 22. Events after the reporting period

There were no material adjustments after the balance date

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Financial instruments and financial risk management

(a) Financial assets and financial liabilities

Council has exposure to the following risks arising from financial instruments

- * Credit Risk
- * Liquidity Risk
- * Market Risk

Risk Management Framework

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

Management and Council 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.

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

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.

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 followings lines of credit were available at the end of the reporting period.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 23. Financial instruments and financial risk management (continued)

	2021 \$'000	2020 \$'000
Overdraft - QTC working capital facility limit	5,000	5,000
QTC working capital facility balance	(2,879)	(3,864)
Total available at 30 June	2,121	1,136

The following table sets out the liquidity risk in relation to financial liabilities held by 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
2021					
Payables	3,521	-	-	3,521	3,521
Loans - QTC	690	2,485	1,391	4,566	3,739
Other - Working Capital	2,874	-	-	2,874	2,879
	<u>7,085</u>	<u>2,485</u>	<u>1,391</u>	<u>10,961</u>	<u>10,139</u>
2020					
Payables	974	-	-	974	974
Loans - QTC	690	2,760	1,805	5,256	4,218
Other - Working Capital	3,864	-	-	3,864	3,864
	<u>5,528</u>	<u>2,760</u>	<u>1,805</u>	<u>10,094</u>	<u>9,056</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.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 23. Financial instruments and financial risk management (continued)

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 Corporation.

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.

Sensitivity

Sensitivity to interest rate movements is low as any reasonable possibly movement is not likely to have a material impact to profit or equity.

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

In relation to the QTC loans held by the Council, the following has been applied:

QTC fixed rate loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 24. 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:

	2021		
	Aerodromes \$'000	Water and sewerage \$'000	Waste Mgt \$'000
Revenue for services provided to the Council	737	3,453	1,638
Less: expenditure	(1,185)	(5,042)	(2,607)
Surplus/(deficit)	(447)	(1,589)	(969)

Note 25. 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
2021					
Employee expenses of close family members of KMP	325	-	Ordinary	-	-
	325	-		-	-
2020					
Employee expenses of close family members of KMP	278	-	Ordinary	-	-
	278	-		-	-

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 25. Transactions with related parties (continued)

The Council employs 160 staff of which four are a close family member of a KMP.
(2020: 160 employees, 4 close family members of KMP)

The Finance Manager during the period July 2019 to February 2021 was a close family member of the Deputy Mayor. The Finance manager was employed through an arms length process by Leading Roles and was compensated at a market salary.

Council employs three staff who are close family members of Councillors. These staff occupy non-executive positions and are employed under the same terms and conditions as other employees of Council.

(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:

	2021	2020
	\$000	\$000
Short-term employee benefits	1,235	1,253
Post-employment benefits	148	145
Long-term benefits	20	20
Termination benefits	-	14
Total	<u>1,403</u>	<u>1,432</u>

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

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

Cook Shire Council

General Purpose Financial Statements
for the year ended 30 June 2021

Management Certificate
for the year ended 30 June 2021

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 37, 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

Date: 3.12.2021



Lawrence Booth

ACTING CHIEF EXECUTIVE OFFICER

Date: 3.12.2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Cook Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Cook Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, 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 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Acting Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Cook Shire Council's annual report for the year ended 30 June 2021 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.

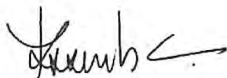
Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Sri Narasimhan
as delegate of the Auditor-General

7 December 2021

Queensland Audit Office
Brisbane

Cook Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2021

	Actual 2021	Target 2021
--	----------------	----------------

Measures of financial sustainability

Council's performance at 30 June 2021 against key financial ratios and targets.

Performance indicators

1. Operating surplus ratio

$\frac{\text{Net result (excluding capital items)}}{\text{Total operating revenue (excluding capital items)}}$	-18.04%	0 - 10%
--	---------	---------

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

$\frac{\text{Capital expenditure on the replacement of assets (renewals)}}{\text{Depreciation expense}}$	43.20%	more than 90%
--	--------	------------------

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

$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue (excluding capital items)}}$	4.10%	not greater than 60%
---	-------	----------------------------

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 2021.

Cook Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2021

Certificate of Accuracy
for the year ended 30 June 2021

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

Date: 3/12/2021



Lawrence Booth

ACTING CHIEF EXECUTIVE OFFICER

Date: 3.12.2021

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 financial sustainability statement of Cook Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting Chief Executive Officer.

In accordance with s.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 2021 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 2021 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

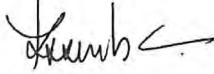
My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, 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

7 December 2021

Queensland Audit Office
Brisbane

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement prepared as at 30 June 2021

	Target	Actual	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Forecast										
Measures of financial sustainability													
Council's performance at 30 June 2021 against key financial ratios and targets.													
Performance indicators													
1. Operating surplus ratio													
Net result (excluding capital items)	0 - 10%	-18.04%		-16.00%	-15.00%	-14.00%	-14.00%	-14.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Total operating revenue (excluding capital items)													
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)	> 90%	43.20%		78.00%	79.00%	68.00%	78.00%	58.00%	58.00%	52.00%	55.00%	55.00%	55.00%
Depreciation expense													
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	< 60%	4.10%		6.00%	9.00%	5.00%	-1.00%	-3.00%	4.00%	4.00%	6.00%	7.00%	11.00%
Total operating revenue (excluding capital items)													
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.													

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2021

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.

Cook Shire Council


Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2021

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

3.12.2021



Lawrence Booth

ACTING CHIEF EXECUTIVE OFFICER

3.12.2021



Cook Shire COUNCIL

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

Ph: +61 7 4082 0500

Email: mail@cook.qld.gov.au

www.cook.qld.gov.au

