



Cook Shire
COUNCIL



2017 - 2018 ANNUAL REPORT





Adoption

The 2017-18 Annual Report was adopted at the November 2018 Cook Shire Council Ordinary Meeting in accordance with the *Queensland Local Government Act 2009* and *Local Government Regulation 2012* S182.

Questions about the plan?

If you would like any further information about the Annual Report please contact Council's Organisational Business Services division via email at mail@cook.qld.gov.au or phone on 07 4069 5444.

Legislative Requirements

The administrative practices of Cook Shire Council are primarily governed by the *Queensland Local Government Act 2009* and *Local Government Regulation 2012*.

Under this legislation, Council is required to prepare and adopt an annual report for each financial year, reporting against the Shire's progress with reference to its community, corporate and operational plans.



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Cook Shire is made up of communities ranging from Ayton in the South to Portland Roads in the North. Coen is our second largest town after Cooktown, with smaller settlements including Lakeland, Laura, Rossville, Bloomfield, Ayton and Marton. There are roadhouse communities at Palmer River, Musgrave, Hann River, Archer River and Bramwell, plus many pastoral properties, tourism lodges and ranger stations. Each place is unique, with its own appeal and challenges and the residents

are proud of and committed to their own community.

Council has a role to provide services and amenity to every community in the Shire through roads, telecommunication, sport and recreation, education and medical facilities. We have a responsibility to manage and improve the economy, social services, environmental and cultural aspects of the various communities we serve across the Shire.

We are the largest shire in Queensland, however our population is sparse and our regional vote in a State election counts for less than 1 per cent. We cannot meet our service obligations on our own and rely on strong and productive partnerships with the State and Federal governments for funding and operational support. Equally important is working with local groups, non government organisations, not for profits and private enterprise and business. We interface with every Indigenous council on the Cape and have an inherent responsibility for our broader region. Regionally strategic partnerships are necessary such as council alliances, Cape York Natural Resource Management, Landcare and health boards. We have partnered with private enterprise in solar and wind power projects, airport and telecommunication improvements and have been chosen as one of seven Queensland shires for the Clean Growth Choices program. The Cooktown 2020 Festival will help define our social and cultural future through the involvement and aspirations of our Indigenous residents.

A key partnership also is within Council. We have engaged qualified and experienced staff at senior levels and a strong and cohesive team culture is apparent. We have revised our corporate structure and workforce to reduce expenditure, increase productivity and strengthen community confidence.

Cook Shire is well positioned to continue developing as an exemplar in regional development and living and I am constantly reminded by residents and visitors that we live in paradise.

Thank you for your contribution to our Shire partnership.

Cr Peter Scott
Mayor, Cook Shire Council



Scrubby Lagoon, Lama Lama Country



This last year has been one of significant change for Cook Shire Council, with the administration keen to take on new challenges, building the capacity and knowledge of all across Council.

Our attention to budget management, statutory compliance and the delivery of capital works has resulted in a better than forecast financial position at the end of the year. In this last financial year Council successfully delivered over \$16.8 million in flood damage works funded under the National Disaster Relief and Recovery Arrangements (NDRRA) program across the Shire's road network of over 2700km, much of its capital works program and numerous operational initiatives. Savings across Council have been achieved as a culture of "do more with less" has been willingly and proactively adopted across all departments and teams.



Council's reliance on grant funding is always a challenge, as we seek to supplement the shortfall in our own-source revenue in this vast Shire with its very small rate base. However, notwithstanding the financial constraints, Cook continues to punch above its weight with its delivery of new and successful programs and services, including improved environmental management, library and pool services, and remote programs such as the Coen healthy dog program.

The Cooktown Waterfront was opened to the public on the weekend of the Discovery Festival in June 2018 and is now enjoyed by a wide range of residents and visitors to the Shire. Additional airport facilities have been completed and the first commercial tenant is now in place. We are focusing Council's attention more broadly across the Shire with maintenance and capital works programs planned or completed in Coen, Lakeland, Bloomfield and Portland Roads.

Towards the end of 2017-18 Council adopted a revised Organisational Structure to better serve the community and focus greater attention on community partnerships, communications and external and internal business services. The new Departments of Community, Economy and Innovation, and Organisational Business Services recognise the responsibilities inherent in addressing community needs and delivering services across the Shire's 106,000 square kilometers.

I wish to extend my appreciation to the Mayor, Councillors and all staff for welcoming me to Cook as Chief Executive Officer in April 2018, and for the support and trust placed in me to lead the administration in the coming years.

Linda Cardew
Chief Executive Officer, Cook Shire Council

About Cook Shire

Cook Shire is a large, sparsely populated shire located in Cape York Peninsula, Australia. Successive Cook Shire Councils have worked creatively and industriously to build a firm foundation for a good quality of life and business opportunity for the population. Cook Shire Council provides infrastructure and a range of municipal and social services.

Geography

Cook Shire is roughly half the size of Victoria and twice the size of Tasmania: 106,073 square kilometres. The Shire stretches from Palmerville in the south to north of the Jardine River, with over 2750km of roads and encompassing several islands situated off the North East coast of Cape York. Cook Shire adjoins 13 other local government authorities and includes two internationally significant world heritage areas: the Wet Tropics and the Great Barrier Reef, which forms the Shire's outer boundary. The Shire is subject to extreme seasonality with cyclones and monsoon rains regularly severely affecting infrastructure. Road access to some of the Shire is often restricted for up to five months of the year.

Land Tenure

Within the Shire there are just over 2200 rateable properties, raising roughly \$7 million in rates and levies per annum. However, rateable properties are gradually declining as properties are transferred to conservation and other non-rateable tenures: Freehold 1 per cent; Land Lease 5 per cent; Aboriginal Shire Lease/Deed of Grant in Trust (DOGIT) or Land Trust 4 per cent; National Park 14 per cent; Nature Reserve 23 per cent; and Mining, State Lands and Reserve 53 per cent.



People

The Cook Shire Council estimated resident population for 2017 is 4,345 which accounts for 58 per cent of all Cape York residents. Almost half of the population live in the Cooktown, Marton and Endeavour Valley areas with 22 per cent of the Shire population identifying as Aboriginal or Torres Strait Islander.

Economy

Cook Shire's Gross Regional Product was \$593 million as of June 30, 2017. At the time of the 2016 Census, mining was the largest employer in the Cook Shire, making up 31.7 per cent of total employment, followed by Agriculture, Forestry and Fishing, Public Administration and Safety and Construction. Emerging sectors include information media and telecommunications and arts and recreation services.

Cooktown, Marton and Endeavour Valley

On the banks of the Endeavour River, Cooktown (and its surrounding communities) is the Shire's major township, service and population centre. European settlement began with Captain Cook, followed by explorers and miners, and the establishment of pastoral and timber industries. Today Cooktown is home to a range of industries which include retail, hospitality services, construction, trades, tourism and government. The population values the laid-back lifestyle, the acceptance of all peoples, and the town's natural beauty, whilst desiring ongoing sustainable development across multiple industries. Traditional Owners refer to the area as Waymburr: a traditionally peaceful meeting place.

Coen

An important supply point for travellers heading to the Cape, Coen provides key services to the North. Cape York Heritage House Museum attracts tourists travelling to and from the tip of Cape York. Tourism in Coen is confined to the dry season and access can be difficult during the wet season. The town is home to a population featuring many different Indigenous and non-Indigenous families and community groups. Tourism, pastoral and mining industries are key to Coen's growth.

Bloomfield

Hosting a smaller population, the Bloomfield Valley (including the township of Ayton) is encompassed by a beautiful environment which the locals are passionate about. Offering rivers, beaches, Wet Tropics and Cedar Bay National Park, the population is happy with their community and strives for less regulation, the chance to contribute to decision-making for the area, and the development of its arts and cultural facilities.

Lakeland

Lakeland is a small farming community: tight knit, prosperous and keen for further development despite an accommodation shortage. A pleasant place to live, the fertile, scenic, volcanic-formed basin supports extensive farming. Lakeland is home to some of the largest banana producers in Australia, and will also soon house two of the country's largest solar plus battery storage projects and the state's most northern avocado crop.



Cardiac Challenge charity bike ride arrives in Cooktown

Rossville Region

Encompassing Helenvale, Shiptons Flat, Mount Amos and Archer Point, the Rossville region emerged through mining and pastoral industries in the 1800s. Forming part of the Bloomfield Track, the village in the rainforest atmosphere attracts tourists and naturalists alike, with residents proud of the environmental diversity and community lifestyle.

Port Stewart

54km from Coen, two settlements can be found at Port Stewart, Moojeeba and Theethinji. Known as Yintjingga (sea eagle) in the local language, Port Stewart offers public camping grounds, a boat ramp and associated tourism services.

Portland Roads

Portland Roads is a beautiful, small community neighbouring Chilli Beach and protected from the South Easterly trade winds. Whilst managing the tourist trade is important, the population exhibit concern about whether the town's infrastructure can keep up with the increasing number of seasonal visitors heading North.

Laura

Established in 1887, Laura's population is largely indigenous, and the traditional owners are recognised by a series of Land Trusts for reserves in and around the township. Proud of the scenery and indigenous connections, the population sees tourism as a prime growth industry and the world famous Aboriginal rock art in the area supports this vision.



Councillors

Cook Shire Council is made up of seven Councillors. Every four years residents democratically elect a Mayor and six Councillors as community representatives. The latest Local Government election was held on March 19, 2016 by full postal ballot. Your Councillors were popularly elected to represent the diverse views and social ecology of our Shire. We are fortunate to have a sound mix of gender and experience with the key team traits of common sense and community focus. Councillors are allocated portfolios comprising regions and sectors that align to their strengths and interest.

Mayor Peter Scott

Cr Scott has a strong business background, with more than 23 years working for Westpac and a further 23

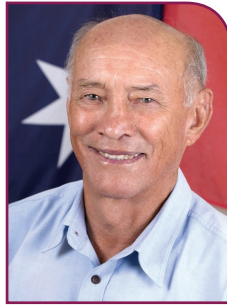
years managing an accommodation business in Cooktown. Cr Scott is also an advocate of many community groups and passionate about sport, having volunteered

for many years with various local groups including golf, rugby league, tennis and parents and citizens groups. Elected Councillor in 2004, Mayor in 2008, 2012 and 2016.



Deputy Mayor Robyn Holmes

Cr Holmes has lived in rural areas all her life and has a background in State Government administration, banking, management and the rural sector. She has lived in Cooktown since 2006. Elected Councillor in 2016.



Cr Alan Wilson

Cr Wilson has lived on Cape York for more than 25 years working in the cattle industry and as a business owner. Cr Wilson is the Council representative for the Laura/Lakeland area. Elected Councillor in 2004, 2008, 2012 and 2016.



Cr Kaz Price

Cr Price was raised on a cattle property and has lived in Cooktown since 2003. She has been manager of the Cooktown District Community Centre since 2013. Elected Councillor in 2012 and 2016.



Cr Larissa Hale

Cr Hale is a traditional owner of the Archer Point region and is passionate about land and sea management and caring for country. Cr Hale is the Regional Arts Development Fund Advisory Committee Chair. Elected Councillor in 2016.



Cr John Dessmann

Cr Dessmann moved to Cooktown from Melbourne 14 years ago and has owned several businesses, with a background in tourism and business. Cr Dessmann is the representative for Rossville and Bloomfield. Elected Councillor in 2016.



Cr John Chook Giese

Cr Giese has lived in Cooktown since 1973, and is the representative for Coen and surrounds. Cr Giese was a Council employee for seven years, specialising in road construction and maintenance. Elected Councillor in 2016.

Successive Councils and the community have worked creatively and hard to build a firm foundation for a good quality of life and successful business opportunity in Cook Shire. Today, Cook Shire Council's place in the community is to maintain and improve that foundation through the provisions of infrastructure and a range of municipal and social services.



Our Vision

Building sustainable communities with respect for our unique natural environment, celebrating our diverse cultures and sharing our pride in Cape York.

Our Mission

Our mission is to understand our communities' needs and provide consistent service to enable them to flourish in a safe, sustainable manner.

Our Core Values and Principles

Cook Shire Council promotes, encourages, rewards and actively believes in:

- Providing a safe workplace;
- Adopting honest and progressing systems of accountability and reporting;
- Working with our communities and stakeholders to plan, define, achieve and celebrate common short and long term goals;
- Actively sharing responsibility for improving sustainable service provision for all customers;
- Ensuring equal opportunity for all employees, potential employees, employees pursuing promotion and cross skilling and persons and organisations seeking to work with Council through the provision of services, works and consultancy; and
- Encouraging and rewarding innovation demonstrated in operational and strategic service provision.



Strategic Planning Framework

The 2017-18 Annual Report is a way for Council to report its financial and operational progress against Council's 2017-2022 Corporate Plan to the community. The Corporate Plan is designed to translate the needs and expectations of the community into tangible action and strategy. The plan provides for the prioritisation of Council's work commitments within a strategic framework, which is identified every year in Council's Operational Plan. The yearly budget is then developed based on those actions. At the end of each year the Annual Report is compiled to outline our achievements against the Corporate Plan by reflecting on our performance over the past 12 months.

Identify community need

Cook Shire Community Plan 2011-21

Shire vision, aspirations and priorities

Develop a strategic response

Long term Strategic and Financial Plans

Provide tangible strategic pathways to achieve community priorities

State and Federal Government requirements

Ensure Shire growth complies with legislation and regional planning framework

Five Year Corporate Plan

Detail community priorities, outcomes and strategies

Determine and implement operational priorities

Annual Operational Plans and Budgets

Guide departmental deliverables and resourcing

Inform the community of ongoing performance

Quarterly performance assessments

Assesses progress of the Operational Plan

Annual Report

Reviews performance for the year

Progress against the Corporate and Operational plans (s190)

Cook Shire Council's Operational Plan gives effect to the Corporate Plan on an annual basis. Council provides a detailed quarterly assessment of the progress made against its Operational Plan. Details of the quarterly review of the Operational Plan can be found on Council's website.

The following gives a broad overview of Council's works against the 2017-22 Corporate Plan to June 30, 2018 and the 2017-18 Operational Plan.

Community

Council continues to support and encourage improved health and wellbeing in our communities through Council-led initiatives and partnerships with other organisations. Council has continued funding to support the operations of the PCYC Events Centre, and has re-signed a contract with Education Queensland for operation of the Cooktown Community Pool. Council upgraded the Rossville playground to encourage children in the area to be active, and has completed a Master Plan for the John Street Oval in Cooktown. Additionally, gym equipment has been installed on the waterfront esplanade, together with a children's water park. Council also continues to promote a range of community sporting events such as Nitro Athletics.

Cook Shire Council's libraries make an important contribution to the development of language and literacy skills in the region, providing programs such as First 5 Forever, Lego Club, Tech Savvy Seniors, STEM I AM and robotics and coding. Council also coordinated the development of a new business and community innovation hub at the Bloomfield Library. Work continues on coordination of events to mark the 250th anniversary of Captain Cook's arrival in Cooktown, which will be held in 2020. Council has sourced funding from the State Government to enable a highly experienced Festival Producer to be appointed to oversee the Cooktown 2020 Festival, an event which is expected to bring huge economic, cultural and social benefits to Cook Shire and the wider region.

Economy

During the 2017-18 financial year, Council has focussed on economic development of the region through a number of initiatives, which included funding a study into the value of the marine and fishing industry to Cooktown, ongoing support for the Cooktown Chamber of Commerce and Tourism, maintaining membership of the Cairns Chamber of Commerce and beginning to implement recommendations from the Airport Master Plan via an upgrade of the airport taxiway to Code C3 standard. Council continues to support the local and regional economy by funding major events through its sponsorship, in-kind assistance and event development programs.

Tourism is also a core Council objective and Council provides funding to underpin the operation of the Visitor Information Centre at Nature's PowerHouse. Council cross-promotes the facility and any events through local and tourism-specific media. Council has also coordinated the installation of directional signage around the town to direct visitors to Nature's PowerHouse and the Visitor Information Centre, as well updating directional signage in Cooktown more broadly to enhance accessibility for visitors and locals alike.

Road contractors, Bamaga Southern Bypass Road



Daintree Air Services hangar opening, Cooktown Aviation Park



Environment

Council continued to focus on animal management within the Shire in 2017-18 and will maintain this focus into 2019 and beyond. This has included the successful implementation of the Coen Healthy Dog – Healthy Communities program, largely funded by the Department of Health and Council in a joint partnership. Working with the Department, local veterinarians and the Coen community, the program has included monthly visits to Coen to carry out microchipping, de-sexing, treatment for mange, fleas, worms and ticks and care for homeless and surrendered animals, whilst promoting community awareness and education on animal care within schools and the community. In other township areas, Council has placed more focus on community awareness and responsibility for pets, to encourage dog registrations, microchipping, safe enclosures and responsible ownership.

In the infrastructure field, significant projects were completed in 2017-18 in line with Council's Operational Plan, including the new Cooktown Airport Taxiway, the completion of the Cooktown Events Centre Stage 2a Cyclone Shelter Upgrade, water and sewer infrastructure renewal in Coen and Cooktown, a new leachate management system at the Coen landfill, and the replacement of the Rossville playground. Major roadworks projects were completed including road sealing part of the Mein Batavia Road, causeway construction on Battlecamp Road, Aurukun Road gravel re-sheeting, and resealing works in Lakeland and Cooktown. Planning for the future also featured significantly with the Botanic Gardens Masterplan, post closure plans for Ayton, Rossville and Lakeland waste transfer stations, the Charlotte Street Revitalisation project, and compilation of forward works programming. The waterfront area was also opened to the public in 2017-18, and flood damage repair works were successfully delivered across the Shire.

Governance

Council is committed to accountable, responsible and appropriate governance across all areas. In the 2017-18 period Council has reviewed a range of policies and procedures to ensure full compliance with legislation. New policies have included how Council will deal with complaints against public officials and how Public Interest Disclosures will be processed. To ensure best practice regarding appropriate powers for Council staff, Delegations Registers have been reviewed to allocate required powers to all authorised officers. New compliance officers have been recruited to enforce Council By-laws and safeguard the quality of life and amenity of the community.

A centralised complaints management process is being introduced in order to best capture and track complaints reported to Council. The process will be continuously monitored and improved to ensure all complaints are acknowledged and actioned in a timely manner. Council is also developing a Reconciliation Action Plan (RAP). This plan sets out Council's commitment to Traditional Owners for the next three years, and includes actions such as participating in NAIDOC celebrations and consulting with traditional owners for events, tourism opportunities and employment with Council. This is part of Council's commitment to respecting local diversity.

Other projects for ongoing improvements in governance include the refining of records management to ensure more accurate records are kept and access for community members is simplified, the identification of the need for recruiting of key staff such as a Native Title and Land Tenure Officer and training in the Information Privacy and Right to Information Acts to ensure compliance for information applications.

Key Findings of the 2017-18 Internal Audit

Two internal audits were conducted in the last financial year, both of these audits were conducted by an independent auditor, CroweHorwath. One internal audit was focused on procurement and contract management, while the second was focused on related party disclosures.

Procurement and Contract Management Audit

Summary of findings:

- The procurement internal audit scope period was 1 July 2017 to 30 April 2018 and the report included 12 findings, which included process improvement opportunities. Management agreed with all findings and an action plan is in place to address any shortfalls, including: the introduction of further procedural documentation regarding the procurement and contract management cycles; and implementing procurement training and education programs to ensure required procedures are well-understood and followed by all Council staff.

The auditor noted the following positive observations during the Internal Audit:

- To assist with the Invitation to Quote (ITQ) process, Council implemented the VendorPanel Marketplace, an online tool that is used to request and obtain quotes from businesses/suppliers online through Local Buy.
- Cook Shire Council implemented an updated procurement policy in March 2018 which included procurement training in April 2018 and Council is in the process of developing a procurement procedure.
- Employment of a contract procurement officer from December 2017 to March 2018 to assist Council with procurement.

Related Party Disclosures Audit

Summary of findings:

- The related party internal audit scope period was 1 July 2017 to 30 April 2018 and the report included five findings, which included process improvement opportunities. Management agreed with all findings and an action plan is in place to address any shortfalls, including developing a related parties register, adopting an automated process for the identification of related party transactions and increasing the frequency of reporting in respect of related parties (ie to a quarterly report).

The auditor noted the following positive observations during the Internal Audit:

- At the time of conducting the internal audit, all Councillors and key management personnel had completed statements of interest and related party declarations.

Further Legislative Inclusions

As per the *Queensland Local Government Act 2009* and Division 3 of the *Local Government Regulations 2012* (the Act and the Regulations), the annual report for a local government must contain information relating to specific legislative and operational procedure, actions and resolutions (where relevant). Where information is required under the Act or Regulation that does not pertain to Cook Shire Council, it has been excluded.

Administrative Action Complaints

Cook Shire Council undertakes the management of all complaints or referrals in accordance with the General Complaints Process as detailed under the *Queensland Local Government Act 2009*. Council acknowledges the right of persons to provide feedback, both positive and negative, on its services and/or to lodge a complaint about a decision or other action it takes. To this end, Council actions complaints in accordance with its General Complaints Policy and Procedures, adopted July 2013. This Policy has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence (subject to any legal requirements) and in a manner respectful to the complainant. Council has committed to providing adequate resources and trained officers to deal with complaints and to record and analyse complaints data and has successfully evidenced impartial assessment, investigation and resolution of complaints throughout the 2017-18 financial year.

During the 2017-18 financial year Council received nine complaints that were assessed as being a result of a Council administrative action. All nine complaints were investigated. Two complaints were not resolved under Council's administrative action complaints process. One complaint was referred by the complainant to the Queensland Ombudsman and was subsequently resolved. The second complaint was referred to the Queensland Courts, summary jurisdiction and was in process at the time of printing of the Annual Report. By comparison, in the 2016-17 financial year 12 complaints were assessed under Council's administrative action complaints process.

Sections 187 (1) and (2) Queensland Local Government Regulation 2012

Remuneration

The total of all remuneration packages paid in the 2017-18 financial year to the four senior executives employed by Cook Shire Council was \$644,714. One executive was paid within the total package salary band comprising \$0 to \$100,000, two executives received packages that totalled between \$100,000 and \$200,000 and one received a total package totalling between \$200,000 and \$300,000.

Section 201 Queensland Local Government Regulation 2012

Council Registers

- Delegations Register
- Risk Register
- Contaminated Land Register
- Local Law Register
- Roads Register
- Cemetery Register
- Community Grants Register
- Register of Fees and Charges
- Register of Interests
- Register of Benefits and Gifts
- Lobbyist Register
- Register of Electoral Gifts
- Asset Register
- Register of Contracts Valued at > \$200,000

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





Rossville-Bloomfield valley

Community Grants and Sponsorship

2017-18 Community Development Grants

Recipient	Amount	Purpose
Bloomfield District Residents Association	\$1,962.00	Expansion of Community Yoga
Bloomfield District Residents Association	\$2,000.00	Boomerang Bags Project
Cooktown Dive Club	\$1,934.00	Webpage development and training equipment
Cooktown Kindergarten	\$1,225.00	Sustainable and Engage Kindy garden
Cooktown SES	\$2,000.00	Purchase traverse stretcher
Lakeland Horsesports	\$2,000.00	Canteen upgrade
Seadog Vets	\$1,562.00	Deadly Vets education booklet
Sporting Shooters Association of Australia Cooktown Branch	\$1,718.00	Relocation of entry gate
Sporting Shooters Association of Australia Cape York Branch	\$2,000.00	Purchase specialised clay target thrower
Total	\$16,401.00	

2017-18 Regional Arts Development Fund (RADF) Program

Recipient	Amount	Purpose
South Cape York Catchments	\$2,780.00	Gateway to the Cape sculpture workshops
Cooktown School of Art Society	\$1,024.00	Abstract art classes
Cooktown Historical Society	\$2,970.00	Preserving the Palmer cataloguing the Wild Irish Girl collection
Kalan Enterprises	\$5,500.00	Language preservation project - Coen
Tess Buhmann	\$3,097.00	Department for debutantes
Wild and Windy Festival - Our CDF	\$7,200.00	Croc Aware woven sculpture
Lainie Franzl	\$2,960.00	Bloomfield Art Club for Bloomfield youth
Total	\$25,531.00	

2017-18 Sponsorship and In Kind Support Program

Recipient	Amount	Purpose
Cooktown State School	\$500.00	P-12 presentation evenings 2017-18
Cooktown Golf Club	\$3,000.00	2018 Cooktown Golf Open
Cooktown State School Robotics Club	\$2,000.00	Robotics Club US trip
Lakeland Horsesports	\$600.00	2018 annual bullride
Cooktown Community Church	\$1,000.00	2017 Carols by Candlelight
Cooktown School of Art Society	\$1,000.00	Annual art exhibition
Lakeland Progress Association	\$2,000.00	Leading Ladies program
In-kind event support	\$16,948.00	Wallaby Creek Festival, Cooktown Races, Wild and Windy Festival, Remembrance Walk, Wakooka Trail Ride
Total	\$27,048.00	

Community Grants and Sponsorship

2017-18 Economic Development Grants

Recipient	Amount	Purpose
Balkanu Cape York Development Corporation	\$5,000.00	Gamaay Dreaming Track signage
Cooktown Creative Arts Association	\$5,000.00	Revamping of the CCAA shop
Cooktown District Junior Rugby League	\$5,000.00	Storage container for equipment and kiosk supplies
Cooktown School of Art Society	\$5,000.00	Membership drive and equipment purchase
Total	\$20,000.00	

2017-18 Event Development Grants

Recipient	Amount	Purpose
Cape York Folk Club Inc	\$5,000.00	Wallaby Creek Festival 2018
Cooktown Amateur Turf Club	\$5,000.00	Cooktown Races 2018
Laura and District Rodeo and Campdraft	\$5,000.00	Laura Rodeo 2018
Total	\$15,000.00	

Concessions

Concessions granted by Cook Shire Council for rates and charges in the 2017-18 Financial Year and in accordance with section 190(1)(g) of the **Queensland Local Government Regulation 2012** are as follows:

State Government Pensioner Subsidy	246	\$46,215.39
Council Pension rebate	246	\$46,066.53
Concession on water consumption charges for dialysis	1	\$332.50
Concession on water consumption charges for leaks	7	\$10,970.09
Concession on sewerage charges	1	\$700.00
Concession on rates and charges	2	\$410.00
Change in water service charge (25mm to 20mm)	13	\$3,328.00
50% reduction on 20mm residential water service and 50% reduction on water consumption	11	\$3,482.97
Change in water service charge (32mm to 25mm)	4	\$2,872.00
100% general rates concession	2	\$4,038.08
100% sewerage charges concession	2	\$2,876.00
100% water access charge	1	\$720.00
Vacant water service at no charge	3	\$2,880.00
100% environmental levy concession	2	\$836.00
Properties resolved at non-valued	5	

Change to Tenders

There were no changes to tenders issued during the 2017-18 financial year [section 228 (7) of the *Local Government Regulation 2012*].

Councillors

The following table details the total remuneration, including superannuation contributions, paid to each councillor during the financial year. No action was undertaken in accordance with sections 180, 181 and 176 of the *Act* (conduct and performance of Councillors) during the 2017-18 financial year.

Councillors Remuneration

Councillors	Gross Salary	Superannuation	Total Remuneration	Travel/Expenses Reimbursement
Peter Scott	\$101,275.98	\$12,153.11	\$113,429.09	\$19,474.00
Robyn Holmes	\$57,776.21	\$6,782.01	\$64,558.22	\$2,376.95
Alan Wilson	\$52,895.26	\$4,700.10	\$57,595.36	\$23,274.56
Kaz Price	\$50,754.82	\$5,959.60	\$56,714.42	\$2,109.59
John Dessmann	\$50,988.71	\$5,725.71	\$56,714.42	\$2,216.36
John Giese	\$50,754.82	\$5,959.60	\$56,714.42	\$6,554.21
Larissa Hale	\$50,754.82	\$5,959.60	\$56,714.42	\$0.00
TOTAL	\$415,200.62	\$47,239.73	\$462,440.35	\$56,005.67

Ordinary Council Meetings Attended

Councillors	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
Peter Scott	•	•	•	•	•	•	•	•		•	•	•
Alan Wilson	•	•	•	•	•	•	•	•	•	•	•	•
Kaz Price	•	•		•	•	•	•		•	•	•	•
Larissa Hale	•	•	•	•	•	•		•	•	•	•	•
John Giese	•	•	•		•	•	•	•	•	•	•	•
John Dessmann	•	•	•	•	•	•	•	•	•	•	•	
Robyn Holmes	•	•	•	•	•	•	•	•	•	•	•	•

Other Council Meetings Attended

Councillors	Nov 2017 Special	Mar 2018 Special	Jun 2018 Special	Jun 2018 Special	Jan 2018 Risk	Apr 2018 Risk	Nov 2017 Audit
Peter Scott	•	•	•	•	•		
Alan Wilson	•	•	•	•	•	•	
Kaz Price	•	•	•	•			•
Larissa Hale		•	•	•			
John Giese	•	•	•	•	•	•	
John Dessmann		•	•	•			
Robyn Holmes	•	•	•	•	•	•	

Council Planning and Environment Standing Committee Meetings Attended

Councillors	Jul 2017	Oct 2017	Dec 2017	Feb 2018	Mar 2018	Jun 2018
Peter Scott	•	•	•	•	•	•
Alan Wilson		•	•		•	•
Kaz Price	•	•	•	•	•	
Larissa Hale	•	•	•	•		•
John Giese	•	•	•	•	•	•
John Dessmann	•	•	•	•	•	•
Robyn Holmes	•	•	•	•	•	•

Other Council Meetings Attended Continued

Councillors	Oct 2017 RADF	Apr 2018 RADF	Jul 2017 Event Centre	Sep 2017 Event Centre	Dec 2017 Event Centre	Feb 2018 Event Centre	Mar 2018 Event Centre	May 2018 Event Centre
Peter Scott								
Alan Wilson								
Kaz Price								
Larissa Hale	•	•						
John Giese								
John Dessmann								
Robyn Holmes			•	•	•	•	•	•



Community Financial Report 2017-18

The Community Financial Report is a summary of the information contained in Council's financial statements for the period July 1, 2017 to June 30, 2018 and provides an overview of Council's financial management and performance in accordance with Section 179 of the *Local Government Regulation 2012*. The report is consistent with the audited financial statements and uses plain language and pictorial aids such as tables and graphs to give members of the community, customers, business partners and employees an easy to follow summary of Council's financial performance and position for the financial year.

Financial Summary 2017-18

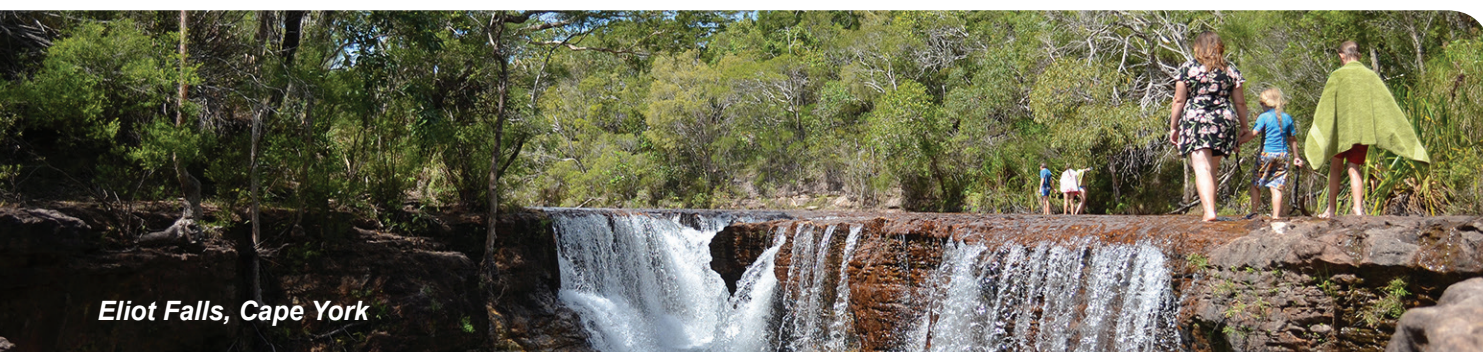
	2017-18	2016-17	2015-16
	\$000	\$000	\$000
Operating Revenue	24,274	23,429	17,942
Operating Expenses	32,416	29,904	27,044
Operating Deficit	(8,142)	(6,475)	(9,102)
Capital Income	36,213	34,151	48,611
Capital Expenses	16,895	25,103	33,099
Net Result	11,176	2,573	6,410
Total Assets	320,309	315,910	311,398
Total Liabilities	13,645	13,791	18,135
Net Community Assets	306,664	302,119	293,263

Measures of Financial Sustainability

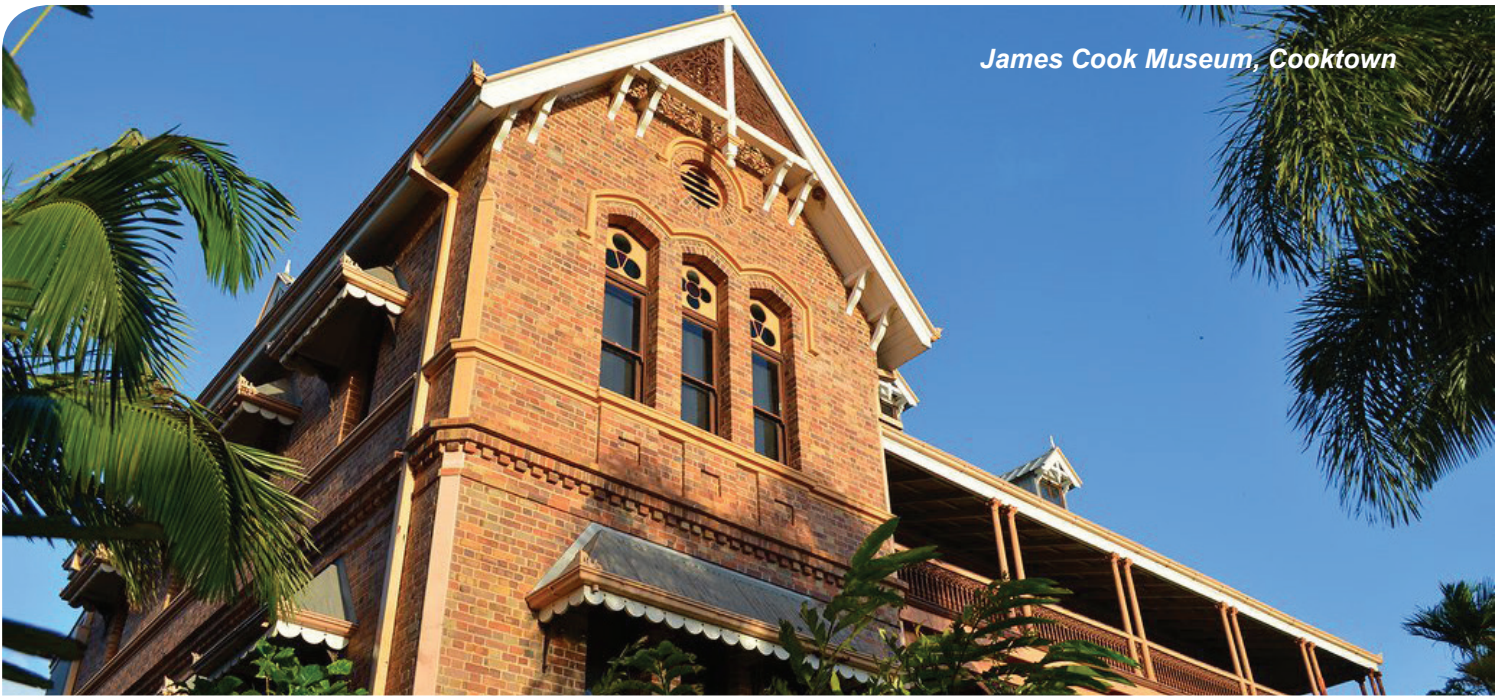
The *Local Government Regulation 2012* requires Council to report its results for the financial year against selected financial sustainability ratios. These are stated below:

Ratio	How the ratio is calculated	Ratio	Target
Operating Surplus Ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-33.54%	0-10%
Asset Sustainability Ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense of infrastructure assets	224.56%	>90%
Net Financial Liabilities Ratio	Total liabilities less current assets, divided by total operating revenue (excluding capital items)	-45.28%	<60%

The operating surplus ratio is an indicator of the extent to which revenues raised cover operational expenses. Council has reported an operating deficit of \$8.142 million which is why the operating surplus ratio is showing as a negative. 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. Council has achieved this target in the financial year. The net financial liabilities ratio is an indicator of the extent to which the net financial liabilities can be serviced by operating revenue. Council's borrowings are very healthy, as indicated by the ratio at negative 45 per cent, which is well below the target of less than 60 per cent.



Eliot Falls, Cape York



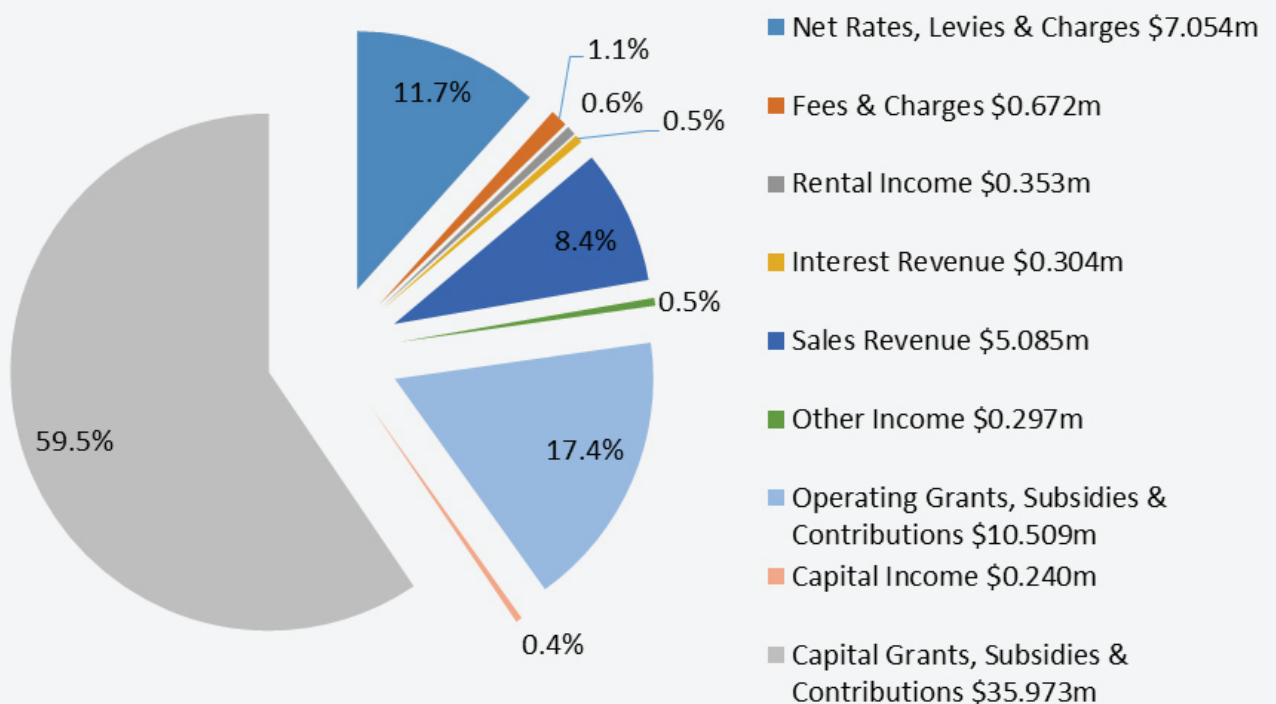
Income: Where did the money come from?

Council received \$24.274 million in recurrent revenue. The largest contribution was from grants, subsidies and contributions, which totalled \$10.509 million.

Total recurrent revenue increased by \$845,000 (3.6%) from the previous year. Some of the principal movements include:

- Rates, levies and charges increased by \$295,000.
- Sales revenue increased by \$4.05 million (392%), which was due to the increase in contract and recoverable works.
- Grants, subsidies and contributions decreased by \$3.71 million (26.1%), mainly due to the early payment of a financial assistance grant in the previous year.

Total Income - \$60.487m



Expenses: Where was the money spent?

Council spent more than \$63.8 million during the year, between operations (\$32.416 million) and capital projects (\$31.384 million).

Total recurrent expenses increased by \$2.512 million (8.4%). Some of the movements are explained below:

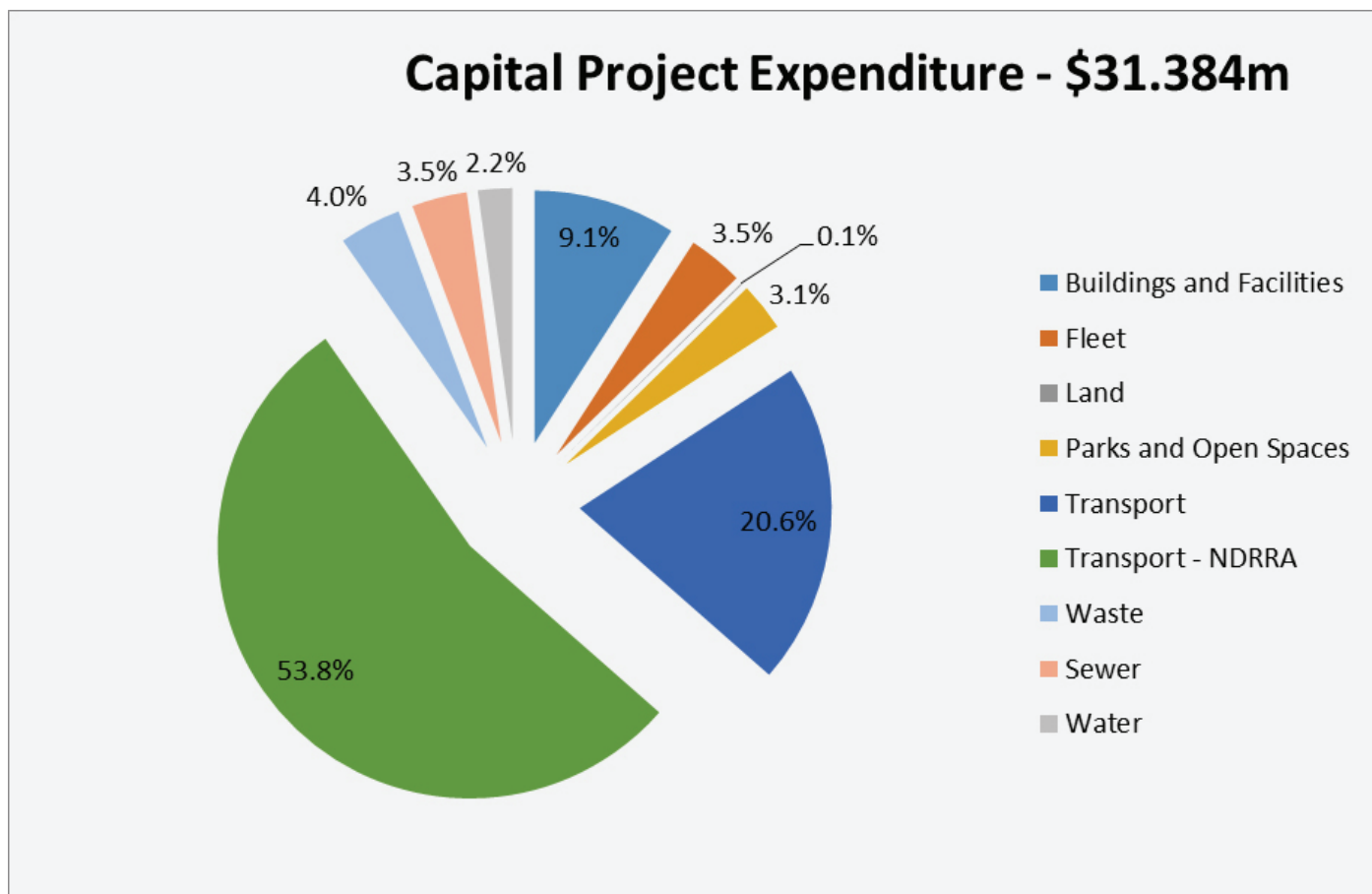
- Employee benefits increased by \$578,000 (5.9%), of which \$475,000 was related to private works expenses including the re-sheeting of the Aurukun Road through the Amrun project.
- Materials and services increased by \$1.7 million (17.5%), which was related to private works expenses as above.
- Depreciation increased by \$321,000 (3.2%).

Total capital expenditure was \$31.384 million, including a \$16.895 million expenditure on restoration of essential public assets under the Natural Disaster Relief and Recovery Arrangements (NDRRA).

The major capital projects included:

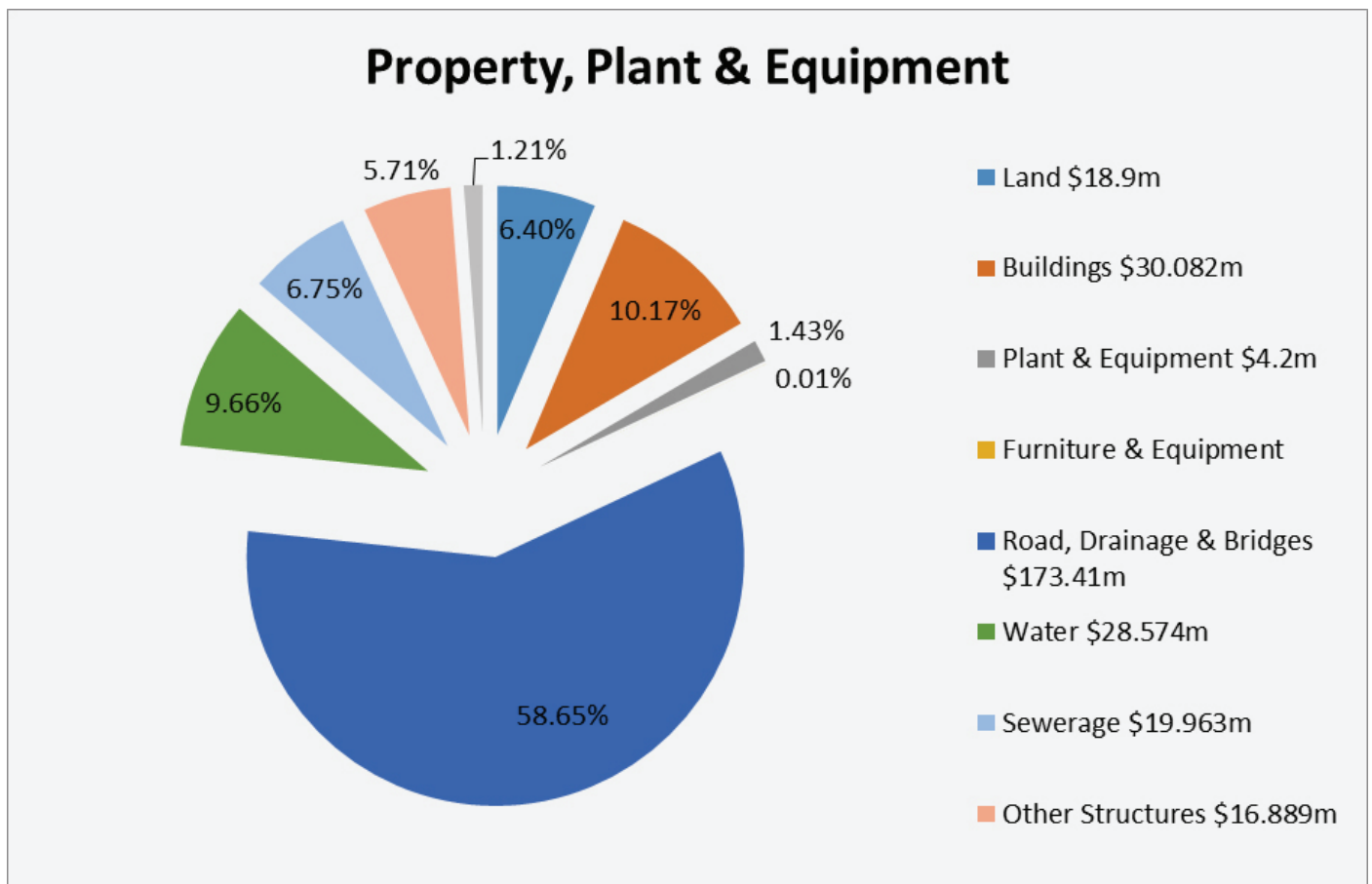
Upgrades to Events Centre	\$1.256 million
Fleet	\$1.108 million
Cooktown Airport Taxiway	\$2.288 million
Leachate Management Works	\$0.811 million
Road Reseals	\$0.452 million
Road Seals	\$1.180 million
Waterfront Development	\$2.495 million (includes road, sewer works)
Waste Transfer Station Infrastructure	\$0.422 million
NDRRA	\$16.895 million

The graph below shows the expenditure across different categories of assets.



Assets: What do we own?

At 30 June Council assets were valued at \$320.309 million. Of this, \$295.673 million related to property, plant and equipment. The graph below shows the different asset classes.



Liabilities: What do we owe?

At 30 June, Council's liabilities totalled \$13.645 million. A small decrease from \$13.791 million in the prior year.



Cook Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Cook Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018

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Cook Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	7,054	6,759
Fees and Charges	3b	672	677
Rental Income		353	349
Interest Revenue		304	274
Sales Revenue	3c	5,085	1,032
Other Income		297	116
Grants, Subsidies and Contributions	4a	10,509	14,222
Total Recurrent Revenue		24,274	23,429
Capital Revenue			
Grants, Subsidies and Contributions	4b	35,973	33,932
Total Revenue		60,247	57,361
Capital Income	5	240	219
Total Income		60,487	57,580
Expenses			
Recurrent Expenses			
Employee Benefits	6	10,361	9,783
Materials and Services	7	11,408	9,708
Finance Costs	8	318	405
Depreciation	12	10,329	10,008
Total Recurrent Expenses		32,416	29,904
Capital Expenses	9	16,895	25,103
Total Expenses		49,311	55,007
Net Result		11,176	2,573
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase / (decrease) in Asset Revaluation Surplus	16	(6,631)	6,283
Total Comprehensive Income for the year		4,545	8,856

Cook Shire Council

Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	22,114	15,414
Trade and Other Receivables	11	2,031	1,588
Inventories		491	424
Total Current Assets		24,636	17,426
Non-Current Assets			
Property, Plant and Equipment	12	295,673	298,484
Total Non-Current Assets		295,673	298,484
TOTAL ASSETS		320,309	315,910
LIABILITIES			
Current Liabilities			
Trade and Other Payables	13	4,504	4,647
Borrowings	14	435	388
Provisions	15	892	996
Other Liabilities		972	1,392
Total Current Liabilities		6,803	7,423
Non-Current Liabilities			
Borrowings	14	4,657	4,405
Provisions	15	1,943	1,798
Other Liabilities		242	165
Total Non-Current Liabilities		6,842	6,368
TOTAL LIABILITIES		13,645	13,791
Net Community Assets		306,664	302,119
COMMUNITY EQUITY			
Asset Revaluation Surplus	16	225,061	231,692
Retained Surplus/(Deficiency)	17	78,947	62,711
Reserves	25	2,656	7,716
Total Community Equity		306,664	302,119

Cook Shire Council

Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2018					
Balance as at 1 July 2017		231,692	62,711	7,716	302,119
a. Net Result		-	11,176	-	11,176
b. Other Comprehensive Income for the year					
- Revaluations: Property, Plant and Equipment	16	(6,631)	-	-	(6,631)
Other Comprehensive Income for the year		(6,631)	-	-	(6,631)
Total Comprehensive Income for the year		(6,631)	11,176	-	4,545
c. Transfers from Reserves	25	-	361	(361)	-
d. Other transfers between Equity	25	-	4,699	(4,699)	-
Equity Balance as at 30 June 2018		225,061	78,947	2,656	306,664

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2017					
Balance as at 1 July 2016		225,409	62,503	5,351	293,263
a. Net Result		-	2,573	-	2,573
b. Other Comprehensive Income for the year					
- Revaluations : Property, Plant and Equipment	16	6,283	-	-	6,283
Other Comprehensive Income for the year		6,283	-	-	6,283
Total Comprehensive Income for the year		6,283	2,573	-	8,856
c. Other transfers between Equity		-	(2,365)	2,365	-
Equity Balance as at 30 June 2017		231,692	62,711	7,716	302,119

Cook Shire Council

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		12,446	10,385
Payments to Suppliers and Employees		(22,100)	(24,731)
		(9,654)	(14,346)
Receipts:			
Interest Received		304	274
Rental Income		353	349
Non Capital Grants and Contributions		10,509	14,222
Payments:			
Finance Costs		(280)	(405)
Net Cash inflow (outflow) from Operating Activities	21	1,232	94
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		580	523
Grants, Subsidies and Contributions		35,973	32,313
Payments:			
Purchase of Property, Plant and Equipment		(31,384)	(35,810)
Net Cash inflow (outflow) from Investing Activities		5,169	(2,975)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		670	-
Payments:			
Repayment of Borrowings		(371)	(349)
Net Cash Flow inflow (outflow) from Financing Activities		299	(349)
Net Increase (decrease) in Cash and Cash Equivalents held		6,700	(3,230)
plus: Cash and Cash Equivalents at the beginning of the financial year		15,414	18,644
Cash and Cash Equivalents at the end of the financial year	10	22,114	15,414

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore, in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except where stated.

(1.b) Constitution

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

(1.c) New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Cook Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities

arising from financing activities ('debt reconciliation'). This information is presented in note 14.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

- AASB 16 *Leases*

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

(1.d) Estimates and judgements

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

- Valuation and depreciation of Property, Plant & Equipment - and Note 12
- Impairment of Trade and Other Receivables- Note 11
- Annual Leave Liability - Note 13
- Provision for Long Service Leave – Note 15
- Contingencies - Note 19

(1.e) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 unless otherwise indicated.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(1.f) Taxation

The income of local government and public authorities 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) Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2(a). Council Functions - Component Descriptions

The activities relating to Council's functions 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 Natural Disaster Relief and Recovery Arrangements (NDRRA) program.

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 2018

Note 2(b). Analysis of Results by Function

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

Functions	Gross Program Income					Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital									
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000	\$'000							
2018												
Executive Services	91	20	-	-	-	111	(2,611)	-	(2,611)	(2,500)	(2,500)	8
Corporate Services	8,454	1,507	8,945	240	240	19,146	(1,991)	-	(1,991)	7,970	17,155	59,254
Economic Development & Community Services	205	463	-	-	-	669	(2,756)	-	(2,756)	(2,087)	(2,087)	11,677
Engineering Services	1,759	11,733	27,027	-	-	40,519	(24,511)	(16,895)	(41,406)	(11,020)	(888)	247,091
Planning & Environmental Services	-	42	-	-	-	42	(547)	-	(547)	(505)	(505)	2,279
Total	10,509	13,765	35,973	240	240	60,487	(32,416)	(16,895)	(49,311)	(8,143)	11,176	320,309

Functions	Gross Program Income					Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital				Recurring	Capital				
	Grants	Other	Grants	Other	Other							
	\$'000	\$'000	\$'000	\$'000	\$'000							
2017												
Executive Services	83	2	-	-	-	85	(2,147)	-	(2,147)	(2,062)	(2,062)	-
Corporate Services	11,294	3,738	1,786	-	-	16,818	(5,595)	-	(5,595)	9,437	11,223	52,500
Economic Development & Community Services	194	140	91	-	-	425	(2,136)	-	(2,136)	(1,802)	(1,711)	5,675
Engineering Services	2,611	5,119	30,423	1,814	1,814	39,967	(19,281)	(25,103)	(44,384)	(11,551)	(4,417)	257,735
Planning & Environmental Services	40	209	-	36	36	285	(745)	-	(745)	(496)	(460)	-
Total	14,222	9,208	32,300	1,850	1,850	57,580	(29,904)	(25,103)	(55,007)	(6,474)	2,573	315,910

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue Analysis

	2018	2017
Notes	\$'000	\$'000

Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.

(a). Rates, Levies and Charges

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

General Rates	3,598	3,408
Separate Rates	257	229
Water	884	844
Water Consumption, Rental and Sundries	1,006	1,020
Sewerage	1,252	1,203
Garbage Charges	408	395
Total rates and utility charge revenue	7,405	7,099
Less: Discounts	(305)	(297)
Less: Pensioner remissions	(46)	(43)
NET RATES, LEVIES AND CHARGES	7,054	6,759

(b). Fees and Charges

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

Building and Development Fees	251	143
Other Statutory Fees and Charges	83	66
Airport Landing Fees	124	117
Waste Management and Transfer Fees	122	197
Swimming Pool Fees	49	55
Halls and Community Centre Fees	9	28
Other Fees and Charges	34	71
TOTAL FEES AND CHARGES	672	677

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue Analysis (continued)

	2018	2017
Notes	\$'000	\$'000
(c). Sales Revenue		
<p>The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.</p> <p>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 at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.</p>		
Sale of services		
Contract and Recoverable Works	4,473	255
Airport Services	527	681
Total Sale of Services	5,000	936
Sale of goods		
Other Sale of Goods	85	96
Total Sale of Goods	85	96
TOTAL SALES REVENUE	5,085	1,032

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Grants, Subsidies and Contributions

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

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

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

In June 2018, a Financial Assistance Grant of \$5M was received in advance. The grant would normally have been paid in the following financial year. In June 2017 this grant was also received in advance.

	2018	2017
Notes	\$'000	\$'000
(a) Recurrent		
General Purpose Grants	9,969	13,796
State Government Subsidies and Grants	487	379
Commonwealth Government Subsidies and Grants	40	47
Contributions	12	-
Other	1	-
TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS	10,509	14,222

(b) 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	6,854	4,230
Commonwealth Government Subsidies and Grants	2,087	1,849
Contributions	5	-
NDRRA flood damage grants for capitalised repairs	27,027	26,221
Developer contributions of physical assets at fair value	-	1,632
TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS	35,973	33,932

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 5. Capital Income

	Notes	2018 \$'000	2017 \$'000
(a) Gain on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		580	182
Less: Book Value of Property, Plant and Equipment Disposed	12	(340)	-
Gain on disposal of non-current assets		240	182
(b) Provision for Restoration of Land			
Reduction in rehabilitation provision due to the change in the estimated future cost on land not controlled by council		-	37
TOTAL CAPITAL INCOME		240	219

Note 6. Employee Benefits

Wages and Salaries		8,378	9,069
Annual, Sick and Long Service Leave Entitlements		1,789	1,131
Superannuation	20	1,061	761
Councillors Remuneration		415	406
		11,643	11,367
Other Employee Related Expenses		338	167
Less: Capitalised Employee Expenses		(1,620)	(1,751)
TOTAL EMPLOYEE BENEFITS		10,361	9,783

Additional information:

Total Council Employees at year end:

Elected Members	7	7
Administration Staff	49	51
Depot and Outdoors Staff	88	69
Total full time equivalent employees	144	127

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 7. Materials and Services

	Notes	2018 \$'000	2017 \$'000
Advertising and Marketing		96	67
Audit of Annual Financial Statements by the Auditor-General of Queensland		77	75
Consultants		785	738
Contractors		4,526	3,430
Donations Paid		79	87
Insurance		493	444
Subscriptions and Registrations		137	143
Travel		189	281
Fuel and Oils		688	647
IT - Software & Hardware		311	417
Legal Costs		211	245
Management Fees		201	341
Royalties		133	153
Utilities		897	742
Other Materials and Services		2,585	1,898
TOTAL MATERIALS AND SERVICES		11,408	9,708

Note 8. Finance Costs

Finance costs - Queensland Treasury Corporation	263	298
Bank Charges	17	51
Impairment of Debts	-	25
Quarry Rehabilitation	38	31
TOTAL FINANCE COSTS	318	405

Note 9. Capital Expenses

Loss on Write-Off of Assets	16,895	25,103
TOTAL CAPITAL EXPENSES	16,895	25,103

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Cash and Cash Equivalents

	2018	2017
Notes	\$'000	\$'000

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

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

Cash and Cash Equivalents

Cash at Bank and on Hand	7,006	996
Cash Equivalent Assets		
- Deposits at Call	15,108	14,418
Total Cash and Cash Equivalents	22,114	15,414
BALANCE AS PER STATEMENT OF CASH FLOWS	22,114	15,414

Restricted Cash, Cash Equivalents and Investments

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

Unspent Government Grants and Subsidies	8,216	-
Unspent Loan Monies	1,300	1,300
Total External Restrictions	9,516	1,300

Internally imposed Expenditure Restrictions at the reporting date:

Funds set aside by Council to meet specific future funding requirements	-	14,114
Total Internal Restrictions	-	14,114

Total Unspent Restricted Cash	9,516	15,414
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Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Cash and Cash Equivalents (continued)

	2018	2017
Notes	\$'000	\$'000

Trust Funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds 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 (e.g. wages). The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

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	210	152
Security Deposits	16	29
	226	181

Note 11. Trade and Other Receivables

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

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

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables.

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Trade and Other Receivables (continued)

	2018	2017
Notes	\$'000	\$'000
Current		
Rateable Revenue and Utility Charges	1,168	809
Water Charges not yet Levied	416	410
Other Debtors	530	514
Prepayments	69	10
Other	3	-
Total	2,186	1,743
less: Provision for Impairment		
Rateable Revenue and Utility Charges	(105)	(105)
Other Debtors	(50)	(50)
Total Provision for Impairment - Receivables	(155)	(155)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	2,031	1,588

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Ageing of past due receivables and the amount of any impairment is as follows:

Receivables

Fully Performing	860	808
Past due:		
- 31 to 60 days overdue	20	38
- 61 to 90 days overdue	19	15
- Greater than 90 days overdue	1,108	872
- Impaired	(155)	(155)
Total	1,852	1,578

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Property, Plant and Equipment

30 June 2018																										
Measurement Basis			Land		Buildings		Plant and Equipment		Furniture and Equipment		Road, Drainage and Bridge Network		Water		Sewerage		Other Structures		Works in Progress		Total					
			\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000					
			Fair Value		Fair Value		Cost		Cost		Fair Value		Fair Value		Fair Value		Fair Value		Cost							
Opening Gross Value - at Cost			-		18,961		49,335		-		10,168		851		-		246,951		48,920		-		11,829		22,848	
Opening Gross Value - at Fair Value			18,961		18,961		49,335		10,168		851		246,951		48,920		25,684		7,649		11,829		-		397,500	
Opening Gross Value as at 1 July 2017			1		(26)		9		(5)		(1,264)		(4)		-		25		-		-		-		(1,264)	
Reclassification			-		-		-		-		-		-		-		-		-		-		-		31,384	
Additions*			-		(40)		-		-		(1,167)		-		-		-		-		-		-		(1,207)	
Disposals			5,9		-		-		-		-		(16,895)		-		-		-		-		-		(16,895)	
Write-offs			16		-		-		-		-		(1,471)		-		-		-		-		-		(1,471)	
Revaluation Decrements to Equity (ARS)			-		-		-		-		-		-		-		-		-		-		-		-	
Work in Progress Transfers			-		2,397		946		-		24,882		61		505		10,842		(39,633)		-		-		-	
Internal transfers between asset classes			-		(8)		-		-		-		(526)		123		-		411		-		-		-	
Closing Gross Value of Property, Plant and Equipment as at 30 June 2018			18,922		51,697		9,956		846		251,676		49,100		26,189		18,927		3,582		430,895					
Opening Accumulated Depreciation as at 1 July 2017			-		20,533		5,548		826		67,931		19,567		5,686		1,773		-		-		-		121,864	
Reclassification			-		(24)		9		(5)		(1,267)		(3)		-		26		-		-		-		(1,264)	
Depreciation Expense			-		1,106		1,030		10		6,439		962		539		243		-		-		-		10,329	
Disposals			5,9		-		-		-		-		-		-		-		-		-		-		(867)	
Revaluation Decrements to Equity (ARS)			16		-		-		-		5,160		-		-		-		-		-		-		5,160	
Internal transfers between asset classes			-		-		-		-		3		-		1		(4)		-		-		-		-	
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2018			-		21,615		5,720		831		78,266		20,526		6,226		2,038		-		135,222					
Total Written Down Value of Property, Plant and Equipment as at 30 June 2018			18,922		30,082		4,236		15		173,410		28,574		19,963		16,889		3,582		295,673					
Other Information																										
Residual Value			-		-		-		-		-		-		-		-		-		-		-		-	
Range of Estimated Useful Life (years)			Not deprec.		30 - 100		3 - 20		3 - 10		15 - 180		20 - 80		12 - 100		50 - 100		Not deprec.							
*Asset Additions Comprise																										
Asset Renewals			-		1,847		942		-		2,353		494		521		143		16,895		23,195					
Other Additions			437		377		166		-		4,635		156		557		1,861		-		8,189					
Total Asset Additions			437		2,224		1,108		-		6,988		650		1,078		2,004		16,895		31,384					

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

30 June 2017												
Measurement Basis		Note	Land	Buildings	Plant and Equipment	Furniture and Equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Structures	Works in Progress	Total
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Value - at Cost			-	-	9,364	834	-	-	-	-	14,973	25,171
Opening Gross Value - at Fair Value			20,580	37,653	-	-	238,521	48,214	22,851	5,970	-	373,789
Opening Gross Value as at 1 July 2016			20,580	37,653	9,364	834	238,521	48,214	22,851	5,970	14,973	398,960
Additions*			-	-	2,022	12	-	-	-	-	33,776	35,810
Contributed Assets			-	-	-	-	-	-	1,632	-	-	1,632
Disposals		5,9	-	-	(1,209)	-	-	-	-	-	-	(1,209)
Write-offs		5,9	-	-	-	-	(25,103)	-	-	-	-	(25,103)
Revaluation Decrements to Equity (ARS)		16	(1,619)	-	-	-	-	-	-	-	-	(1,619)
Revaluation Increments to Equity (ARS)		16	-	9,055	-	-	-	551	1,201	1,070	-	11,877
Work in Progress Transfers			-	2,601	-	-	33,533	151	-	635	(36,920)	-
Internal transfers between asset classes			-	26	(9)	5	-	4	-	(26)	-	-
Closing Gross Value of Property, Plant and Equipment as at 30 June 2017			18,961	49,335	10,168	851	246,951	48,920	25,684	7,649	11,829	420,348
Opening Accumulated Depreciation as at 1 July 2016			-	13,676	5,387	813	61,530	20,499	5,669	1,176	-	108,750
Depreciation Expense			-	970	1,030	13	6,401	918	477	199	-	10,008
Disposals		5,9	-	-	(869)	-	-	-	-	-	-	(869)
Revaluation Decrements to Equity (ARS)		16	-	-	-	-	-	(1,850)	(460)	-	-	(2,310)
Revaluation Increments to Equity (ARS)		16	-	5,887	-	-	-	-	-	398	-	6,285
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2017			-	20,533	5,548	826	67,931	19,567	5,686	1,773	-	121,864
Total Written Down Value of Property, Plant and Equipment as at 30 June 2017			18,961	28,802	4,620	25	179,020	29,353	19,998	5,876	11,829	298,484
Other Information												
Residual Value			-	-	-	-	-	-	-	-	-	-
Range of Estimated Useful Life (years)			Not deprec.	30 - 100	3 - 20	3 - 10	15 - 180	20 - 80	12 - 100	50 - 100	-	-

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements

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

- Land
- Buildings
- Road, drainage and bridge network
- Water
- Sewerage
- Other structures

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred.

The fair value of borrowings disclosed in Note 14 is provided by the Queensland Treasury Corporation and represents the contractual discounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise land previously used as a depot. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (level 2)".

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

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

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

		Fair Value Measurement using:			Total
	Date	Level 1	Level 2	Level 3	
	of latest	Quoted	Significant	Significant	
	valuation	prices in	observable	unobservable	
		active mkts	inputs	inputs	
		\$'000	\$'000	\$'000	\$'000
2018					
Property, Plant and Equipment					
- Land	30/06/17	-	18,921	-	18,921
- Buildings	30/06/17	-	-	30,082	30,082
- Road, drainage and bridge network	30/06/18	-	-	173,410	173,410
- Water	30/06/17	-	-	28,574	28,574
- Sewerage	30/06/17	-	-	19,963	19,963
- Other structures	30/06/17	-	-	16,889	16,889
Total Property, Plant and Equipment			18,921	268,918	287,839
2017					
Property, Plant and Equipment					
- Land	30/06/17	-	18,962	-	18,962
- Buildings	30/06/17	-	-	28,802	28,802
- Road, drainage and bridge network	30/06/15	-	-	179,020	179,020
- Water	30/06/17	-	-	29,353	29,353
- Sewerage	30/06/17	-	-	19,998	19,998
- Other structures	30/06/17	-	-	5,876	5,876
Total Property, Plant and Equipment			18,962	263,049	282,011

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Property, Plant and Equipment

Land (level 2)

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

At 30 June 2018, Cardno (Qld) Pty Ltd undertook a desktop assessment of market trends in the Cook LGA since the date of the last comprehensive revaluation. A 3.63% decrement in the median land price was noted. Council have not applied this decrement at 30 June 2018 on the basis of materiality.

Buildings (level 3)

The fair value of buildings were also were determined by independent valuer, Cardno (Qld) Pty Ltd effective 30 June 2017. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. The average cost of construction used to calculate the gross current value of Council's buildings was \$1,325/sqm for residential and \$1,328/sqm for commercial buildings.

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Property, Plant and Equipment (continued)

Buildings (level 3) (continued)

While the unit rates based on square metres can be supported by market evidence (level 2), useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

At 30 June 2018, Council undertook a desktop review of fair value by assessing the movement in the Asset revaluation index: Non-residential construction, Queensland, March qtr 1998 to June qtr 2018 since the date of the last comprehensive revaluation. An increment of 0.47% was noted. Council have not applied this increment at 30 June 2018 on the basis of materiality.

Infrastructure assets (level 3)

Road, drainage and bridge network, water, sewerage and other structures

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Property, Plant and Equipment (continued)

Specific valuation techniques used to value Council infrastructure assets comprise:

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

Roads

Current replacement cost:

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). The majority of council roads are in Cape York Peninsula and subject to severe annual climatic events. Council assess all roads annually after the 'wet season' to assess damage and with National Disaster Relief and Recovery Arrangements (NDRRA) funding conducts restoration works, as a result, rural roads have an average condition rating applied.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council's urban road pavements are constructed to an average depth of 200mm, while rural roads vary due to the variety of terrain and soil quality. Due to the remote location and vast size of Cook Shire (116,000 sq km) raw materials (gravel & water) are sourced from various locations therefore construction costs vary significantly. For internal construction estimates, material and services prices were based on Council's Enterprise Bargaining Agreement (EBA).

The last full valuation of road infrastructure was undertaken effective 30 June 2018 by Cardno (Qld) Pty Ltd.

Accumulated depreciation:

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Bridges

Current replacement cost:

A full valuation of bridges assets was undertaken by independent valuers, Cardno (Qld) Pty Ltd 30 June 2018. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Property, Plant and Equipment (continued)

Drainage

Current replacement cost:

A full valuation of drainage infrastructure was undertaken by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2018. Drainage assets are managed by components - culverts, pipes and channels being the major types.

Council assumes that each component is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to bridges.

Accumulated depreciation:

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

1(b) Road, drainage and bridge network, bridges and drainage – Sensitivity of valuation to unobservable inputs

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Property, Plant and Equipment (continued)

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

Water and sewerage infrastructure

Current replacement cost:

Water and sewerage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2017. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

At 30 June 2018, Cardno (Qld) Pty Ltd undertook a desktop assessment by considering the movement in a number of relevant cost indices since the date of the last comprehensive revaluation. Specifically the following sources of information were assessed: Rawlinsons Building Price Index (BPI), Implicit Price Deflator: Non-residential and Engineering, Producer Price Index: Building Construction Queensland. Where necessary, data was extrapolated to 30 June 2018. The highest recorded movement was 3.5%. Council have not applied this increment at 30 June 2018 on the basis of materiality.

Accumulated depreciation:

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

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

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

The assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Property, Plant and Equipment (continued)

(a) Recognised Fair Value Measurements (continued)

(2) Fair value measurements using significant unobservable inputs (Level 3) (continued)

The Valuation Process for Level 3 Fair Value Measurements

Council approves the valuation policies and the valuation procedures are reviewed and approved by the executive management team. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in note 12. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer and revalued if necessary.

Note 13. Trade and Other Payables

	2018	2017
Notes	\$'000	\$'000

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.

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. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

Current

Creditors and Accruals	3,072	3,517
Security Bonds, Deposits and Retentions	15	-
Employee related accruals	84	81
Annual Leave	1,098	909
Sick Leave	35	35
Other Entitlements	104	105
Other	96	-
TOTAL CURRENT TRADE AND OTHER PAYABLES	4,504	4,647

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Borrowings

	2018	2017
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 quarterly in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 December 2025 to 15 March 2038 (Available from QTC Maturity Analysis). 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	435	388
TOTAL CURRENT BORROWINGS	435	388

Non-current

Loans - Queensland Treasury Corporation	4,657	4,405
TOTAL NON-CURRENT BORROWINGS	4,657	4,405

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year	4,793	5,161
Loans Raised	670	-
Principal Repayments	(371)	(368)
Book value at end of financial year	5,092	4,793

The QTC loan market value at the reporting date was \$5,584,508. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government. Principal and interest repayments are made quarterly in arrears.

On 28 March 2018, an overdraft facility with Queensland Treasury Corporation (QTC) was approved with a limit of \$10,000,000. This facility remained fully undrawn at 30 June 2018 and is available for use in the next reporting period.

The fair value of borrowings with QTC is based on the market value of the debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Provisions

Long Service Leave

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

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

Quarry rehabilitation

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2024.

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

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Provisions (continued)

	Notes	2018 \$'000	2017 \$'000
Current			
Long Service Leave		892	996
TOTAL CURRENT PROVISIONS		892	996
Non-current			
Long Service Leave		229	123
Gravel pit sites		1,714	1,675
TOTAL NON-CURRENT PROVISIONS		1,943	1,798
Details of movements in Provisions:			
Long Service Leave			
Balance at Beginning of Financial Year		1,119	1,048
Amount provided for in the year		12	53
Amount paid in the year		(10)	18
Balance at End of Financial Year		1,121	1,119
Gravel pit sites			
Balance at Beginning of Financial Year		1,675	1,681
Additional Provision		1	-
Increase due to change in time		38	31
Increase (decrease) due to change in discount rate		-	(37)
Balance at End of Financial Year		1,714	1,675

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Asset Revaluation Surplus

	2018	2017
Notes	\$'000	\$'000

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus. Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

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

Movements in the asset revaluation surplus:

Balance at beginning of financial year	231,692	225,409
Net adjustment to non-current assets at end of period to reflect a change in:		
Land	-	(1,619)
Buildings	-	3,168
Road, Drainage and Bridge Network	(6,631)	-
Water	-	2,401
Sewerage	-	1,661
Other Structures	-	672
Balance at end of financial year	225,061	231,692

Asset revaluation surplus analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land	14,041	14,041
Buildings	10,197	10,197
Road, Drainage and Bridge Network	175,836	182,467
Water	19,229	19,229
Sewerage	5,086	5,086
Other Structures	672	672
Balance at end of financial year	225,061	231,692

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Retained Surplus

	Notes	2018 \$'000	2017 \$'000
Movements in the retained surplus:			
Retained Surplus at Beginning of Financial Year		62,711	62,503
Net Result Attributable to Council		11,176	2,573
Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:	25		
Constrained grants and subsidy contributions reserve		-	490
Constrained NDRRA grants reserve		-	1,385
Refuse levy reserve		361	459
Transfers (to)/from Recurrent Reserves for Future Project Funding, or from Reserves funds that have been Expended or Closed:	25		
- Grant received in advance reserve		4,699	(4,699)
Retained surplus at end of financial year		78,947	62,711

Note 18. Commitments for Expenditure

Contractual commitments

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

Kerbside garbage collection - expires March 2020	269	219
	<u>269</u>	<u>219</u>

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. 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 2018 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 \$338,185.

Landfill

Council operates one landfill site (Coen) as well as having jurisdiction over a number of transfer stations, non-operational landfill sites and legacy landfill sites in the Cook Local Government Area. It is possible that Council would need to undertake works at a future date at one or more of these sites to ensure that waste deposited at these sites do not contaminate the surrounding environment. At this point, it is not known the extent of works that may be required to be carried out, and if required, when these works will occur. It is Council's intention to undertake a comprehensive assessment, with the assistance of external experts if required, to assess the risks associated with each site and based on that risk assessment, identify what is likely to be required at each site (if any), and when such activities are likely to be required in order to ensure that Council conforms with the required regulatory environment. Council expects it will be in a position to quantify any contingent liabilities associated with its landfill sites, by the end of the financial year 2018/2019 including the need to establish a landfill restoration provision.

Note 20. Superannuation

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

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Superannuation (continued)

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

Technically Cook Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Cook Shire 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.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

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

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

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

There are currently 72 entities contributing to the scheme and any changes in contribution rates would apply equally to all 72 entities. Cook Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	2018	2017
	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund	1,061	761
Total super contributions paid by Council for employees	1,061	761
		2019
		\$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19		830

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

	Notes	2018 \$'000	2017 \$'000
Net Result		11,176	2,573
Non-cash items:			
Depreciation		10,329	10,008
Unwinding of Discount Rates on Reinstatement Provisions		38	31
		<u>10,367</u>	<u>10,039</u>
Investing and development activities:			
Net Losses/(Gains) on Disposal of Non-current Assets		(240)	(219)
Loss on Write-Off of Assets		16,895	25,103
Capital Grants and Contributions		(35,973)	(33,932)
		<u>(19,318)</u>	<u>(9,048)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		(443)	409
(Increase)/Decrease in Inventories		(67)	59
Increase/(Decrease) in Payables and Accruals		(445)	(5,400)
Increase/(Decrease) in Other Liabilities		(41)	1,391
Increase/(Decrease) in Employee Leave Entitlements		2	-
Increase/(Decrease) in Provisions		1	71
		<u>(993)</u>	<u>(3,470)</u>
Net cash inflow from Operating Activities		1,232	94

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 22. Financial Instruments

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

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

Financial Risk Management

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

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

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

Council does not enter into derivatives.

Credit Risk Exposure

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.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Financial Instruments (continued)

	Notes	2018 \$'000	2017 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial Assets			
Cash and Cash Equivalents	10	22,114	15,414
Receivables - Rates	11	1,479	1,114
Receivables - Other	11	483	464
Other Credit Exposures			
Guarantee	19	338	331
Total		24,414	17,323

Cash and Cash Equivalents

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

Trade and Other Receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Financial Instruments (continued)

	2018	2017
Notes	\$'000	\$'000

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 14.

The following lines of credit were available at the end of the reporting period:

	2018	2017
	\$'000	\$'000
Bank Overdraft Facility - QTC Working Capital Facility	10,000	10,000

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

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2018					
Trade and Other Payables	3,261	-	-	3,261	3,261
Loans - QTC	690	2,760	3,186	6,636	5,092
Total	3,951	2,760	3,186	9,897	8,353
2017					
Trade and Other Payables	3,598	-	-	3,598	3,598
Loans - QTC	643	2,571	3,129	6,343	4,793
	4,241	2,571	3,129	9,941	8,391

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

Market Risk

Market risk is the risk that changes in market prices, 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.

Fair Value

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to client's cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. National Competition Policy

Business activities to which the code of competitive conduct is applied

The Cook Shire 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 activity's cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

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

	Aerodromes	Water and Sewerage	Waste Mgt
	\$'000	\$'000	\$'000
Revenue for services provided to external clients	651	3,203	615
Less : Expenditure	(1,258)	(5,166)	(1,844)
Surplus/(Deficit)	(607)	(1,963)	(1,229)

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24. Transactions with Related Parties

(a) Other Related Parties

Transactions with Other Related Parties

	Details	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
2018						
Employee expenses of close family members of KMP						
	##	44	-	Ordinary	-	-
Total Related Party Transactions		44	-		-	-
2017						
Workforce Vitality						
	#					
- Consulting fees for Employee Performance Workshops						
		15	-		-	-
Total Related Party Transactions		15	-		-	-

Workforce Vitality is a consulting company, the CEO is Jilinda Lee wife of Gary Kerr, former Director of Community and Environmental Services, Workforce Vitality was the successful tenderer for the Performance Management and Training Consultancy project (Q0415). Gary Kerr is the Director of Workforce Vitality.

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

The Council employs 137 staff of which only one is a close family member of a KMP.

(b) Key Management Personnel

Transactions with Key Management Personnel (KMP)

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

	2018 \$000	2017 \$000
Short-Term Employee Benefits	926	1,067
Post-Employment Benefits	59	147
Long-Term Benefits	9	17
Termination Benefits	105	39
Total KMP Transactions	1,099	1,270

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24. Transactions with Related Parties (continued)

(c) Outstanding Balances

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

(d) Transactions with Related Parties that have not been disclosed

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

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

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 25. Reserves

	2018	2017
Notes	\$'000	\$'000

The Reserves that have been transferred to Council's Cash, Cash Equivalents and Investment Restrictions are disclosed in Note 10.

Reserves held for funding future capital exp:

Refuse levy reserve	901	1,262
Land purchase reserve	455	455
Unspent loan cash reserve	1,300	1,300
Total Reserves held for Funding Future Capital Expenditure	2,656	3,017

Reserves held for funding future recurrent exp:

Grant received in advance reserve	-	4,699
TOTAL RESERVES	2,656	7,716

Details of movements in Reserves:

Constrained grants and subsidy contributions reserve

Balance at Beginning of Financial Year	-	490
Transfer from Retained Surplus	-	6,080
Transfer to Retained Surplus	-	(6,570)
Balance at End of Financial Year	-	-

Constrained NDRRA grants reserve

Balance at Beginning of Financial Year	-	1,385
Transfer from Retained Surplus	-	26,221
Transfer to Retained Surplus	-	(27,606)
Balance at End of Financial Year	-	-

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 25. Reserves (continued)

	2018	2017
Notes	\$'000	\$'000
Refuse levy reserve		
Balance at Beginning of Financial Year	1,262	1,720
Transfer from Retained Surplus	(819)	-
Transfer to Retained Surplus	458	(458)
Balance at End of Financial Year	901	1,262
Land purchase reserve		
Balance at Beginning of Financial Year	455	455
Transfer from Retained Surplus	-	-
Balance at End of Financial Year	455	455
Unspent loan cash reserve		
Balance at Beginning of Financial Year	1,300	1,300
Transfer from Retained Surplus	-	-
Balance at End of Financial Year	1,300	1,300
Grant received in advance reserve		
Balance at Beginning of Financial Year	4,699	-
Transfer to Retained Surplus	(4,699)	4,699
Balance at End of Financial Year	-	4,699

Cook Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018


Management Certificate

for the year ended 30 June 2018

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulations) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government 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 43, 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: 12 October 2018



Linda Cardew

CHIEF EXECUTIVE OFFICER

Date: 12 October 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, 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 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in the Cook Shire Council's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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 Council for the financial report

The Council is 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 Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is 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 2018:

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



Sri Narasimhan
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Cook Shire Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2018

	Actual 2018	Target 2018
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Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items) ⁽²⁾

-33.54% **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

Capital Expenditure on the Replacement of Assets (renewals) ⁽³⁾

Depreciation Expense

224.56% **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

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items) ⁽²⁾

-45.28% **less 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 2018.

Cook Shire Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2018

Certificate of Accuracy

for the year ended 30 June 2018

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: 12 October 2018



Linda Cardew

CHIEF EXECUTIVE OFFICER

Date: 12 October 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Cook Shire Council for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Cook Shire Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Cook Shire Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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 council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines 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

16 October 2018

Queensland Audit Office
Brisbane

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement

prepared as at 30 June 2018

	Target 2018	Actual 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
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Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items) ⁽²⁾

0 - 10%	-33.54%	-35.38%	-33.71%	-31.90%	-31.24%	-30.65%	-30.11%	-29.34%	-28.81%	-27.97%	-27.45%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) ⁽³⁾

Depreciation Expense

> 90%	224.56%	68.21%	100.58%	127.82%	106.61%	100.67%	77.27%	99.86%	85.82%	96.02%	96.91%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items) ⁽²⁾

< 60%	-45.28%	-13.40%	-17.00%	-18.80%	-19.20%	-21.30%	-23.70%	-25.70%	-27.80%	-27.80%	-27.30%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.


Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2018

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

Date: 12 October 2018



Linda Cardew
CHIEF EXECUTIVE OFFICER

Date: 12 October 2018