



Cook Shire
COUNCIL



2018 - 19
ANNUAL REPORT



Adoption

The 2018-19 Annual Report was adopted at the October 2019 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 4082 0500.

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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This last year has been one of significant positive change for Cook Shire.

A reorganised corporate structure and recruitment of key personnel has seen Council attain a staff satisfaction level in the top 10 per cent of similar organisations nationwide. As we move towards Cooktown Expo 2020, we have engaged a skilled and energetic multicultural team to work with our Traditional Owners to make this event a catalyst for Cooktown and the region's

tourism and business development.

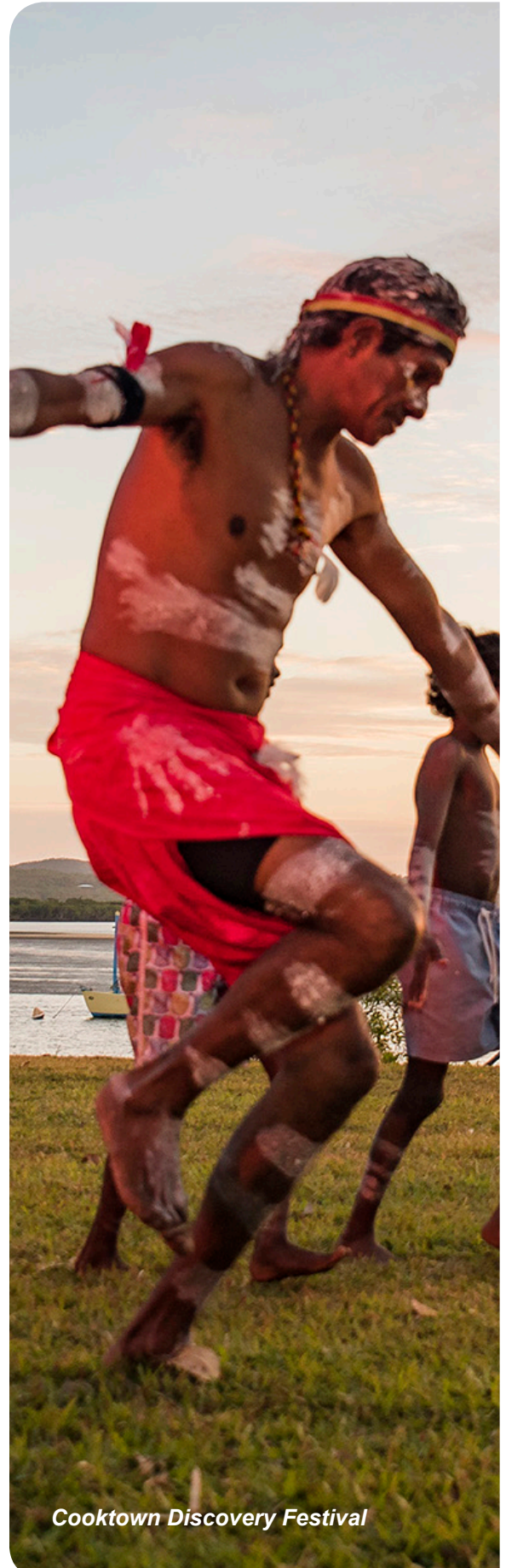
We have endured a record wet season and through the Queensland Reconstruction Authority's Disaster Relief Fund, Council will continue to provide employment to a large workforce of local contractors as we ensure access is restored promptly across our vast Shire. Cook Shire's relationship with our neighboring councils was strengthened with the formation of the Torres and Cape Indigenous Councils Alliance (TCICA), a collaboration which has already been proven on the ground with projects such as the prompt reopening of the only access road into the tiny Cook Shire community of Portland Roads by Lockhart River Council crew following Cyclone Trevor.

We have successfully delivered a \$6.8 million Capital Works program including the finalisation of the Cooktown waterfront reclamation, sports oval works at Lakeland, Coen and Cooktown and roads, footpaths and bridges across the Shire. Council has also undertaken two community improvement programs in Coen and Cooktown, tackling problem areas identified by both residents and Council with a large workforce coming together to deliver the works.

Local government has increasing pressure to deliver a greater range of continuously improving services and take on more liability, but with less money. Council is also proactively working towards solutions at a local level for global issues such as climate change and population growth, with cooperation between the three levels of government and your community support essential to the success of these endeavours.

I would like to publicly acknowledge the job well done by our volunteer community and service organisations, Council staff and contractors over the past year and on behalf of all our team, we wish you all the best for the year ahead.

Cr Peter Scott
Mayor, Cook Shire Council



Cooktown Discovery Festival



It is a pleasure to report that the close of this financial year saw the successful completion of many initiatives across each of Council's portfolio responsibilities with a particular focus on developing and strengthening community engagement, governance, statutory compliance, asset management and financial management. Cook's operational achievements over the past 12 months are notably due to the capacity of our diverse and committed workforce who have over 1,000 years of collective local government experience. Our staff work with contractors and government agencies to deliver services, repair roads and respond to declared weather events, across the largest Shire in Queensland.



Council's engagement with the Shire's communities has been supported this year by the new Department of Community, Economy and Innovation, an outward-looking team charged with developing social and economic capital across the Shire. The departments of Organisational Business Services and Infrastructure have also welcomed new staff, many of whom are local residents.

The challenges in Cook are many, with its small population, vast geographical area and extremely low rate base. In 2018-19 Council's general rates revenue contributed just 4.3% of Council's overall annual expenditure. Notwithstanding these constraints, the underlying operating position of Council has improved significantly over the last financial year, with an underlying deficit of \$4.3 million, compared with a deficit of \$8.1 million in 2017-18. This is not reflected in the audited financial statements due to two significant adjustments: a one-off recognition of a landfill restoration reserve of \$11.6 million and a significant timing difference in receipt of flood damage funding of \$8.5 million. A new Audit and Risk Committee has been convened with strengthened strategic and operational risk management tools in place.

Through the Works for Queensland program our facilities team has delivered refurbished community buildings in Coen, Rossville, Bloomfield and Portland Roads, among numerous other projects, and Council remains appreciative of the benefits and employment opportunities that this program provides.

During the year Council delivered an exceptional and timely program of repair works totalling \$32.83 million across the Cape's 2,945 km road network, funded under the State's Disaster Recovery Funding Arrangements. In addition, 100 capital works projects and a wide range of operational initiatives were completed.

Our workforce goes from strength to strength. The 2019 staff survey conducted independently by a national research consultancy placed Cook Shire in the top 10% of Councils when benchmarked against 65 local governments across Australia.

I extend my sincere appreciation to Councillors and staff who successfully secured the tens of millions of dollars in external funding required to support the community and economy of Cook Shire.

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 2945km 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 2018 Estimated Residential Population of the Cook Shire is 4445. Of that, 22 per cent of the population identify as Aboriginal or Torres Strait Islander. According to the 2016 Census, Cook Shire has a similar percentage of children aged 0 to 11 years compared with all of Queensland and a higher percentage of older workers and retirees (50 to 69 years); 31.0 per cent compared to 23.5 per cent for Queensland.

Economy

The Local Gross Regional Product output in the Shire is a healthy \$0.58 billion (National Institute of Economic and Industry Research 2018) providing a strong foundation for long term growth. At the time of the 2016 Census, mining was the largest industry of employment for all workers within Cook Shire followed by accommodation and food services, education and training, and public administration and safety.

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.



Fruit Bat Falls

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

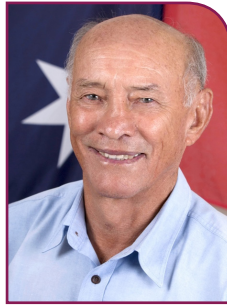
for many years with various local groups including golf, rugby league, tennis and parents and citizens groups. Elected Councillor in 2004, Mayor in 2008, 2012 and 2016.



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 2018-19 Annual Report is a way for Council to report to the community on its financial and operational progress against Council's 2017-2022 Corporate Plan. 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. Those works are identified every year in Council's Operational Plan. The yearly budget is then developed based on the Operational Plan. At the end of each year the Annual Report is compiled to outline Council's achievements against the Corporate and Operational Plans by reflecting on its 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, 2019 and the 2018-19 Operational Plan.

Community

Council has exceeded the Connected Communities initiatives outlined in its 2018-19 Operational Plan. Delivery of these objectives has been made possible through successful grant funding, partnerships and strategic prioritising of resources.

An Indigenous (Bama) Partnerships Officer has been appointed to actively engage and create strong partnerships with residents, businesses and community groups across Cook Shire and Cape York communities. Council is moving towards meaningful advancement for its Indigenous employees through the adoption of a Reconciliation Action Plan, currently in a planning and engagement phase.

Community and economic development funding rounds have been streamlined in one Community Grants and Support Program to support local projects that will enhance the social and economic wellbeing of communities. Arts Queensland continues to partner with Cook Shire to support quality arts and cultural experiences through the Regional Arts Development Fund (RADF). Council's Event Development Program came to a close this year, with all grant recipients showing strengthened capacity and resilience to continue to deliver key major events around the Shire.

A Regional Arts Officer has been appointed, funded through Arts Queensland to deliver the Regional Arts Services Network (RASN) initiative, delivering on the ground arts services across Cape York and the Torres Strait. Council facilitates social housing for aged residents of Cooktown and this year also commenced a staff housing initiative to enable retention and attraction of key workforce positions. A review is underway to provide innovative and viable options for implementing library services in more Cook Shire communities. New coding and robotics initiatives have been well received at the Cooktown Library, as well as early literacy programs and provision of electronic resources available for use by the public.

A range of community events were facilitated and supported by Council, including the annual Cooktown Discovery Festival, Australia Day Awards and 100 years of Council commemorations, and the official opening and naming of the Cooktown waterfront development, William Daku Park. The inaugural Sunset with Santa event saw over 200 children and their family members enjoy a balmy evening of Christmas fun on the new waterfront.

Sports and recreation facilities have been improved across the Shire through Council works programs, funded projects and in-kind support and partnerships with local organisations. Some key developments include the new Lakeland Recreation Park, Bloomfield Hall gym, John Street Oval irrigation and lighting upgrades, Cooktown Skate Park fixed shade cover, and bike racks and shade trees at William Daku Park, and Coen Sports Field lighting, irrigation and facility upgrades. Council has improved its community engagement throughout the Shire with public consultation days and increased media output via print and digital outlets.

Coen Community Blitz





Poison Creek Road culvert replacement

Economy

Over the 2018-19 financial year, Council has made substantial progress in addressing key economic development priorities highlighted in current Corporate and Operational plans and continues to be proactive in generating and leveraging opportunities for sustainable economic growth wherever possible.

Council is working closely with James Cook University, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Department of Environment and Science, and other collaborators on the Clean Growth Choices program, which aims to support regional and rural communities to successfully navigate towards more resilient futures in the face of various and disruptive global and local pressures.

Cooktown Expo 2020 is less than a year away. Council expects significant economic, social and cultural benefits to Cook Shire and the wider region both in the lead up to and post events. The ultimate aim is to create lasting positive impacts for communities through a range of legacy projects and initiatives. A Project Director, Operations Coordinator and Indigenous Projects Officer have all been employed specifically to lead this major event and significant funding has so far been secured through the State Government and National Museum of Australia, with a major funding commitment from the Federal Government.

Measuring visitor numbers and demographics has provided key insight into the economic impact and opportunities of major events. The 2019 Cooktown Discovery Festival saw 4,027 attendees over the three day event – a 12.7% increase on the previous year. Tourism and Events Queensland funding was key to ensuring successful delivery of this annual event, traditionally marking the start of the tourist season.

The Cooktown Airport Development continues with plans to create additional airside blocks of land, realign roads and create a carpark with support through the Building Better Regions Fund. Daintree Air officially opened the company's hangar in February 2019. Council is also planning to strengthen and upgrade the Cooktown Airport runway surface to Code 3C to enable use by larger aircraft.

Key Council-owned community facilities continue to be run under management agreements, including operation of the Barrier Reef Childcare Centre recently awarded under a 12-month contract to Lady Gowrie Queensland. Council has a continued partnership with Education Queensland for the management of the Cooktown Pool and support in a major facility refurbishment. PCYC Queensland continues to operate its local branch from the Cooktown Events Centre and works closely with Council to support local not-for-profit groups' use of the venue and maintain the facility as the place of refuge for Cooktown and surrounds.

Attendance at major trade shows and tourism events across Queensland is vital to keeping the Cape York region in the spotlight among tourism operators and travellers. Cook Shire maintains membership with the Cooktown Chamber of Commerce and Tourism, as well as Tourism Tropical North Queensland. These agencies provide a range of networking and promotional opportunities to support business growth across the region. Council produces and distributes a series of tourism trails brochures and town maps, and also invests in a long-term advertising billboard facing northbound traffic at the Cairns Airport turnoff on the Captain Cook Highway.

Environment

Cook Shire has had continuing successful outcomes with animal management in Cook Shire for 2018-19, entering

the second year of the Healthy Dog – Healthy Communities program, thanks to ongoing support and funding by the Department of Health and contributions by Council in a continuing partnership with local veterinarians and the Coen and Laura communities.

Cook Shire's commitment towards combating weeds and education and training was reinforced with a biosecurity induction conducted for all road plant operators working on Council roads prior to commencement of works in June 2019. The establishment of a weed garden in the Botanical Gardens for educational purposes is in its infancy with two species planted (rubber vine and sicklepod) under a Restricted Matter Permit obtained for this purpose. This will help with public awareness of particular weeds and their identification. Council's Biosecurity Services team also presented at the AgForce Field Day updating landholders on current priorities and works programs as well as the importance of communication with Council, the community and other landholders regarding natural resource management issues.

Waste

The Waste Reduction and Recycling Plan was released for public consultation in July 2018 and adopted by Council in October 2018. The new waste strategy, the Cook Shire Council Waste Reduction and Recycling Plan 2018-2028 (WRRP) has now been formulated into a 10 year action plan. The old Ayton and Rossville landfills are in the process of receiving site rehabilitation in accordance with their closure/post closure plans.

Asset Management

In March 2019 Council adopted the Asset Management Policy. The policy sets guidelines for implementing consistent Asset Management processes throughout the Shire to ensure that adequate provision is made for sustainable long-term management of assets. The Asset Management Strategy and Asset Management

Plan for most of the Shire's assets have been completed to assist with Council's longer term financial forecasts and financial planning. Asset management within the Shire will be developed to maturity over the next three to five years.

Infrastructure

The Infrastructure Services division of Council is responsible for managing the Shire's vast roads network, as well as stormwater drainage, parks and gardens, town water and sewerage and waste management.

The 2018-19 Capital Works Program was an ambitious program with many projects. Some of the highlights of the program are mentioned here. During 2018, works were completed at the waterfront including road works, footpaths, installation of personalised pavers and irrigation to ensure the area was ready for the official opening and naming ceremony of William Daku Park in November 2018.

The second stage of footpath installations in Laura was completed, linking with the footpath previously installed by the Australian Defence Force. A new composite bridge replaced the damaged wooden bridge at Marrett River giving tourists safe access to Bathurst Bay and Wakooka Road. The beginning of 2019 saw the replacement of concrete pipes and a new concrete floodway at No Name Creek on Poison Creek Road.

With strong community support and thanks to the Works for Queensland program, the grounds at the Lakeland Recreation Park were laser levelled and top dressed, and a bore, goal posts and irrigation were installed. Maytown Road was also a Works for Queensland project that was finalised in June. Working alongside Traditional Owners and the Queensland Parks and Wildlife Service, civil works contractors completed a maintenance grade on 6km of the road. Further roadworks included reseals and major patching of 15 urban roads in Cooktown and Coen.



Cooktown Pool inflatable obstacle course

Governance

Cook Shire Council's Corporate Plan outlines governance as one of its four Key Strategic Priorities. The strategies and objectives as identified in the Corporate Plan are implemented on an annual basis through Council's Operational Plan. Council's governance function substantially met its strategic and operational objectives throughout the 2018-19 financial year.

To further support Council's financial sustainability, our rating structure was revised and adopted by Council, and implemented for the 2019-20 financial year as a key component of the budget. Council has implemented management strategies to underpin asset sustainability. Council's Asset Management Strategy was adopted in June 2019. To ensure legislative compliance related to housing and leasing arrangements, Council maintained a positive rental ledger throughout the year.

A clear communication plan was implemented to provide the community, elected members and Council staff with a greater understanding of decision making processes and legislative requirements.

Throughout the 2018-19 financial year Council's work management systems were reviewed and adjusted to support improved organisational service provision, compliance and efficiency. A review of Council's security, monitoring and communications systems and available technologies was completed. As a result new communication technology was implemented,

which supports improved security, reliability, performance and management of Council's core and outlying systems.

Increased organisation-wide training in both records administration and Council's document management system has substantially improved records management. Council reviewed all business registers throughout the year and full compliance was demonstrated.

Council's Customer Service Charter was developed and a review of Council's Customer Request Management Process was undertaken. In order to increase oversight and governance throughout Council, the Audit and Risk committees were amalgamated, meeting as required under the adopted Audit and Risk Committee Charter.

Work Health and Safety management has delivered excellent outcomes for the year. Measures including increased staff communication, the development of a new Safety Management System, a renewed Safety Committee and the Safety Steering Committee in place will continue to pave the way toward a safer work environment.

The organisational review was completed during the year, the workforce stabilised and resources allocated. Council's Enterprise Bargaining Agreement was adopted with overwhelming support, with 100% of votes received in support of the Indoor and Outdoor agreements.

Flood damage, Strathmay to Harkness Road





Key Findings of the 2018-19 Internal Audit

Two internal audits were conducted in the last financial year, both conducted by an independent auditor, Crowe Horwath. One audit was focused on contractor management, while the second was focused on payroll.

Contractor Management Audit

The contractor management internal audit scope period was 1 July 2018 to 3 May 2019 and the report contained five findings, including process improvement opportunities. Management agreed with all findings and an action plan is in place to address any shortfalls.

The summary of findings included:

- Lack of a formalised contract management framework that is able to be consistently applied;
- Issuing shift contracts as opposed to overarching whole of project contracts, which led to the disclosure on Council's website not disclosing the full value of contracts awarded, but only the quantum of each shift contract; and,
- An inconsistent approach to contract management.

Four findings were rated moderate, with one process an improvement opportunity.

Payroll Audit

Summary of findings:

- The payroll internal audit scope period was 1 July 2018 to 3 May 2019 and the report contained 23 findings, including four process improvement opportunities. Management agreed with all findings and an action plan is in place to address any shortfalls.
- None of the matters identified constituted a high risk finding, 12 were rated moderate, and the remainder were low risk or improvement opportunities.



Further Legislative Inclusions

As required by 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.

185 Particular resolutions

(a) a list of any resolutions made during the financial year under section 206(2) (Requirement to adopt expenses reimbursement policy or amendment).

22 May 2019 Council Meeting

14.8 COUNCILLOR REMUNERATION AND EXPENSES REIMBURSEMENT POLICY

22 MAY 2019 ORDINARY COUNCIL MEETING

RESOLUTION 2019/96

Moved: Cr Kaz Price

Seconded: Cr Larissa Hale

It is recommended that Council adopts the revised Councillor Remuneration and Expenses Reimbursement Policy dated 22 May 2019.

CARRIED

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. 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 in the past financial year.

During the 2018-19 financial year Council received nine complaints that were assessed as being a result of a Council administrative action. All nine complaints were investigated. Four complaints were not resolved under Council's administrative action complaints process and are currently working towards resolution. Of the outstanding complaints, one resolution was delayed due to the extended wet season. One complaint was referred to the Queensland Courts, summary jurisdiction and was resolved by the Court. By comparison, in the 2017-18 financial year nine complaints were assessed under Council's administrative action complaints process.



Remuneration

Council has four full time executives. During the financial year two temporary executives were placed in an interim capacity until the organisational restructure was complete. The total of all remuneration packages paid in the 2018-19 financial year to executives was \$939,755. No executive was paid within the total package salary band comprising \$0 to \$100,000, five executives received salary packages that totalled between \$100,000 and \$200,000 and one received a salary package totalling between \$200,000 and \$300,000.

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 a more than \$200,000

Community Grants and Sponsorship

2018-19 Community Small Grants Program

Recipient	Amount	Purpose
Bloomfield District Residents Association	\$5,000.00	Bloomfield Community Gym
Cooktown District Community Centre	\$4,500.00	Foreshore fitness for seniors
Yuku Baja Muliku Landowner and Reserves Ltd	\$5,370.00	YBM Junior Rangers Catering
Total	\$14,870.00	

2018-19 Community Grants Program

Recipient	Amount	Purpose
Cooktown Underwater Hockey Group	\$4,000.00	Underwater hockey skills session
Gungarde Community Centre Aboriginal Corporation	\$3,000.00	Culture and Capability Program Women's Group
Lakeland State School P&C Association	\$4,358.00	To all the continuation of an after-school sports program to be run over three terms by a qualified coach
North Queensland Mushroom Club (Cooktown Food Connect Inc)	\$4,754.00	Oyster mushroom cultivation workshops
Rossville and District Citizens Association Inc	\$3,622.00	Installation of a picnic bench and concrete slab at the Rossville marketplace
Sporting Shooters Association of Australia, Cooktown	\$1,888.00	Equipment and skills needed to conduct Firearms Safety Course
Wunthulpu Aboriginal Land Trust	\$5,000.00	Purchase of new equipment for the Coen Cinema Experience
Total	\$26,622.00	

2018-19 Community Sponsorship and In Kind Support Program

Recipient	Amount	Purpose
Cape York Folk Club	\$2,855.00	Hire of water truck, recycling skip bins and plastic chairs for the 2018 Wallaby Creek Festival
Cooktown Amateur Turf Club	\$4,967.00	Hire of water truck and dumping fees for the 2018 Annual Cooktown Races
Cooktown Community Church Ltd	\$1,000.00	Purchase electronic glow candles and lollies to giveaway and cover costs of a free sausage sizzle
Cooktown Horse Sports Association	\$1,000.00	Purchase ribbons and trophies for the 2018 Horsesports and Bulls, Barrels and Broncs event
Far North Queensland Hospital Foundation	\$3,000.00	Hall hire and rubbish bin removal for 2018 Cairns to Cooktown Cardiac Challenge
Endeavour Lions Club	\$180.00	Purchase of six wheelie bins from Council for the collection of recyclable bottles from outlets in Cooktown
Scripture Union	\$4,295.00	Hire of ute, water pod and trailer
Laura and District Rodeo and Campdraft Association	\$4,680.00	Temporary entertainment event application fee and General mixed waste disposal

South Cape York Catchments Group	\$1,175.00	Water Coolers (x3), marquees (x3), chairs (x10), Skip bin delivery and pick-up
GRAM Black Star Radio	\$1,000.00	Accommodation and travel for the PCYC NAIDOC day event
Lakeland Horse Sports	\$3,560.00	Dumping fees
Cooktown RSL Sub Branch	\$750.00	Two staff to work on the ANZAC Day public holiday to put out chairs for dawn and morning service, plus vehicle hire as needed
Total	\$27,742.00	

2018-19 Regional Arts Development Fund (RADF) Program

Recipient	Amount	Purpose
Carol Fossett, auspiced by Jane Dennis	\$3,638.00	Sing Up
Cooktown Creative Arts Association	\$5,440.00	Kilns for Cooktown
Cooktown Re-enactment Association Inc	\$8,865.00	Language/Cultural Heritage Preservation
Cooktown School of Art Society	\$1,350.00	Mosaic Workshops
Ella Hartwig	\$3,000.00	Recording and release of debut EP
Vera Scarth-Johnson Gallery Association	\$5,000.00	Banks Florilegium
Yuku Baja-Muliku Land Trust and Reservation Ltd	\$5,650.00	Shibori dyeing and plant card making workshop
Total	\$32,943.00	

Concessions

Concessions granted by Cook Shire Council for rates and charges in the 2018-19 Financial Year and in accordance with section 190(1)(g) of the *Queensland Local Government Regulation 2012* are as follows:

State Government Pensioner Subsidy	243	\$46,215.39
Council Pension rebate	238	\$46,066.53
Concession on water consumption charges for dialysis	1	\$103.25
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	\$4,411.75
Change in water service charge (32mm to 25mm)	4	\$1,848.00
100% general rates concession - annually	2	\$4,384.69
100% sewerage charges concession - annually	2	\$984.00
100% water access charge - annually	1	\$718.00
100% vacant water service at no charge - annually	3	\$720.00
100% environmental levy concession - annually	2	\$704.52
Properties resolved at non-valued	5	

Change to Tenders

There were no changes to tenders issued during the 2018-19 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 2018-19 financial year.

Councillors Remuneration

Councillors	Gross Salary	12% Superannuation	Expenses
Peter Scott	\$103,807.16	\$12,456.86	\$13,414.42
Robyn Holmes	\$59,595.80	\$7,151.50	\$1,355.23
Alan Wilson	\$51,911.05	\$6,229.33	\$21,618.31
Kaz Price	\$51,768.69	\$6,212.24	\$0.00
Larissa Hale	\$51,768.69	\$6,212.24	\$0.00
John Dessmann	\$51,652.26	\$6,198.27	\$447.00
John Giese	\$51,652.26	\$6,198.27	\$2,596.04
TOTAL	\$422,155.91	\$50,658.71	\$39,431.68

Ordinary Council Meetings Attended

Councillors	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
Peter Scott	•	•			•		•	•	•	•	•	•
Robyn Holmes		•	•	•		•	•	•	•		•	•
Alan Wilson	•		•	•	•	•	•	•	•	•	•	•
Kaz Price	•	•	•	•	•		•	•	•		•	•
Larissa Hale	•	•	•	•	•	•	•	•	•	•	•	•
John Dessmann	•	•	•	•	•	•	•	•	•	•	•	•
John Giese	•	•	•	•	•	•		•	•	•	•	•

Other Council Meetings Attended

Councillors	Jun 2019 Spec	Mar 2019 Risk	Jun 2019 Risk	Jul 2018 P&E	Aug 2018 P&E	Sep 2018 P&E	Mar 2019 P&E	Sep 2018 RADF	Apr 2019 RADF	Aug 2018 PCYC	Sep 2018 PCYC	Nov 2018 PCYC	Jan 2019 PCYC
Peter Scott	•	•	•	•	•	•	•			•	•		
Robyn Holmes	•	•	•	•	•	•	•			•	•	•	•
Alan Wilson	•	•		•	•	•	•						
Kaz Price		•	•		•	•	•						
Larissa Hale	•				•	•	•	•	•				
John Dessmann	•	•	•	•	•	•	•	•					
John Giese	•			•	•	•	•						

Community Financial Report

The table below shows some key result areas with two prior years' comparatives. The main difference to note is the recognition of a landfill provision and the reclassification of flood damage income and expenditure from capital to operating.

Financial Summary

	2018-19	2017-18	2016-17
	\$000	\$000	\$000
Operating Revenue	48,646	24,274	23,429
Operating Expenses	73,184	32,416	29,904
Operating Position	(24,538)*	(8,142)	(6,475)
Capital Income	4,857	36,213	34,151
Capital Expenses	68	16,895	25,103
Net Result	(19,749)	11,176	2,573
Total Assets	312,995	320,309	315,910
Total Liabilities	26,080	13,645	13,791
Net Community Assets	286,915	306,664	302,119

* The operating position of Council has deteriorated compared with the deficit of \$8.1million in 2017-18, due to a one off transaction to recognise a landfill provision of \$11.6 million and the transfer of disaster recovery expenditure and revenue to operating income and expenditure.

Taking into account these two transactions, and removing them from the equation, Council's actual position is as follows:

	\$000
Net Operating Position	(24,538)
Add back: landfill provision	11,654
Deduct: flood damage (revenue)	(24,332)
Add back: flood damage (expenditure)	32,834
Actual underlying position	(4,382)



Sunset, William Daku Park waterpark

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)	-50.44%	0-10%
Asset Sustainability Ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense of infrastructure assets	38.74%	>90%
Net Financial Liabilities Ratio	Total liabilities less current assets, divided by total operating revenue (excluding capital items)	8.49%	<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 \$24.5 million resulting in an operating surplus ratio shown as negative 50.44%.

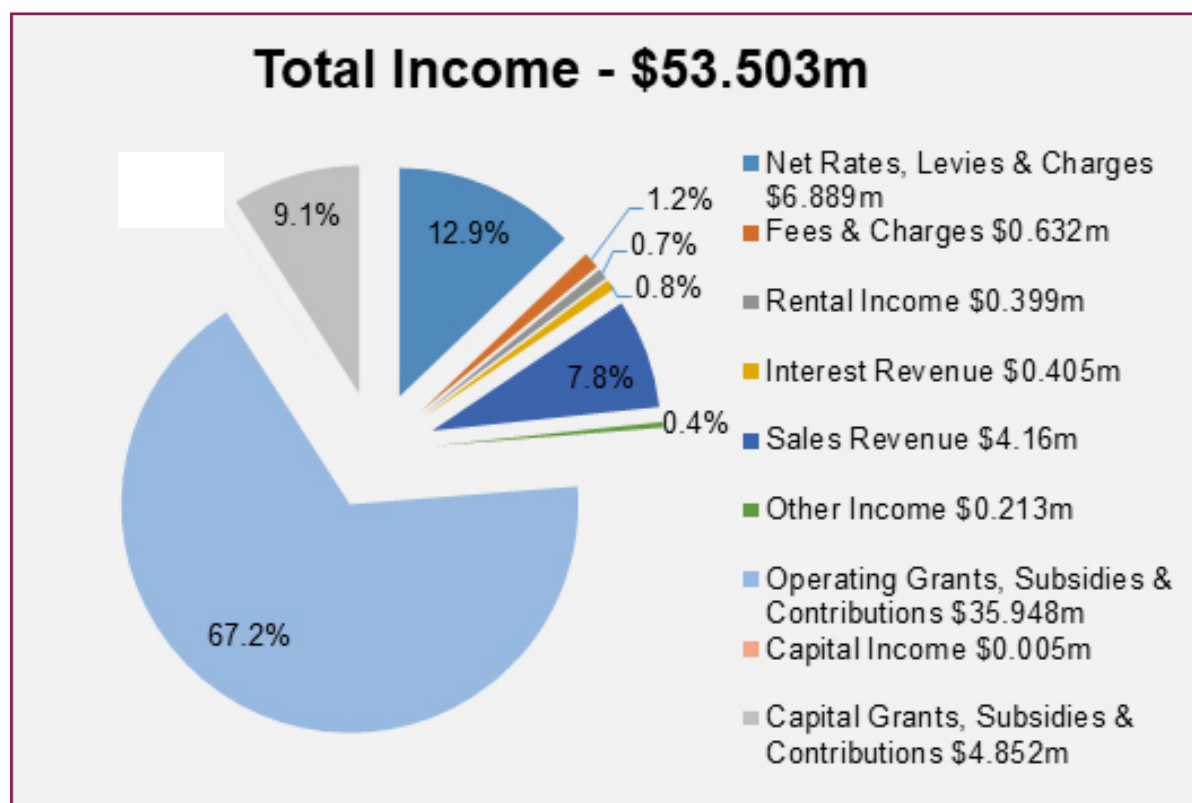
The asset sustainability ratio is an approximation of the extent to which infrastructure assets are being replaced as they reach the end of their useful lives. Council has not achieved this target in the financial year. The ratio has decreased from 224.56% in 2017-18. In the previous year flood damaged expenditure of \$16.8 million was included in the calculation of this ratio. In 2018-19 expenditure on non flood damaged assets was \$4.55 million compared to \$6.3 million in 2017-18. The net financial liabilities ratio is an indicator of the extent to which the net financial liabilities can be serviced by operating revenue. As Council's borrowings are not excessive the 8.49% is well below the target of less than 60%.

Income: Where did the money come from?

Council received \$53.503 million in revenue. The largest contribution was from operating and capital grants, subsidies and contributions, totalling \$40.8 million.

Total income decreased by \$6.984 million from the previous year. Some of the principal movements included:

- Rates, levies and charges decreased by \$165,000.
- Sales revenue decreased by \$925,000, due to a reduction in contract and recoverable works.
- Operating grants, subsidies and contributions increased by \$25.439 million, mainly due to the reallocation of disaster recovery funding from capital grants to operating grants. This also resulted in capital grants subsidies and contributions decreasing by \$31.121 million. The difference of approximately \$6 million relates to a prepayment of funding in the 2017-18 financial year.



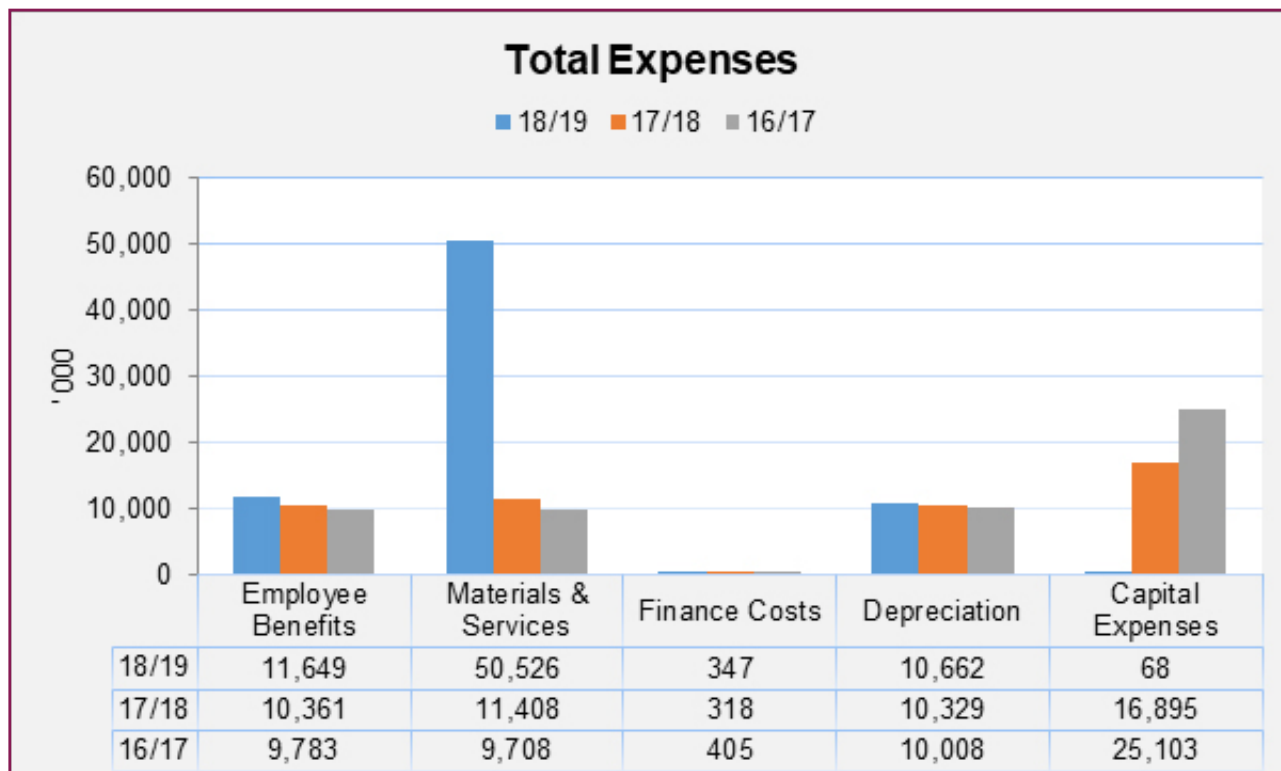


Expenses: Where was the money spent?

Council spent more than \$73.252 million during the year between operations (\$73.184 million) and capital expenses (\$68,000). A further \$6.8 million was expended on capital works.

Total recurrent expenses increased by \$40.768 million. Some of the movements are explained below:

- Employee benefits increased by \$1.288 million.
- Materials and services increased by \$39.118 million. This increase related to the change in treatment for flood damage expenditure, now treated as repairs and maintenance rather than capital expenditure. A further contribution was the recognition of a landfill provision of approximately \$11.6 million; and
- Depreciation increased by \$333,000.

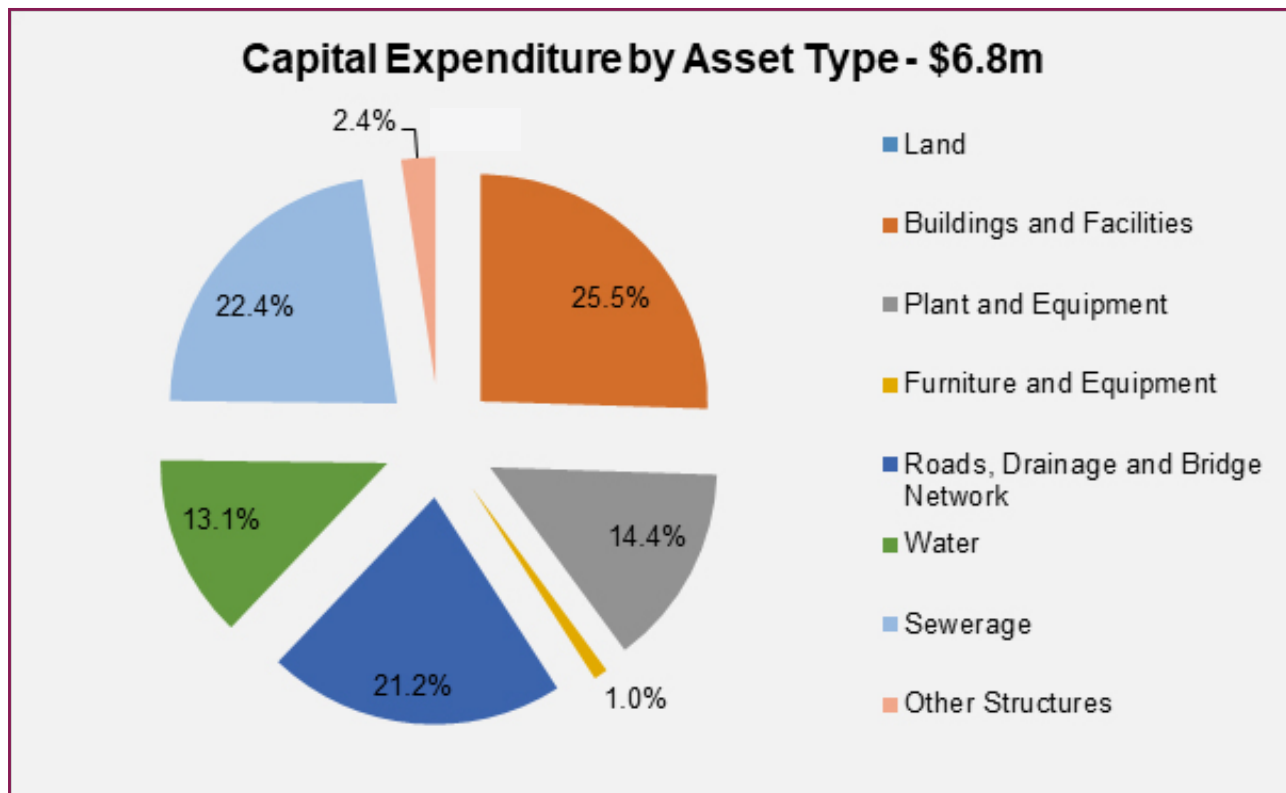


Capital Expenditure

During the year Council completed \$6.8 million in capital works, which was broken down as follows.

	\$000
Land	0
Buildings and Facilities	1,748
Plant and Equipment	984
Furniture and Equipment	69
Roads, Drainage and Bridge Network	1,452
Water	897
Sewerage	1,533
Other Structures	166
Total	6,849

This does not include flood damage repairs which totalled \$32.8 million. The graph below shows the expenditure across different categories of assets.



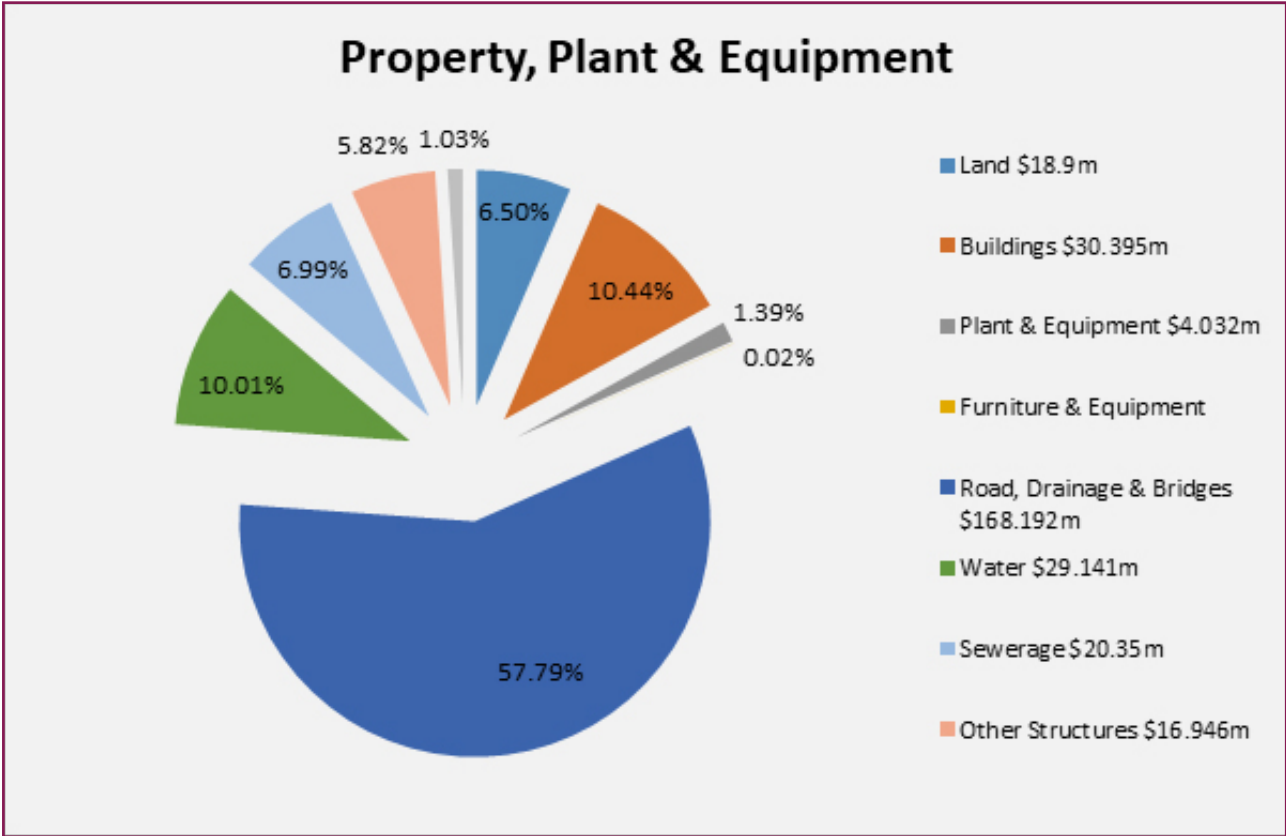
Cooktown Botanic Gardens tour



Lakeland Recreation Park

Assets: What do we own?

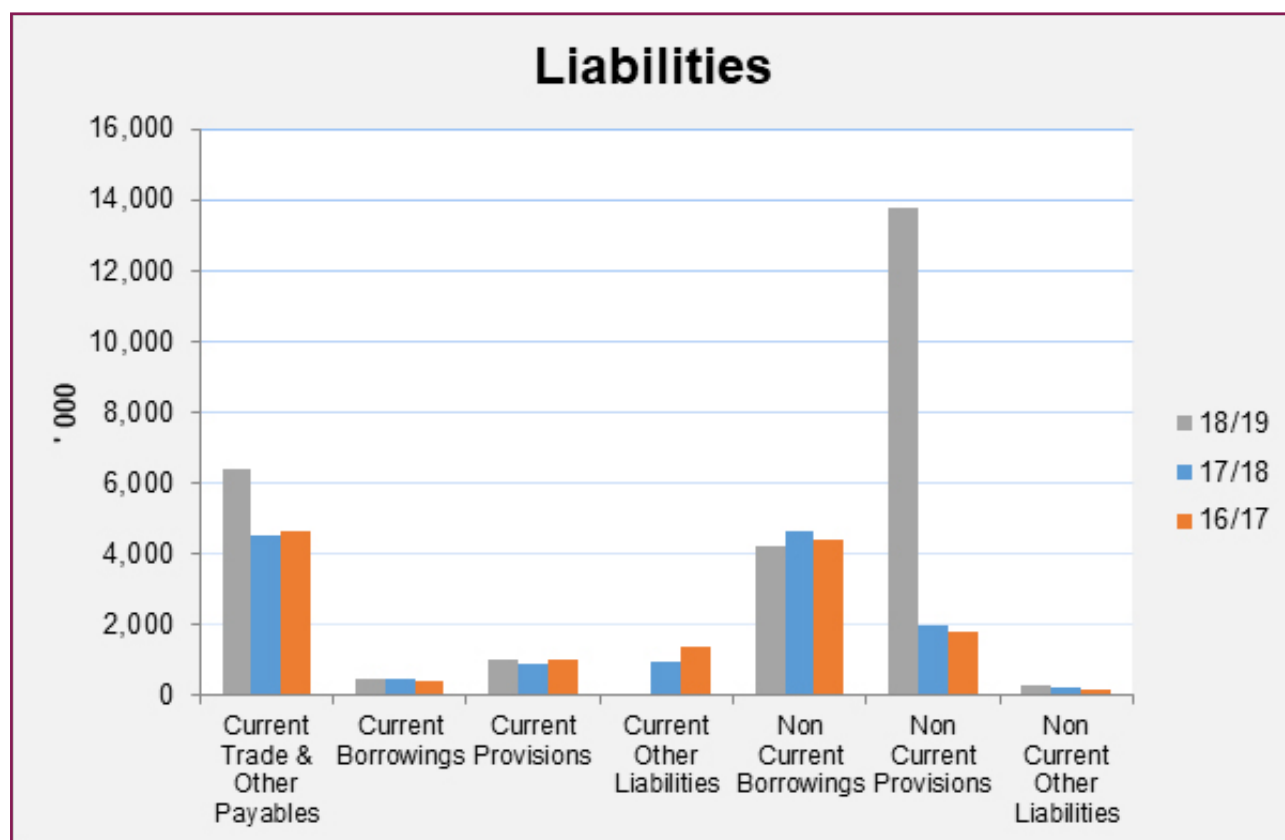
At 30 June 2019 Council assets were valued at \$313 million. Of this, \$291.047 million related to property, plant and equipment. The graph below shows the different asset classes.



Liabilities: What do we owe?

At 30 June 2019, Council's liabilities totalled \$26.080 million. This represents a significant increase from \$13.645 million in 2017-18 and relates to the recognition of a liability of \$11.6 million for the landfill restoration provision. Although the provision has been identified in the 2018-19 financial year, this liability has existed from the creation of the landfill sites. Therefore this recognition has improved the accuracy in the reporting of Council's actual position.

Liabilities	2018-19	2017-18	2016-17	2015-16
	\$000	\$000	\$000	\$000
Current Liabilities, Current Trade & Other Payables	6,416	4,504	4,647	10,092
Current Borrowings	460	435	388	368
Current Provisions	986	892	996	893
Current Other Liabilities	0	972	1,392	0
Total Liabilities	7,862	6,803	7,423	11,353
Non-Current Liabilities, Non Current Borrowings	4,208	4,657	4,405	4,794
Non Current Provisions	13,762	1,943	1,798	1,835
Non Current Other Liabilities	248	242	165	153
Total Non-Current Liabilities	18,218	6,842	6,368	6,782
Total Liabilities	26,080	13,645	13,791	18,135



Cook Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



General Purpose Financial Statements

for the year ended 30 June 2019

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Cook Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	6,889	7,054
Fees and Charges	3b	632	672
Rental Income		399	353
Interest Revenue		405	304
Sales Revenue	3c	4,160	5,085
Other Income		213	297
Grants, Subsidies and Contributions	4a	35,948	10,509
Total Recurrent Revenue		48,646	24,274
Capital Revenue			
Grants, Subsidies and Contributions	4b	4,852	35,973
Total Revenue		53,498	60,247
Capital Income	5	5	240
Total Income		53,503	60,487
Expenses			
Recurrent Expenses			
Employee Benefits	6	11,649	10,361
Materials and Services	7	50,526	11,408
Finance Costs	8	347	318
Depreciation	12	10,662	10,329
Total Recurrent Expenses		73,184	32,416
Capital Expenses	9	68	16,895
Total Expenses		73,252	49,311
Net Result		(19,749)	11,176
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase / (decrease) in Asset Revaluation Surplus	16	-	(6,631)
Total Comprehensive Income for the year		(19,749)	4,545

Cook Shire Council

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	19,022	22,114
Trade and Other Receivables	11	2,458	2,031
Inventories		468	491
Total Current Assets		21,948	24,636
Non-Current Assets			
Property, Plant and Equipment	12	291,047	295,673
Total Non-Current Assets		291,047	295,673
TOTAL ASSETS		312,995	320,309
LIABILITIES			
Current Liabilities			
Trade and Other Payables	13	6,416	4,504
Borrowings	14	460	435
Provisions	15	986	892
Other Liabilities		-	972
Total Current Liabilities		7,862	6,803
Non-Current Liabilities			
Borrowings	14	4,208	4,657
Provisions	15	13,762	1,943
Other Liabilities		248	242
Total Non-Current Liabilities		18,218	6,842
TOTAL LIABILITIES		26,080	13,645
Net Community Assets		286,915	306,664
COMMUNITY EQUITY			
Asset Revaluation Surplus	16	225,061	225,061
Retained Surplus/(Deficiency)	17	59,175	78,947
Reserves	25	2,679	2,656
Total Community Equity		286,915	306,664

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2019					
Balance as at 1 July 2018		225,061	78,947	2,656	306,664
a. Net Result		-	(19,749)	-	(19,749)
Total Comprehensive Income for the year		-	(19,749)	-	(19,749)
b. Transfers to Reserves	17 & 25	-	(23)	23	-
Equity Balance as at 30 June 2019		225,061	59,175	2,679	286,915

	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

Cook Shire Council

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		11,440	12,446
Payments to Suppliers and Employees		(49,334)	(22,100)
		(37,894)	(9,654)
Receipts:			
Interest Received		405	304
Rental Income		399	353
Non Capital Grants and Contributions	4(a)	35,948	10,509
Payments:			
Finance Costs		(347)	(280)
Net Cash inflow (outflow) from Operating Activities	21	(1,489)	1,232
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment	5	225	580
Grants, Subsidies and Contributions	4(b)	4,852	35,973
Payments:			
Purchase of Property, Plant and Equipment	12	(6,256)	(31,384)
Net Cash inflow (outflow) from Investing Activities		(1,179)	5,169
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		-	670
Payments:			
Repayment of Borrowings	14	(424)	(371)
Net Cash Flow inflow (outflow) from Financing Activities		(424)	299
Net Increase (decrease) in Cash and Cash Equivalents held		(3,092)	6,700
plus: Cash and Cash Equivalents at the beginning of the financial year		22,114	15,414
Cash and Cash Equivalents at the end of the financial year	10	19,022	22,114

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019. 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.

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

AASB 9 must be applied retrospectively but does not require the restatement of comparative figures. Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below).

Financial Asset / Liability	Measurement Category – AASB 139	Measurement Category – AASB 9
Cash and cash equivalents	Amortised cost	Amortised cost
Trade Receivables	Amortised cost	Amortised cost
Trade Payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost

With the exception of the classification changes above, the introduction of this standard has not had a material impact on the financial statements.

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

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

Effective date: 1 July 2019

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

A range of new disclosures will also be required by the new standards in respect of the department's revenue.

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. Under this method Council is not required to restate comparative information. Instead, the Council shall recognise the cumulative effect of initially applying these standards as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Council intend to apply the practical expedient available to apply the new provisions to contracts and transactions that are not completed contracts at the date of initial application.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of \$763,435 due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).
- There would be an equal reduction in the reported equity as the reduced revenue will

require an increase in recognition of contract liabilities, and statutory receivables.

AASB 16 Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application. At the date of preparing the financial statements Council does not anticipate the implementation of this standard to have a material impact on their financial statements.

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

(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
- Financial Instruments and Financial Assets - Note 22.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(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 2019

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 Disaster Recovery Funding Arrangements (DRFA).

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

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

PLANNING & ENVIRONMENTAL SERVICES

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

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

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				Recurring	Capital				
	Grants	Other		Grants	Other								
2019	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Services	26	25		-	-		51	(2,822)	-	(2,822)	(2,771)	(2,771)	6
Corporate Services	8,173	3,680		4,852	5		16,710	(17,272)	-	(17,272)	(5,419)	(562)	62,246
Economic Development & Community Services	506	464		-	-		970	(3,224)	-	(3,224)	(2,254)	(2,254)	11,402
Engineering Services	27,242	8,422		-	-		35,664	(49,357)	(68)	(49,425)	(13,693)	(13,761)	236,710
Planning & Environmental Services	-	108		-	-		108	(509)	-	(509)	(401)	(401)	2,631
Total	35,948	12,699		4,852	5		53,503	(73,184)	(68)	(73,252)	(24,538)	(19,749)	312,995

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								
2018	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Services	91	20		-	-		111	(2,611)	-	(2,611)	(2,500)	(2,500)	8
Corporate Services	8,454	1,507		8,945	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		60,487	(32,416)	(16,895)	(49,311)	(8,143)	11,176	320,309

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 3. Revenue Analysis

	2019	2018
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	3,438	3,598
Separate Rates	268	257
Water	881	884
Water Consumption, Rental and Sundries	968	1,006
Sewerage	1,252	1,252
Garbage Charges	445	408
Total rates and utility charge revenue	7,252	7,405
Less: Discounts	(316)	(305)
Less: Pensioner remissions	(47)	(46)
NET RATES, LEVIES AND CHARGES	6,889	7,054

(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	112	251
Other Statutory Fees and Charges	82	83
Airport Landing Fees	135	124
Waste Management and Transfer Fees	161	122
Swimming Pool Fees	45	49
Halls and Community Centre Fees	5	9
Other Fees and Charges	92	34
TOTAL FEES AND CHARGES	632	672

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue Analysis (continued)

	2019	2018
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	3,361	4,473
Airport Services	710	527
Total Sale of Services	4,071	5,000
Sale of goods		
Other Sale of Goods	89	85
Total Sale of Goods	89	85
TOTAL SALES REVENUE	4,160	5,085

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Grants, Subsidies and Contributions (continued)

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 2019, a Financial Assistance Grant of \$5M was received in advance. The grant would normally have been paid in the following financial year. In June 2018 this grant was also received in advance.

	2019	2018
Notes	\$'000	\$'000
(a) Recurrent		
General Purpose Grants	10,722	9,969
State Government Subsidies and Grants	763	487
Commonwealth Government Subsidies and Grants	131	40
Contributions	-	12
Disaster Recovery Funding Arrangements (DRFA)	24,332	-
Other	-	1
TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS	35,948	10,509

Expenditure incurred in accordance with Natural Disaster and Recovery Arrangements (NDRRA) and Disaster Recovery Funding Arrangements (DRFA) on roads is analysed to determine whether the expenditure is capital in nature. The analysis of expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. Material expenditure that extends the useful life or service potential of the asset is capitalised. Expenditure incurred to remediate "minor" damage is classified as materials and services expenditure. Corresponding grant funding is classified as an operating or capital grant depending on the classification of expenditure. This is a new methodology applied by Council for the first time in the 2019 year.

(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	3,719	6,854
Commonwealth Government Subsidies and Grants	1,130	2,087
Contributions	3	5
Disaster Recovery Funding Arrangements (DRFA)	-	27,027
TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS	4,852	35,973

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 5. Capital Income

	Notes	2019 \$'000	2018 \$'000
(a) Gain on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		225	580
Less: Book Value of Property, Plant and Equipment Disposed	12	(220)	(340)
Gain on disposal of non-current assets		5	240
TOTAL CAPITAL INCOME		5	240

Note 6. Employee Benefits

Wages and Salaries		7,926	8,378
Annual, Sick and Long Service Leave Entitlements		2,355	1,789
Superannuation	20	1,201	1,061
Councillors Remuneration		440	415
		11,922	11,643
Other Employee Related Expenses		439	338
Less: Capitalised Employee Expenses		(712)	(1,620)
TOTAL EMPLOYEE BENEFITS		11,649	10,361

Additional information:

Total Council Employees at year end:

Elected Members	7	7
Administration Staff	65	49
Depot and Outdoors Staff	76	88
Total full time equivalent employees	148	144

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 7. Materials and Services

	Notes	2019 \$'000	2018 \$'000
Advertising and Marketing		136	96
Audit of Annual Financial Statements by the Auditor-General of Queensland		78	77
Consultants		705	785
Contractors		2,930	4,526
Donations Paid		63	79
Insurance		503	493
Subscriptions and Registrations		116	137
Travel		204	189
Fuel and Oils		854	688
IT - Software & Hardware		208	311
Legal Costs		136	211
Management Fees		472	201
Royalties		214	133
Utilities		841	897
Disaster Recovery Funding Arrangements (DRFA)		27,964	-
Establish Provision for Tip Restoration		11,654	-
Other Materials and Services		3,448	2,585
TOTAL MATERIALS AND SERVICES		50,526	11,408

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$77,500 (2018: \$77,500).

Disaster Recovery Funding Arrangements (DRFA) formerly Natural Disaster Relief Recovery Arrangements (NDRRA) are a joint funding initiative of the Commonwealth and State Governments to provide disaster relief and recovery payments and infrastructure restoration to help communities recover from the effects of natural disasters. Further commentary is provided in Note 4.

Note 8. Finance Costs

Finance costs - Queensland Treasury Corporation	260	263
Bank Charges	48	17
Quarry Rehabilitation	39	38
TOTAL FINANCE COSTS	347	318

Note 9. Capital Expenses

Discount Rate Adjustment - Quarry Rehabilitation	68	-
Loss on Write-Off of Assets	-	16,895
TOTAL CAPITAL EXPENSES	68	16,895

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Cash and Cash Equivalents

	2019	2018
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	1,171	7,006
Cash Equivalent Assets		
- Deposits at Call	17,851	15,108
Total Cash and Cash Equivalents	19,022	22,114
BALANCE AS PER STATEMENT OF CASH FLOWS	19,022	22,114

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	1,029	8,216
Unspent Loan Monies	1,300	1,300
Total External Restrictions	2,329	9,516
Total Unspent Restricted Cash	2,329	9,516

Cash at Bank and on hand at 30 June 2019 includes \$86,565 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Cash and Cash Equivalents (continued)

	2019	2018
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	224	210
Security Deposits	15	16
	239	226

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 2019

Note 11. Trade and Other Receivables (continued)

	2019	2018
Notes	\$'000	\$'000
Current		
Rateable Revenue and Utility Charges	1,452	1,168
Water Charges not yet Levied	373	416
Other Debtors	695	530
Prepayments	93	69
Other	-	3
Total	2,613	2,186
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	2,458	2,031

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	1,153	860
Past due:		
- 31 to 60 days overdue	57	20
- 61 to 90 days overdue	30	19
- Greater than 90 days overdue	1,373	1,108
- Impaired	(155)	(155)
Total	2,458	1,852

Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance.

This has not had a significant impact on the financial statements.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Property, Plant and Equipment

30 June 2019													
			Note	Land	Buildings	Plant and Equipment	Furniture and Equipment	Road, Drainage and Bridge Network	Water	Sewerage	Other Structures	Works in Progress	Total
Measurement Basis				\$'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				-	-	9,956	846	-	-	-	-	3,582	14,384
Opening Gross Value - at Fair Value				18,922	51,697	-	-	251,676	49,100	26,189	18,927	-	416,511
Opening Gross Value as at 1 July 2018				18,922	51,697	9,956	846	251,676	49,100	26,189	18,927	3,582	430,895
Additions*				-	-	-	-	-	-	-	-	-	6,256
Disposals				-	-	(810)	-	-	-	-	-	-	(810)
Work in Progress Transfers				-	1,748	984	69	1,452	897	1,533	166	(6,849)	-
Closing Gross Value of Property, Plant and Equipment as at 30 June 2019				18,922	53,169	10,147	915	253,077	50,670	27,099	19,341	3,001	436,341
Opening Accumulated Depreciation as at 1 July 2018				-	21,615	5,720	831	78,266	20,526	6,226	2,038	-	135,222
Depreciation Expense				-	1,158	985	16	6,619	1,003	522	359	-	10,662
Disposals				-	-	(590)	-	-	-	-	-	-	(590)
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2019				-	22,774	6,115	847	84,885	21,529	6,749	2,395	-	145,294
Total Written Down Value of Property, Plant and Equipment as at 30 June 2019				18,922	30,395	4,032	68	168,192	29,141	20,350	16,946	3,001	291,047
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				-	1,174	738	69	848	761	924	36	-	4,550
Other Additions				-	574	246	-	604	136	609	130	-	2,299
Total Asset Additions				-	1,748	984	69	1,452	897	1,533	166	-	6,849

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Property, Plant and Equipment (continued)

30 June 2018													
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		Fair Value	\$'000	Fair Value	Cost	\$'000	Fair Value	\$'000	Fair Value	Cost	\$'000
Opening Gross Value - at Cost				-	-	10,168	851	-	-	-	-	11,829	22,848
Opening Gross Value - at Fair Value				18,961	49,335	-	-	246,951	48,920	25,684	7,649	-	397,500
Opening Gross Value as at 1 July 2017				18,961	49,335	10,168	851	246,951	48,920	25,684	7,649	11,829	420,348
Additions*				-	-	-	-	-	-	-	-	-	31,384
Disposals				(40)	-	(1,167)	-	-	-	-	-	-	(1,207)
Write-offs				-	-	-	-	(16,895)	-	-	-	-	(16,895)
Revaluation Decrements to Equity (ARS)				-	-	-	-	(1,471)	-	-	-	-	(1,471)
Work in Progress Transfers				-	2,397	946	-	24,882	61	505	10,842	(39,633)	-
Internal transfers between asset classes				-	(8)	-	-	(526)	123	-	411	-	-
Reclassifications				1	(26)	9	(5)	(1,264)	(4)	-	25	-	(1,264)
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													
Depreciation Expense				-	20,533	5,548	826	67,931	19,567	5,686	1,773	-	121,864
Disposals				-	1,106	1,030	10	6,439	962	539	243	-	10,329
Revaluation Decrements to Equity (ARS)				-	-	(867)	-	-	-	-	-	-	(867)
Internal transfers between asset classes				-	-	-	-	5,160	-	-	-	-	5,160
Reclassifications				-	(24)	9	(5)	(1,267)	(3)	1	(4)	-	(1,264)
Total Accumulated Depreciation and Impairment Property, Plant and Equipment				-	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 2019

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 2019

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:

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
		Quoted	Significant	Significant	
		prices in active mkt	observable inputs	unobservable inputs	
		\$'000	\$'000	\$'000	\$'000
2019					
Property, Plant and Equipment					
- Land	30/06/17	-	18,922	-	18,922
- Buildings	30/06/17	-	-	30,395	30,395
- Road, drainage and bridge network	30/06/18	-	-	168,192	168,192
- Water	30/06/17	-	-	29,141	29,141
- Sewerage	30/06/17	-	-	20,350	20,350
- Other structures	30/06/17	-	-	16,946	16,946
Total Property, Plant and Equipment			18,922	265,024	283,946
2018					
Property, Plant and Equipment					
- Land	30/06/17	-	18,922	-	18,922
- 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			18,922	268,918	287,840

(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 2019

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 2019, Council undertook a desktop assessment of market trends in the Cook LGA since the date of the last comprehensive revaluation. There have been no dominant factors indicating the fair value of Council's land assets would be materially different to the current carrying value. On this basis Council have not applied any indexation at 30 June 2019.

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 2019

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 2019, 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 2019 since the date of the last comprehensive revaluation. An increment of 0.89% was noted. Council also considered the movement in the Producer price index: Building construction, Queensland, September qtr 1998 to December qtr 2018. An increment of 0.93% was noted. Council have not applied indexation at 30 June 2019 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 2019

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. At 30 June 2019, Council undertook a desktop review of fair value by assessing the movement in the Asset revaluation index: Engineering construction, Queensland, March qtr 1998 to June qtr 2019 since the date of the last comprehensive revaluation. An increment of 3.88% was noted. Council also considered the movement in the Producer price index: Road and bridge construction, Queensland, September qtr 1998 to December qtr 2018 and the Producer price index: Other heavy and civil construction, Queensland, September qtr 1998 to December qtr 2018. An average increment of 2.05% was noted. Council have not applied indexation at 30 June 2019 on the basis of materiality.

Accumulated depreciation:

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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)

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. At 30 June 2019 the same desktop valuation considerations were applied to bridge assets, as outlined in the Road section above.

Accumulated depreciation:

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments. The condition assessments were made using a scale where the relationship between the condition score and the remaining service potential of the asset is inverse.

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. At 30 June 2019 the same desktop valuation considerations were applied to drainage assets, as outlined in the Road section above.

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 2019

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 2019, Council undertook a desktop review of fair value by assessing the movement in a range of cost indices since the date of the last comprehensive revaluation including the Asset revaluation index: Non-residential construction, Queensland, March qtr 1998 to June qtr 2019, Asset revaluation index: Non-residential construction, Queensland, March qtr 1998 to June qtr 2019, Producer price index: Non-residential building construction Queensland, September qtr 1998 to December qtr 2018 and the Producer price index: Other heavy and civil engineering construction Australia, September qtr 1998 to December qtr 2018. An average increment of 3.71% was noted. Council have not applied indexation at 30 June 2019 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 2019

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

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.

	Notes	2019 \$'000	2018 \$'000
Creditors and Accruals		4,709	3,072
Security Bonds, Deposits and Retentions		-	15
Employee related accruals		92	84
Annual Leave		1,318	1,098
Sick Leave		77	35
Other Entitlements		132	104
Waste Levy refund received in advance		87	-
Other		1	96
TOTAL CURRENT TRADE AND OTHER PAYABLES		6,416	4,504

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

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Borrowings

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

	2019	2018
Notes	\$'000	\$'000

Current

Loans - Queensland Treasury Corporation	460	435
TOTAL CURRENT BORROWINGS	460	435

Non-current

Loans - Queensland Treasury Corporation	4,208	4,657
TOTAL NON-CURRENT BORROWINGS	4,208	4,657

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year	5,092	4,793
Loans Raised	-	670
Principal Repayments	(424)	(371)
Book value at end of financial year	4,668	5,092

The QTC loan market value at the reporting date was \$5,371,952. 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.

In March 2019, the overdraft facility with Queensland Treasury Corporation (QTC) with a limit of \$10,000,000, expired and subsequently in July 2019, an ongoing overdraft facility with QTC was approved with a limit of \$5,000,000.

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 2019

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.

Landfill

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

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching 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 dump sites has been established at 30 June 2019. It is expected this provision will be reviewed annually and updated based on the facts and circumstances available at the time.

The provision for restoration is treated as an expense in 2019 as this is the first year the provision has been recognised. Changes in the provision are treated as an expense or income.

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 15. Provisions (continued)

	2019	2018
Notes	\$'000	\$'000

Current

Long Service Leave	986	892
TOTAL CURRENT PROVISIONS	986	892

Non-current

Long Service Leave	287	229
Refuse Restoration	11,654	-
Gravel pit sites	1,821	1,714
TOTAL NON-CURRENT PROVISIONS	13,762	1,943

Details of movements in Provisions:

Long Service Leave

Balance at Beginning of Financial Year	1,121	1,119
Amount provided for in the year	213	12
Amount paid in the year	(61)	(10)
Balance at End of Financial Year	1,273	1,121

Gravel pit sites

Balance at Beginning of Financial Year	1,714	1,675
Additional Provision	68	1
Increase due to change in time	39	38
Balance at End of Financial Year	1,821	1,714

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Asset Revaluation Surplus

	2019	2018
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	225,061	231,692
Net adjustment to non-current assets at end of period to reflect a change in:		
Road, Drainage and Bridge Network	-	(6,631)
Balance at end of financial year	225,061	225,061

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	175,836
Water	19,229	19,229
Sewerage	5,086	5,086
Other Structures	672	672
Balance at end of financial year	225,061	225,061

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 17. Retained Surplus

	Notes	2019 \$'000	2018 \$'000
Movements in the retained surplus:			
Retained Surplus at Beginning of Financial Year		78,947	62,711
Net Result Attributable to Council		(19,749)	11,176
Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:	25		
Refuse levy reserve		(23)	361
- Grant received in advance reserve		-	4,699
Retained surplus at end of financial year		59,175	78,947

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	166	269
	166	269

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$348,580.

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 2019

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 deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." 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.

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

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

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

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

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

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

	2019	2018
Notes	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund	1,201	1,061
Total super contributions paid by Council for employees	1,201	1,061
Contributions council expects to make to the Regional Defined Benefits Fund for 2019-20		1,200

Cook Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

	Notes	2019 \$'000	2018 \$'000
Net Result		(19,749)	11,176
Non-cash items:			
Depreciation		10,662	10,329
Unwinding of Discount Rates on Restoration Provisions		68	38
		<u>10,730</u>	<u>10,367</u>
Investing and development activities:			
Net Losses/(Gains) on Disposal of Non-current Assets		(5)	(240)
Loss on Write-Off of Assets		-	16,895
Capital Grants and Contributions		(4,852)	(35,973)
		<u>(4,857)</u>	<u>(19,318)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		(427)	(443)
(Increase)/Decrease in Inventories		23	(67)
Increase/(Decrease) in Payables and Accruals		1,912	(445)
Increase/(Decrease) in Other Liabilities		(966)	(41)
Increase/(Decrease) in Employee Leave Entitlements		152	2
Increase/(Decrease) in Provisions		11,693	1
		<u>12,387</u>	<u>(993)</u>
Net cash inflow from Operating Activities		(1,489)	1,232

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

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.

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

Council does not enter into derivatives.

Credit Risk 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.

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

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

	Notes	2019 \$'000	2018 \$'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	19,022	22,114
Receivables - Rates	11	1,720	1,479
Receivables - Other	11	645	483
Other Credit Exposures			
Guarantee	19	349	338
Total		21,736	24,414

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 2019

Note 22. Financial Instruments (continued)

	2019	2018
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.

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

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:

	2019	2018
	\$'000	\$'000
Bank Overdraft Facility - QTC Working Capital Facility	5,000	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
2019					
Trade and Other Payables	4,797	-	-	4,797	4,797
Loans - QTC	690	2,760	2,496	5,946	4,668
Total	5,487	2,760	2,496	10,743	9,465
2018					
Trade and Other Payables	3,261	-	-	3,261	3,261
Loans - QTC	690	2,760	3,186	6,636	5,092
	3,951	2,760	3,186	9,897	8,353

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 2019

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	846,692	3,251,192	1,035,515
Less : Expenditure	(1,153,783)	(5,181,924)	(2,009,321)
Surplus/(Deficit)	(307,091)	(1,930,732)	(973,806)

Cook Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

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
2019		\$'000	\$'000		\$'000	\$'000
Employee expenses of close family members of KMP	##	132	-	Ordinary	-	-
Total Related Party Transactions		132	-		-	-
2018						
Employee expenses of close family members of KMP	##	44	-	Ordinary	-	-
Total Related Party Transactions		44	-		-	-

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 141 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:

	2019 \$000	2018 \$000
Short-Term Employee Benefits	1,233	926
Post-Employment Benefits	87	59
Long-Term Benefits	18	9
Termination Benefits	68	105
Total KMP Transactions	1,406	1,099

Cook Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

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 2019

Note 25. Reserves

	2019	2018
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	924	901
Land purchase reserve	455	455
Unspent loan cash reserve	1,300	1,300
Total Reserves held for Funding Future Capital Expenditure	2,679	2,656
TOTAL RESERVES	2,679	2,656

Refuse levy reserve

Balance at Beginning of Financial Year	901	1,262
Transfer to Retained Surplus	-	(819)
Transfer from Retained Surplus	23	458
Balance at End of Financial Year	924	901

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)
Balance at End of Financial Year	-	-

Cook Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

Management Certificate

for the year ended 30 June 2019

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 42, 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

1 October 2019



Linda Cardew

Linda Cardew

CHIEF EXECUTIVE OFFICER

1 October 2019

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 2019, 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 2019, 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 Cook Shire Council's annual report for the year ended 30 June 2019, 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 2019:

- 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.



10 October 2019

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Cook Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2019

	Actual 2019	Target 2019
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	-50.44%	0 - 10%
Total Operating Revenue (excluding capital items)		

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Assets (renewals)</u>	38.74%	more than 90%
Depreciation Expense		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	8.49%	less than 60%
Total Operating Revenue (excluding capital items)		

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 2019.

Cook Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2019

Certificate of Accuracy for the year ended 30 June 2019

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

In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



Peter Scott

MAYOR

1 October 2019



Linda Cardew

CHIEF EXECUTIVE OFFICER

1 October 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cook Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Cook Shire Council (the council) for the year ended 30 June 2019 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 2019 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 2019, 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

10 October 2019

Queensland Audit Office
Brisbane

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement prepared as at 30 June 2019

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast				

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	-50.44%	-30.98%	-30.10%	-28.09%	-26.17%	-25.28%	-23.58%	-21.95%	-20.22%	-18.55%	-16.84%
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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)

Depreciation Expense

> 90%	38.74%	23.72%	68.87%	70.33%	71.64%	70.97%	71.79%	72.44%	73.07%	73.70%	74.35%
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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)

< 60%	8.49%	-39.38%	-40.51%	-42.14%	-44.68%	-48.15%	-52.53%	-57.83%	-64.06%	-71.22%	-79.27%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Cook Shire Council

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2019

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

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



Peter Scott
MAYOR

1 October 2019



Linda Cardew
CHIEF EXECUTIVE OFFICER

1 October 2019