



Mareeba
SHIRE COUNCIL

2017 - 2018
ANNUAL REPORT

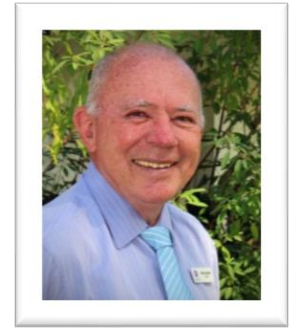


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MAYOR'S REPORT



How pleasing it is to be able to once again report to the community of the Mareeba Shire Council on a positive and successful year. The dust has well and truly settled on issues arising from de-amalgamation and the time has come for some truly imaginative and clever thinking.

Much has been achieved in this past year; particularly in the three areas most important in guaranteeing a sound and prosperous future:

- Vision
- Planning
- Advocacy

Vision:

As we require a new water treatment plant within the next ten to fifteen years, it is imperative that we look to the future and to possible better options. With the assistance of the Queensland Government, Council is proceeding with a study into what our options are to secure the best cost alternative to mitigate the costs for the ratepayers.

One of the options being looked at is the possibility of sourcing the Mareeba town water supply from the channel system at the top of the Jump-Up. If this option is shown to be viable in providing for the gravity feed of water to the town, then planning can commence for the implementation of the scheme.

Planning:

Over the past year Council has completed long-term planning studies on the Mareeba CBD traffic management plan, a full and comprehensive review of the Kuranda Infrastructure Plan, the Shire Town Beautification Plan and the Basalt Gully Development Plan; all of which are aimed at bringing the Shire into the future.

Council is proceeding with the development of a long-term asset management plan incorporating all of our strategic assets including water and sewerage, roads and built assets, to ensure that all of the \$428 million worth of Council assets are managed and maintained in good condition into the future.

Advocacy:

Council has adopted a much more strategic view of our role in regional affairs, with high level involvement in the Far North Queensland Regional Organisation of Councils (FNQROC) and the Inland Queensland Roads Action Project (IQ-RAP) in particular. These organisations are actively involved in regular contact with both Government and Opposition members in Brisbane and Canberra, in pursuit of higher levels of funding for roads, water and other strategic infrastructure.

This new approach has resulted in visits to both Brisbane and Canberra on a number of occasions, resulting an extra grant of \$5 million for the redevelopment of the Mareeba Airport. This year we have once again managed our resources well, meeting budget expectations, keeping rating and service charges within the bounds of the capacity of the community to pay and remaining focussed on the core business of Local Government.

I cannot overstate the value of the staff with whom I have the great pleasure and privilege of working with on a day to day basis. Their dedication, skill and commitment to the betterment of our Council is endless. I thank them all on behalf of the community at large. This Council consists of six Councillors and the Mayor. I thank and commend the Council for their work ethic, their understanding of the complex matters which challenge them daily and their capacity to take difficult decisions from time to time, because they must.

I look forward to the coming year with both anticipation and relish.

Cr Tom Gilmore
Mayor



SHIRE PROFILE

Mareeba Shire Local Government Area covers 53,502 km² to the west of Cairns in Far North Queensland and had a total estimated resident population of 22,311 as at 30 June 2017p (ABS, ERP 2017p).

The Shire is in proximity to two World Heritage Areas and is less than an hour's drive to Cairns International Airport. Mareeba, the main population centre, lies 64 km south-west of Cairns and has a special role providing services to Cape York Peninsula and the Gulf areas.

Although agriculture based on the Mareeba Dimbulah irrigation system fed by Tinaroo Dam dominates earnings from outside the Mareeba shire area, the Shire has a substantial presence in tourism, predominantly through day trip activity to Kuranda and the Shire is a popular destination for Grey Nomads. Agricultural production includes a large range of animal industries and production of both tropical and subtropical crops. Traditionally, pastoral and mining activity has taken place.

Mareeba Shire has been recording a consistent trend in population growth faster than most rural areas of Australia and prospects for continuing growth are excellent. Public and private schools are expanding to cater for increasing enrollments. Recent commercial investment in sustainable 'green' energy sources include wind and solar farms and diversification by the local sugar mill into energy production. Technological advances have led to new mining investment in the outlying areas of the Shire. Overseas interests are proposing investment to develop an iconic tourism resort at Kuranda. Mareeba Airport is recording strong growth in pilot training and maintenance activities as facilities relocate from an increasingly busy Cairns airport.

Mareeba is positioning itself as an industrial hub in Far North Queensland with the development of the Mareeba Industrial Park which has the land availability for significant expansion in the future. The further development of the Mareeba Airport will also help fuel sustained economic growth into the future.



OUR VISION AND GUIDING PRINCIPLES

Vision

A growing, confident and sustainable Shire

Mission

Provide cost-effective services, foster collaborative partnerships and maintain accountable governance to promote the prosperity and liveability of the Shire

Values and Principles

In delivering services to our community, we will be guided by the following corporate values and principles:

Sustainable

We operate in an efficient and effective businesslike manner to ensure long-term sustainability by optimising customer service levels whilst managing community expectations.

United Team

Our people work respectfully and collaboratively to achieve Council's goals with every decision being made based on what is best for the whole organisation.

Customer Focused

The community are our customers and we are here to serve our community in everything we do.

Community Partnerships

We build partnerships with the community to deliver better outcomes

Ethical Conduct

We operate fairly, with open, honest, transparent and accountable behaviour and consistent decision-making

Striving to be better

We strive to improve Council's service and enthusiastically pursue innovative ways of providing services simply and effectively.

Skilled Workforce

We ensure our workforce is equipped with the skills and knowledge needed for today and into the future.

CORPORATE PLAN

Council's Corporate Plan for the period 2018 - 2022 was developed around the following five key strategic priorities:

Financial Sustainability

"A council that continuously looks for savings and opportunities while managing council's assets and reserves to ensure a sustainable future in a cost-effective manner"

Community

"An engaged community which supports and encourages effective partnerships to enhance the liveability of the shire and the wellbeing of residents in communities which are resilient and prepared for unforeseen events"

Transport and Council Infrastructure

"The provision of quality services and infrastructure for our growing community that is planned and managed using sound asset management principles"

Economy and Environment

"A resilient economy that promotes and supports the shire's natural assets and local industry and encourages investment while preserving and future proofing for generations to come"

Governance

"Sound decision making based on effective frameworks and clear strategic direction to achieve regulatory compliance and affordable levels of service delivered to the community"

CHIEF EXECUTIVE OFFICER'S REVIEW

Peter Franks - Chief Executive Officer



This year has seen Council further consolidate its financial position. The targets, set in the Long Term Financial Plan, have been met yet once again and are within all the Department of Local Government, Racing and Multicultural Affairs sustainability ratio ranges.

Council has delivered within the adopted Budget for the year and in fact the results show a slightly better position than predicted. While this is a positive position it still leaves Council with minimal funds to deliver additional services or projects. Council is very cognisant of the Community's ability to pay and as such, has, and will continue to keep rate increase as low as possible.

Council have adopted a new 5-year Corporate Plan and have commenced implementing this in line with the annual operational plan. 2017/18 has seen the completion of a number of significant upgrade projects. The largest being the Mareeba Waste Water Treatment Plant, which was made possible with financial assistance from the Queensland and Australian Governments. This plant will ensure Mareeba's needs are met well into the future while delivering a much-improved environmental outcome.

The Mareeba Airport upgrade project is now well underway and, weather dependent, will be completed in the coming financial year. This project, funded totally by the Queensland and Australian Governments will deliver long term economic benefits for the community.

The Queensland Government's "Works for Queensland" (W4Q) funding has been a real bonus for this community and are congratulated for this. It has not only created jobs but has enabled Council to deliver an array of projects which otherwise simply could not have been delivered as funds were not available. The second round of W4Q is underway with a range of projects being undertaken, with a commitment to providing for a third round which is great news for our community.

The organisation continues to go from strength to strength and the staff's ongoing commitment to deliver quality services while reducing costs wherever possible is certainly appreciated.

I would like to acknowledge the Mayor and Councillors, whose leadership and clear direction have made the organisation as successful as it is and take this opportunity to thank them for their support. I would also like to acknowledge our Finance team for once again delivering unqualified audited statements with positive comments from our Auditors. I look forward to another successful year in 2018/19.

ASSESSMENT OF PROGRESS TOWARDS 5-YEAR CORPORATE PLAN

The annual report for a financial year must contain the chief executive officer’s assessment of the local government’s progress towards implementing its 5-year corporate plan and annual operational plan.

On 18 April 2018 Council adopted the Corporate Plan 2018 - 2022. This document provides strategic direction of all activities to be undertaken by Council over the next five (5) years. Based on this Corporate Plan, Council will ensure that key services and projects will be delivered in current and future financial years through the annual Operational Plan. Specifically, each Operational Plan activity is linked to Corporate Plan strategic goals.

FINANCE

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Enhance access to financial information	More users able to operate financial systems and locate relevant documentation
Timely preparation of Financial Statements and resolution of recommendations	Finalise Financial Statements within legislative timeframes and achieve an unqualified audit opinion
Review full cost pricing models to ensure equitable allocation of costs across departments	Review completed model and aim for more accurate cost allocation
Ensure long-term asset management planning and financial planning is updated to support financial sustainability	Compliance with LGA 2009 and provision of models to inform decisions regarding project priorities

DEVELOPMENT AND GOVERNANCE

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Local Government Infrastructure Plan (LGIP)	LGIP preparation is progressing in accordance with approved Project Plan
Progress phases 2 and 3 of the sale of land within the Chillagoe Industrial Estate	Ministerial approval obtained for sale of developed lots direct to current lessees with the sale of at least 10 lots
Make new Local Laws and Subordinate Local Laws to replace the current suite	New set of MSC Local Laws and Subordinate Local Laws adopted by Council

COMMUNITY WELLBEING

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Update long term community plan	Community priorities inform budgeting and Council decision making

INFORMATION SYSTEMS AND CUSTOMER SERVICE

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Enhance Disaster Recovery capability for Council information systems.	All information systems are classified based on agreed Business Continuity Plan (BCP) A failover process is documented and can be demonstrated for each relevant system
ICT Strategy; Tranche 1: Adopt redundant Internet communications links.	Internet communications delivered over redundant links sourced from disparate providers in support of Council's long-term Cloud adoption strategy
ICT Strategy; Tranche 1: Perform cloud readiness assessment - Office 365	Clear direction provided relating to the migration of relevant services to Office 365, including limited prototyping

ORGANISATIONAL DEVELOPMENT

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Provide high level advice and support to the Senior Management Team in relation to the new industrial relations legislation, the Certified Agreement (CA) negotiation - framework, and implementation of the new Local Government Industry Award	Management action taken complies with new legislative and Award requirements New certified agreement negotiated and implemented
Monitor, review and improve WHS policies, procedures, and systems to protect the health and safety of Council employees	Reduced rate of work related injuries Duration of injury related absences reduced

WATER AND WASTE

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Replace water main on Rob Veivers (Renewal)	Upgrading of the existing water main completed on time and within budget
Barang Street Pump Station Capacity Upgrade	Successful completion of project to Department of Environment and Science (DES) requirements
Design and Construct new erosion and sediment control works	Successful completion of project to DES's requirements

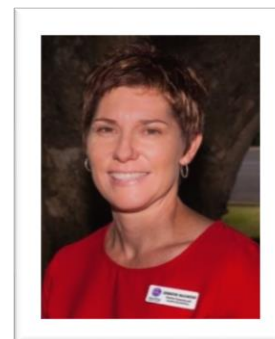
TECHNICAL SERVICES

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Upgrade and update Asset Management System and data	A more robust tool for decision making for Asset Management is in place for the next budget
Undertake the bitumen roads reseal and asphalt overlay program	Project completed on time and within approved budget
Design and documentation of projects listed in the Capital Works program	Design & documentation of all projects completed on time
Complete all Works for Queensland facilities projects within specified timeframe	Works completed within budget and on time
Mareeba Wastewater Treatment Plant refurbishment	Project completed and commissioned within budget
Mareeba Airport Development	Project progressing within budget New leases issued at Airport

WORKS

TASK/ACTIVITY	OUTCOME/DELIVERABLE
Undertake capital roadworks and drainage projects (excluding reseals) in accordance with approved capital works schedule	Individual projects completed as per budget
Actively pursue 3rd Party DTMR projects scheduled by the department within Mareeba Shire boundaries	Cumulative total of works at June 2018
Undertake Parks & Gardens capital works projects in accordance with approved capital works schedule	Individual projects completed as per budget
Maintain state-controlled roads within Mareeba Shire effectively and efficiently within the constraints of the Road Maintenance Performance Contract (RMPC) budget	State-controlled road user complaints are minimised
Complete all Works for Queensland road and bridge projects within specified timeframe	Projects completed and claimed

CORPORATE AND COMMUNITY SERVICES DEPARTMENT REVIEW



Jennifer McCarthy - Director Corporate and Community Services

The Corporate and Community Services Department ensures an integrated approach to the delivery of internal organisational services and the provision of external services to the community. With a focus on effective and efficient operations, compliance and engagement, the department is broken into five functional areas:

- Finance
- Development and Governance
- Systems and Customer Service
- Organisational Development
- Community Wellbeing

While predominantly supporting the Infrastructure Services Department to deliver annual projects and core services that we all identify with - roads, parks and gardens, water, wastewater, waste and facilities, 2017/18 saw a move towards renewing some key corporate documents. The first milestone in this process was a complete rewrite of Council's 5-year Corporate Plan, Vision and Values. The coordination and implementation of this new Plan has driven the Annual Operational Plan and Budget towards a shared and accountable direction.

Further to this, a rewrite of the Enterprise Risk Policy and associated documents has enabled the Department to lead the organisation through a more structured and risk based approach to such areas as asset management, Local Laws and compliance, community leasing, ICT Cloud implementation and the commencement of community input on a number of master plans and studies with a view to secure longer term ambitions and priorities of council.

With financial sustainability continuing to be the core pillar for Mareeba Shire, these newly emerging corporate documents have contributed to an improved decision-making process in terms of resource allocation based on structured criteria and furthermore successful grant applications to the tune of \$12m for essential infrastructure and community assets from State and Federal governments, an eight-fold return on Council's investment.

INFRASTRUCTURE SERVICES DEPARTMENT REVIEW

Glenda Kirk - Director Infrastructure Services



The Infrastructure Services Department is responsible for the delivery of infrastructure-related services across the Council. The Department is responsible for the planning, construction and maintenance of Council's infrastructure across four business sections:

- Works
- Technical Services
- Water and Waste
- Infrastructure Support Services

A capital works program in excess of \$40 million was delivered in the 2017/18 financial year. Projects included road rehabilitation and upgrades, bridge replacements, renewal and upgrade of water and wastewater reticulation and improvements to waste infrastructure. A number of planning studies were also undertaken to ensure Council infrastructure meets the needs of growing communities within the shire, including the Mareeba CBD Traffic Study, Bicentennial Lakes Master Plan, Kuranda Infrastructure Strategic Plan and the Street Tree Master Plan.

The completion, commissioning and handover of the \$17 million Mareeba Wastewater Treatment Plant in August 2018 was a significant achievement, being the largest project ever delivered by Council. The project was funded by the Australian Government in association with the Queensland Government and Mareeba Shire Council. The upgraded treatment plant will cater for population growth to 2035 and has already delivered significant benefits through improved water quality and health of aquatic ecosystems downstream of the plant.

Progress continues on the Mareeba Airport Upgrade, with early works packages now completed and construction of the 52-lot aviation industrial park underway. Further funding was secured to deliver upgrades to the runway and taxiways, bringing the total project budget to \$23 million, funded wholly through grants from the Australian Government and Queensland Government. When completed, the Mareeba Airport will become a regional general aviation hub for pilot training, aircraft maintenance and recreational flying. The aviation industrial park is scheduled for completion in late 2018, with remaining works to be completed in early 2019.

Implementation of Council's Long Term Asset Management Plan has continued in collaboration with the Corporate and Community Services Department to deliver strategies that ensure the sustainable management of Council assets. This plan is prepared under the guidance of the Corporate Plan, Community Plan, Local Government Infrastructure Plan and Long Term Financial Plan and aims to strike an optimal balance between affordability, levels of service and risk management to maintain Council's financial and infrastructure capital over the long term.

MAJOR PROJECTS REVIEW

MAREEBA AIRPORT UPGRADE

The \$23 million Mareeba Airport Upgrade project is funded by the Australian Government through the National Stronger Regions Fund (\$5 million) and the Queensland Government through Royalties for Regions (\$13 million). In 2018, a further \$5 million was secured from the Australian Government through the Building Better Regions Fund.

Mareeba Shire Council is delivering the overall Mareeba Airport Upgrade Project through several work packages to ensure timely delivery of the project. All early works are now complete, with construction of the airside infrastructure underway. The project scheduled for completion in early 2019.

The Mareeba Airport Upgrade Project includes:

- lengthening and strengthening the runway;
- construction of new taxiways;
- extension to apron parking;
- 52-lot aviation industrial park; and
- improvements to drainage, airfield lighting, fencing and surrounding roads.



An upgraded Mareeba Airport will provide an alternative to Cairns Airport for activities like pilot training, maintenance and some general aviation, resulting in catalytic economic benefits for the region.



MAREEBA WASTEWATER TREATMENT PLANT UPGRADE

The Mareeba Wastewater Treatment Plant Upgrade project was funded through a \$6 million grant from the Australian Government's National Stronger Regions Fund, a \$1.5 million grant from the Queensland Government's Building our Regions program, with the remainder funded by Mareeba Shire Council.

Downer Utilities Australia Pty Ltd was awarded the contract for the design and construction of the treatment plant in late 2015. The project was completed, commissioned and handed over to Council in August 2017.

The new Mareeba Wastewater Treatment Plant is a dual basin Sequence Batch Reactor (SBR) system designed to treat up to 3.8 ML/day dry weather flow and up to 10.6 ML/day peak wet weather flow. The system is an activated sludge process providing biological nutrient removal. The effluent from the SBR flows to a polishing clarifier and a chlorine contact tank before being discharged to the nearby creek.



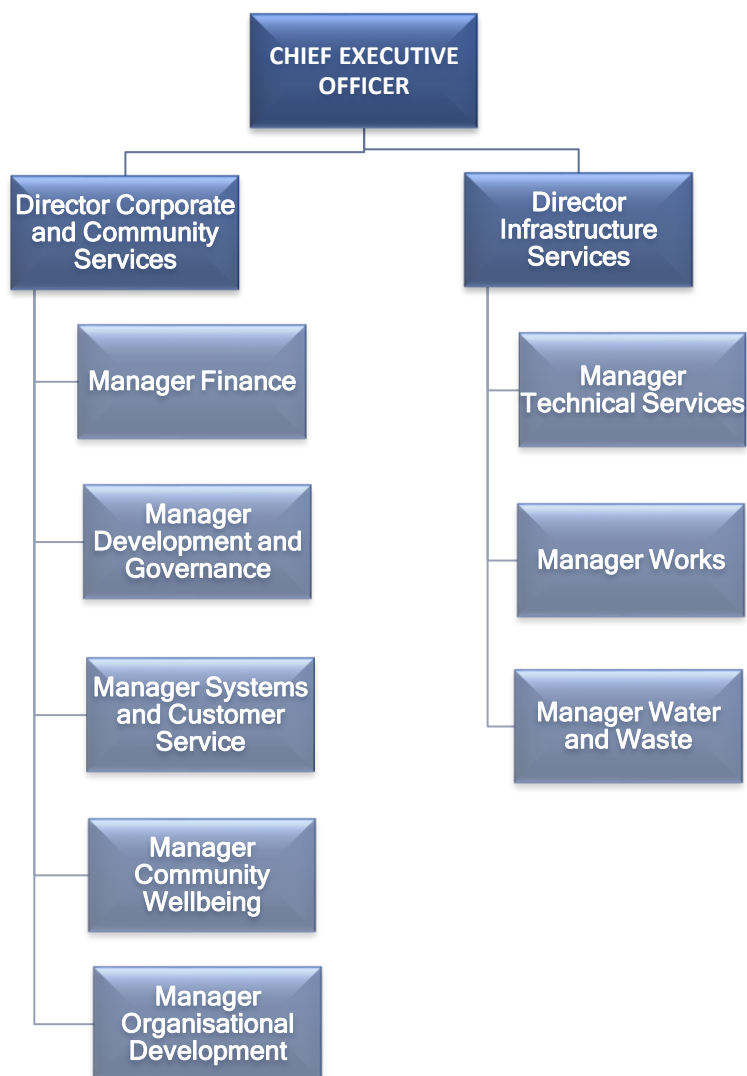
The upgraded Wastewater Treatment Plant will provide for the current population and into the future whilst also providing significant environmental benefits for the receiving waters of Two Mile Creek; a tributary of the Mitchell catchment. The new treatment plant has a design capacity of 12,500 equivalent persons and allows for future expansion to increase the plant's capacity to cater for up to 16,500 equivalent persons.

ORGANISATIONAL STRUCTURE

Council has retained the two-department corporate structure that was adopted on 7 May 2014.

During the 2017/18 financial year service levels were continuously reviewed to ensure that they were delivered in the most efficient and cost-effective manner. As a result of this process, there were minor restructures within some teams with positions redesigned to respond to legislative and technological changes, and service delivery requirements. Only one position was made redundant in 2017/18 with the incumbent employee offered redeployment to another team. However, this employee elected to retire rather than accept the redeployment offered. Further minor restructures are anticipated in the 2018/19 year.

At 30 June 2018, Council employed a total of 238 staff members or 201.21 full-time equivalent positions.



REMUNERATION PAYABLE TO SENIOR CONTRACT EMPLOYEES

Total remuneration packages payable to senior contract employees during 2017/18, as defined in s201 of the Local Government Act 2009, were:

REMUNERATION BAND	NUMBER
\$300,000 - \$400,000	1
\$200,000 - \$300,000	2

PUBLIC SECTOR ETHICS ACT

The Public-Sector Ethics Act 1994 requires that the Annual Report of each public-sector entity (which includes a Local Government) must include an implementation statement giving details of the action taken during the reporting period to comply with those sections of the Act relating to preparation of codes of conduct and access to, and education and training in, the ethics principles and public-sector ethics.

The four ethics principles are:

- Integrity and impartiality;
- Promoting the public good;
- Commitment to the system of government; and
- Accountability and transparency.

Council's Employee Code of Conduct is compliant with current legislation, in particular, the ethics principles outlined above. Education and training in relation to the ethics principles and the code of conduct are included as part of the induction process for all new employees and refresher training is provided to all employees.

Topics covered by this training include:

- The operation of the Public-Sector Ethics Act 1994
- The application of ethics principles and obligations
- The contents of the Code of Conduct
- The rights and obligations of employees in relation to a contravention of the Code of Conduct

This education and training has been provided to new employees, contractors, volunteers and students on work experience.

Copies of the ethics principles and Code of Conduct are provided at each workplace for access by Council staff. Any person, other than Council staff, can obtain access to, or purchase a copy of, the Code of Conduct at any of the Council's administration offices.

The administrative procedures and management practices of the Council have regard to the ethics obligations of public officials and the Council's Code of Conduct and all employees are required to act in ways which give a commitment to a high standard of ethics and which ensure the highest standards of public administration.

ADMINISTRATIVE ACTION COMPLAINTS

Administrative action complaints are processed in accordance with the provisions of the Council's adopted Complaints Management Policy. The objectives of the policy are to ensure that the Council has an organised way of responding to, recording, reporting and using complaints to improve service to the community.

The Complaints Management System governed by the policy aims to:

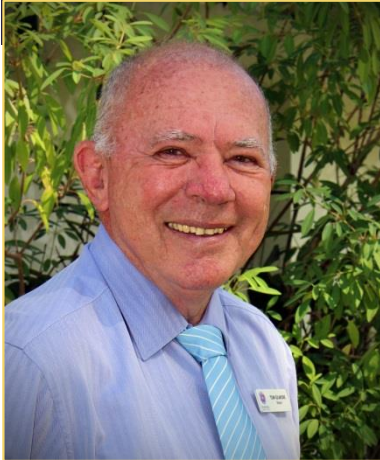
- Be fair and objective. All complaints are considered on their merits and the principles of natural justice are observed.
- Support continuous improvement. Where applicable, the outcomes from a complaints management process are applied to improve business operations, policies and procedures.
- Be open and accountable. The decisions and outcomes regarding a complaint are made available to the affected person, subject to statutory provisions.
- Be accessible and simple to understand. The process facilitates feedback from the community in a form that encourages participation.

In relation to Council's performance in resolving complaints under the complaints management process, as can be seen in the Table below, the number of complaints outstanding at the end of the financial year was five (5) compared to a carry-over of four (4) at 30 June 2017. Of the five (5) remaining at the close of the current reporting period, one (1) is a carry-over due to the complexity of the matters raised and the significant and protracted involvement of external review agencies.

In September 2016 an officer of the Queensland Ombudsman conducted an on-site review of Council's Complaints Management System. A subsequent report was provided to Council with recommendations for potential modifications and refinement to aspects of the complaints handling process. Council has commenced a complete review of the Complaints Management Policy to update, clarify and streamline where appropriate. Additionally, Council's web site has been modified to streamline the process for lodging a complaint.

DESCRIPTION	AMOUNT
Administrative action complaints carried over from the previous financial year	4
Administrative action complaints lodged during 2017/18	55
Administrative action complaints resolved during 2017/18	54
Administrative action complaints unresolved at close of the financial year	5

ELECTED REPRESENTATIVES



Councillor Tom Gilmore - Mayor

Committees:

- Cairns District Disaster Management Group
- Far North Queensland Regional Organisation of Councils
- Julatten and Mt Molloy Association of Residents and Ratepayers
- Kuranda Community Precinct Advisory Committee
- Kuranda Infrastructure Advisory Committee
- Local Disaster Management Group
- Mareeba PCYC Management Committee
- Mona Mona Community Board
- Tourism Kuranda
- Western Progress Association Watsonville



Councillor Alan Pedersen - Deputy Mayor

Committees:

- Far North Queensland Pest Advisory Forum
- Far North Queensland Regional Roads Group
- Local Disaster Management Group
- Local Traffic Advisory Committee
- Northern Gulf Resource Management Group
- Northern Region Pest Advisory Committee
- Gulf Savannah Development

Councillor Edward (Nipper) Brown



Committees

- Barron Catchment Care
- Great Wheelbarrow Race Organising Committee
- Julatten and Mt Molloy Association of Residents and Ratepayers (Proxy)
- Kuranda Community Precinct Advisory Committee
- Local Authority Waste Management Advisory Committee
- Local Disaster Management Group - Public Health & Environment Sub-Group
- Mareeba Liquor Industry Action Group
- Mareeba Sporting Precinct Committee
- North Queensland Sports Foundation
- Tablelands Outdoor Recreation Association
- Tropical Tablelands Tourism

Councillor Kevin Davies



Committees

- Audit Committee
- Chillagoe Alliance
- Far North Queensland Regional Roads Group (Proxy)
- Great Wheelbarrow Race Organising Committee (Proxy)
- Irvinebank Progress Association
- Local Disaster Management Group -Built Environment Infrastructure Sub-Group
- Local Traffic Advisory Committee (Proxy)
- Mareeba Heritage Centre Management Committee (Proxy)
- Speewah Residents Group (Proxy)
- Northern Tablelands Youth Network Team

Councillor Mary Graham



Committees

- Audit Committee
- Building Safer Communities Regional Committee
- Homelessness Community Advisory Group
- Local Disaster Management Group - Economic Sub-Group
- Mareeba Heritage Centre Management Committee
- Mareeba Multicultural Festival Committee
- Relay for Life Committee
- Tablelands Futures Corporation
- Flexichoice
- Collaborating for Inclusive Outcomes in Mareeba Interagency Group

Councillor Angela Toppin



Committees

- Julatten and Mt Molloy Association of Residents and Ratepayers (Proxy)
- Kuranda Community Precinct Advisory Committee (Proxy)
- Kuranda Infrastructure Advisory Committee
- Kuranda Interagency Networks
- Local Disaster Management Group - Community Support Sub-Group
- Mareeba Heritage Centre Management Committee (Proxy)
- Mareeba PCYC Management Committee
- Reef Guardians
- Regional Arts Development Fund
- Speewah Residents Group (Proxy)
- Wet Tropics Water Resource Plan

Councillor Lenore Wyatt



Committees

- Barron Catchment Care (Proxy)
- Barron River Integrated Catchment Management Association - Central Zone Forum
- Barron River Integrated Catchment Management Association - Lower Zone
- Local Disaster Management Group - Community Support Sub-Group
- Local District Disaster Management Group
- Mareeba Multicultural Festival Committee (Proxy)
- Northern Region Pest Advisory Committee (Proxy)
- Speewah Residents Group
- Terrain - Far North Queensland Natural Resource Management
- Tourism Kuranda

COUNCILLOR REMUNERATION AND EXPENSES REIMBURSEMENT

COUNCILLOR REMUNERATION

The amount of remuneration paid to Local Government Councillors for the time and effort spent on Council business is determined by the Local Government Remuneration and Discipline Tribunal ('The Tribunal').

The Tribunal has determined that the Mareeba Shire Council is a Category 2 Council and the following annual remuneration amounts applied to Category 2 Councils during the period 1 July 2017 to 30 June 2018:

MAYOR	DEPUTY MAYOR	COUNCILLORS
\$117,265	\$70,360	\$58,633

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2017 to 30 June 2018 is as follows:

NAME	REMUNERATION PAID	SUPERANNUATION PAID
Cr Tom Gilmore	\$117,265	\$14,072
Cr Alan Pedersen	\$70,360	\$8,443
Cr Edward Brown	\$58,633	\$7,036
Cr Kevin Davies	\$58,633	\$7,036
Cr Mary Graham	\$58,633	\$7,036
Cr Angela Toppin	\$58,633	\$7,036
Cr Lenore Wyatt	\$58,633	\$7,036

COUNCILLOR EXPENSES REIMBURSEMENT

In addition to remuneration for time spent on Council business, local government Councillors are also entitled to receive reimbursement of all approved expenses incurred in undertaking their role as a Councillor.

Council has adopted the Councillor Remuneration, Expenses Reimbursement and Resources Policy as required by section 250 of the Local Government Regulation 2012.

In accordance with the policy, Councillors are provided with reimbursements of expenditure for their vehicles, as well as incidental costs such as mobile phone costs and other costs related to Council business.

The total amount of expenses reimbursed to each Councillor during the period 1 July 2017 to 30 June 2018 is as follows:

NAME	AMOUNT (\$)
Cr Tom Gilmore	\$10,840
Cr Alan Pedersen	\$8,237
Cr Edward Brown	\$3,195
Cr Kevin Davies	\$3,195
Cr Mary Graham	\$3,195
Cr Angela Toppin	\$3,195
Cr Lenore Wyatt	\$3,195

In accordance with policy provisions Councillors were also provided with the facilities and resources necessary to effectively undertake the requirements of their position.

These facilities and resources included:

- Administrative and secretarial support;
- Office space and Council meeting rooms;
- Access to computers;
- Use of Council landline telephone and internet access;
- Access to fax, photocopier, scanner, printer and stationery;
- Council owned vehicles available for business use by all Councillors;
- Insurance cover under relevant Council policies (Public Liability, Councillor's Liability, Personal Accident, Workers Compensation);
- Provision of meals (lunches/morning teas) when attending Council meetings and workshops
- Attendance at approved work-related conferences and workshops
- Travel and accommodation to attend Council related business

OVERSEAS TRAVEL

No overseas travel was undertaken during the 2017/18 financial year.

COUNCILLOR CONDUCT

DESCRIPTION	NUMBER
Orders and recommendations made under section 180(2) or (4) of the Local Government Act 2009	Nil
Orders made under section 181 of the Local Government Act 2009	Nil
Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Local Government Act 2009	1
Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Local Government Act 2009	2
Complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Local Government Act 2009	2
Complaints referred to the department's chief executive under section 176C(4)(a) of the Local Government Act 2009	Nil
Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the tribunal	Nil

COUNCILLOR ATTENDANCE

Councillor attendance at council meetings held 1 July 2017 to 30 June 2018. Leave was granted for the meeting unattended by Councillor Gilmore.

NAME	NUMBER
Cr Tom Gilmore	12
Cr Alan Pedersen	13
Cr Edward Brown	13
Cr Kevin Davies	13
Cr Mary Graham	13
Cr Angela Toppin	13
Cr Lenore Wyatt	13

MEETINGS HELD	NUMBER
Ordinary Meetings	12
Special (Budget) Meetings	1
Special Meetings	0

GRANTS TO COMMUNITY ORGANISATIONS

The following grants/donations were provided to community groups and sporting clubs during the period 1 July 2017 to 30 June 2018 in accordance with Council's Community Partnerships Program (CPP) Policy and the Rate Rebate and Remission Policy 2017/18:

GRANTS TO COMMUNITY ORGANISATIONS	AMOUNT
Cash	\$30,680
Remittance of Rates and Charges	\$51,999
Donations for water consumption	\$13,383
In-Kind Assistance	\$37,391
TOTAL	\$133,453

Grants provided through the Regional Arts Development Fund for arts and cultural projects are separate to the amounts listed above and totalled \$20,600 for the 2017/18 financial year.

Councillors of the Mareeba Shire Council are not provided with discretionary funds to allocate as they see fit. Funding was not therefore provided to community organisations from this source.

LIST OF COUNCIL REGISTERS

- Register of Members Interests
- Register of Delegations by Council
- Register of Roads
- Register of Assets
- Register of Cost Recovery Fees
- Register of Delegations by the Chief Executive Officer
- Register of Local Laws and Subordinate Local Laws
- Register of Lands
- Register of Policies
- Cemetery Register
- Impounding Register
- Gifts and Benefits Register
- Register of On-site Sewerage Facilities

CHANGES TO TENDERS

There were two (2) occasions during the year where persons who submitted a tender were invited to change their tender to take account of a change in the tender specification prior to Council making a decision (Section 228(7) of the Local Government Regulation 2012).

RESERVES AND CONTROLLED ROADS

The Mareeba Shire Council has control of:

- 9,944 ha of land (including approximately 1,080 ha leased to other parties) which is set apart as 224 separate reserves under the Land Act 1994. The land is reserved for a number of different purposes including the following:
 - Camping, Water and Pasturage
 - Cemetery
 - Drainage
 - Educational Institution
 - Esplanade
 - Environmental
 - Gravel
 - Heritage and Historical
 - Hospital
 - Landing Ground for Aircraft
 - Library
 - Local Government
 - Memorial Park
 - Park/Park and Recreation
 - Public Hall and Recreation
 - Racecourse
 - Rubbish Depot
 - Sanitary
 - Scenic
 - School of Arts
 - Showground and Sportsground
 - Sport and Recreation
 - Stock Holding/Trucking
 - Strategic Land Management
 - Township
 - Water Supply
- 624 km of State Controlled Roads that are not owned by the Council but for which Council has direct maintenance responsibility (refer section 60 of the Local Government Act 2009).

This land (both reserves and roads) does not have a value for the Council's financial statements.

COMPETITIVE NEUTRALITY COMPLAINTS

During the 2017/18 financial year Council was not in receipt of any Queensland Productivity Commission notices of investigation under section 49. During the same period Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under section 52(3).

CONDUCT OF BUSINESS ACTIVITIES

Application of code of competitive conduct

The following business activities were conducted by Council during the 2017/18 financial year:

- Water Supply
- Sewerage
- Waste Management
- Soil Laboratory
- Building Certification

The Local Government Act 2009 (section 45 (b)) requires that a Council's Annual Report must identify the business activities that are a significant business activity. A significant business activity does not include a roads activity, or an activity related to the provision of library services. All significant business activities have had the Competitive Neutrality Principles applied. The Local Government Regulation 2012 (section 19) identifies the following expenditure thresholds for significant business activities:

- \$13.96M for combined water and sewerage services
- \$9.35M for another business activity

The Regulation also provides that a Local Government must use the financial information for the previous financial year that was presented to the Local Government's budget meeting to identify each new significant business activity for the financial year. None of the Council's business activities exceeded the threshold for a significant business activity for the 2017/18 financial year. The business activities listed above were also conducted by Council in the previous financial year (2016/17), and there were no new business activities commenced in 2017/18.

NON-CURRENT ASSETS AS AN EXPENSE

There were no resolutions made during the year under section 206(2) of the Local Government Regulation 2012 (setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense). It has previously been determined that the threshold for capitalisation of asset classes other than land is \$5,000. These details form part of Note 1 to the Financial Statements.

SPECIAL RATES/CHARGES LEVIED

Council did not during the year, take any action in relation to, or expend funds on, a service, facility or activity:

- supplied by another local government under an agreement for conducting a joint government activity; and
- for which the local government levied special rates or charges for the financial year.

RATE REBATE AND REMISSION POLICY

The Rate Rebate and Remission Policy sets out Council policy, as per annual budget resolution, in relation to the granting of rebates and remissions on rates and charges.

The Local Government Regulation 2012 - Chapter 4, Part 10 Concessions, gives local governments the power to grant concessions for rates and charges.

A concession may only be of the following types:

- (a) a rebate of all or part of the rates or charges
- (b) an agreement to defer payment of the rates or charges
- (c) an agreement to accept a transfer of unencumbered land in full or part payment of the rates or charges

A concession may only be granted by resolution of the Council and for the Mareeba Shire Council; this is done as part of the annual budget adoption process and also noted in the adopted Revenue Statement.

DEBT (BORROWING) POLICY

The Debt (Borrowing) Policy details the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowing for the financial years 2017/18 to 2026/27, the total current and projected borrowings and the ranges of periods over which they will be repaid.

REVENUE POLICY

The Revenue Policy (adopted annually at the budget meeting) governs the principles used by Council for making and levying rates and utility charges, exercising powers to grant rebates and concessions, for recovering unpaid amounts of rates and charges and the setting of miscellaneous fees and charges.

INTERNAL AUDIT

The function of an internal audit provides stakeholders with a level of assurance that business processes are operating appropriately and effectively in accordance with organisational and legislative requirements. Pacifica Chartered Accountants provide internal audit services for Mareeba Shire Council.

A three-year Internal Audit Plan covering the period 1 July 2015 to 30 June 2018 was developed by Pacifica in consultation with Council's Executive Management Team during July 2015. This Plan was received by the Audit Committee on 28 September 2015 and is based on a prioritisation of the Corporate Risk Register. The Audit Committee approved the deferment of Fraud and Ethical Conduct and to replace with Implementation of Council Decisions for the 2017/18 financial year at its meeting held on 14 March 2018.

Internal Audit activities undertaken during the 2017/18 year include:

- Payroll - Key Internal Controls
- Revenue Assurance - Water Billing Practices & Controls
- Implementation of Council Decisions

AUDIT COMMITTEE

Although Council is not required under legislation to have an Audit Committee, Council has elected to appoint an Audit Committee. The Committee comprises an independent member as chairperson (Ruth Faulkner) and two Councillors (Cr Davies and Cr Graham). The independent chairperson is also responsible for probity audits.

Three meetings of the Audit Committee were held during the financial year; 17 August 2017, 5 October 2017, and 14 March 2018.

The main issues considered by the Committee throughout the 2017/18 year were:

- Financial statements for the year ended 30 June 2017
- Audit strategy for the 2017/18 financial year
- Internal audit plan and status
- Enterprise Risk Management
- External audit results and recommendations
- Probity audit reviews and status

COMMUNITY FINANCIAL REPORT

The Community Financial Report is produced to enable members of the community to gain a better understanding of our financial performance and position over the last financial year.

The report uses plain language and pictorial aids such as graphs and tables to give all interested readers and stakeholders an easy to follow summary of the financial statements.

The Community Financial Report is prepared in accordance with Section 179 of the Local Government Regulations 2012 and focuses on:



Performance Highlights:

During the 2017/18 financial year, Council has:

- Continued to achieve a sound financial position resulting in an operating surplus of \$6.6M, which continues to lay the foundation of Council's promising financial long-term sustainability.
- Sustained relatively low debt of \$6.1M at year end in comparison to other similar sized Councils.
- Achieved a net financial liability ratio of -73% which remains well below the target of not greater than 60%.



STATEMENT OF COMPREHENSIVE INCOME

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

Summarised Statement of Comprehensive Income for the year ended 30 June 2018 is shown in the table below:

SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME	AMOUNT \$(000)
Operating Revenue	\$50,605
Less: Operating Expenses	(\$44,036)
Operating Position	\$6,569
Plus: Capital Income	\$14,847
Less: Capital Expenses	(\$1,244)
Net Result*	\$20,172

* The Net Result does not represent surplus cash funds available as a substantial portion of income items are restricted to specific use and are not available for general use for example, Benefited Area income and legally required provisions. In addition, capital grants are allocated to specifically maintain or expand the Council's infrastructure and cannot be used for operational or other works.

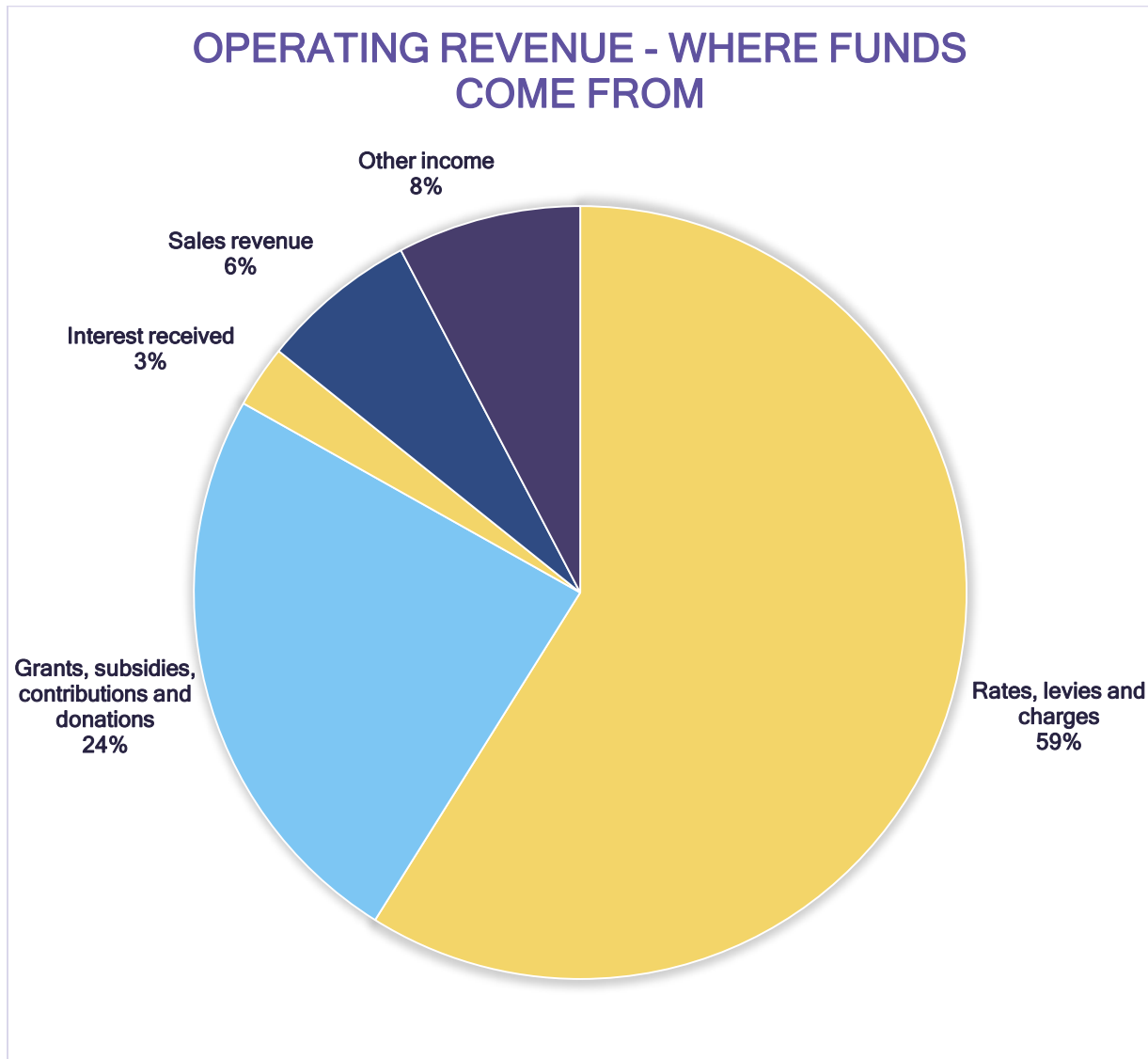
Revenue - What were the major sources of income to Council? (Where our money comes from)

OPERATING REVENUE SOURCES	AMOUNT \$(000)
Rates & Utility Charges (Net of discount and remissions)	\$29,040
Fees & Charges	\$1,307
Operating Grants, Subsidies & Contributions	\$11,946
Sales Revenue	\$3,240
Interest - Investment & Rates	\$1,283
Other Revenue	\$3,788
Total Operating Revenue	\$50,605

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

Council received \$50.6 million in operating revenue during the financial year. This was primarily from rates and utility charges which totalled \$29 million or 57% of total revenue for the year. Other sources are shown in the table above and the graph below.

Capital revenue is income from grants, subsidies and contributions that are used to pay for fixed assets. Total capital revenue during the financial year was \$14.8 million.



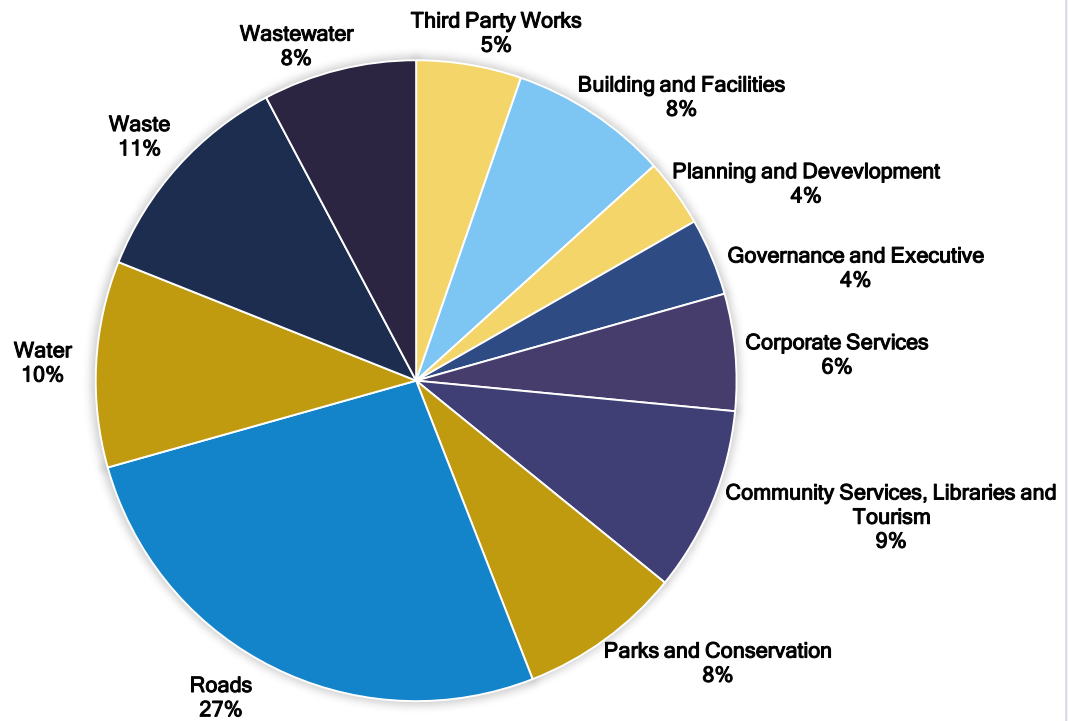
Operating Expenditure - What expenses did Council have to meet?

During the 2017/18 financial year, Council focused on continuing its commitment to promising long term financial sustainability.

Total operational expenses of \$44 million were incurred in the year 1 July 2017 to 30 June 2018. The majority of funds were spent on roads, drainage and bridges, totalling \$11 million or 27% of the total expenditure. Other areas of expenditure are shown in the table and graph below.

OPERATING EXPENDITURE	AMOUNT \$(000)
Governance and Executive	\$1,717
Corporate Services	\$2,595
Libraries & Community	\$4,109
Planning & Development	\$1,508
Parks & Conservation	\$3,622
Roads, Drainage & Bridges (except Third Party Works)	\$11,693
Roads, Drainage & Bridges for Third Party Works	\$2,336
Buildings & Facilities	\$3,523
Wastewater	\$3,414
Water	\$4,580
Waste	\$4,938
TOTAL EXPENDITURE	\$44,035

OPERATING EXPENDITURE - WHERE THE FUNDS ARE SPENT



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (more commonly known as the Balance Sheet) displays the financial position of Council at reporting date. The statement measures what Council owns (assets) and what Council owes (liabilities). The difference between these two components is the net wealth (equity) of Council and our community.

Each heading in the Balance Sheet is separated into detailed sub headings cross referenced to notes in the Financial Statements which provide more detail.

What do we own?

Council's major asset is property, plant and equipment. This is broken down into asset classes of land, buildings, plant and fleet, roads, drainage, bridges, water, sewerage and other infrastructure assets. Road, drainage, bridge, water and sewerage infrastructure represents 78% of the total fixed assets and provides a direct service /benefit to the community. A total of \$34 million was spent to renew, upgrade and build new assets for the community during this financial year.

Other assets include outstanding rates, fees and charges owing to Council at 30 June 2018. These are known as trade and other receivables.

What do we owe?

Council has \$6.1 million remaining in loans mostly for the new Mareeba Sewerage Treatment Plant upgrade. The other major liability for Council is the landfill rehabilitation provision. The restoration of the Old Mareeba Landfill was completed in the 2017/18 financial year. Council continues to set aside a provision for a number of years to cover the total expenditure which is included in the provision account under liabilities in the Statement of Financial Position.

STATEMENT OF FINANCIAL POSITION	AMOUNT \$(000)
Assets - What Council owns	
Cash Assets	\$44,838
Receivables	\$6,811
Inventories	\$2,942
Property, Plant and Equipment and Intangible Assets	\$429,607
TOTAL ASSETS	\$484,198
Less: Liabilities - What Council owes	
Trade Payables	\$7,334
Borrowings	\$6,343
Provisions	\$4,095
TOTAL LIABILITIES	\$17,772
NET COMMUNITY ASSETS - What Council is worth	\$466,426

STATEMENT OF CHANGES IN EQUITY

The difference between assets and liabilities is the total community equity or the net wealth of the Council. The Statement of Changes in Equity shows the overall change in Council's "net wealth" over the year. As at 30 June 2018, Council's net wealth was \$466 million.

Council's retained surplus represents amounts available to be invested into assets (now or in the future) to provide services to the community. These surpluses can be used should unforeseen financial shocks or adverse changes to our business occur in the future.

STATEMENT OF CASHFLOW

The Statement of Cashflow measures the inflow and outflow of cash during the reporting period. The statement is categorised into three groups;

- **Operating activities** - are normal day to day functions of Council. This would include receipts such as rates, fees & charges, interest received on investments and payments of employee wages, materials and services.
- **Investing activities** - include payments for the purchase and construction of property, plant & equipment and proceeds from the sale of assets.
- **Financing activities** - are repayments of loans, as well as the inflows from new loans drawn down in the year.

STATEMENT OF CASHFLOW	AMOUNT \$(000)
Opening Balance - 1 July 2017	\$13,251
Plus: Cash inflow (outflow) from operating activities	\$12,067
Cash inflow (outflow) from investing activities	(\$10,295)
Cash inflow (outflow) from financing activities	(\$387)
CASH AVAILABLE AT END OF YEAR	\$14,636

Cash at the end of the year was \$14.6 million which represents cash and cash equivalents as reported in the Balance Sheet. Included in investing activities is a \$1.7 million increase in term deposits which have terms in excess of three months and therefore are shown separately in the Balance Sheet. Total term deposits as at reporting date total \$30.2 million making the total cash assets at reporting date \$44.8 million.

MEASURES OF FINANCIAL SUSTAINABILITY (KEY FINANCIAL PERFORMANCE RATIOS)

The Local Government Regulation 2012 requires councils to report against the Local Government, Racing and Multicultural Affairs (DLGRMA) sustainability financial ratios. This information is provided below. These ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which must be met to ensure the prudent management of financial risks.

DESCRIPTION	FORMULA	ACTUAL RESULT	BENCH -MARK	TARGET MET?
<p>Operating surplus ratio This is an indicator of the extent to which revenue raised covers operational expenses only or are available for capital funding purposes.</p> <p>A positive ratio indicates the percentage of total rates available to fund capital expenditure.</p> <p>The higher the ratio the better.</p>	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$	13%	0 - 10%	<input checked="" type="checkbox"/>
<p>Net financial liabilities ratio This is an indicator of the extent to which the net financial liabilities of a Council can be serviced by its operating revenues.</p> <p>A ratio less than zero (negative) indicates that the current assets exceed total liabilities and therefore Council appears to have the capacity to increase its loan borrowings.</p> <p>The lower the percentage the better.</p>	$\frac{\text{Total Liabilities - Current Assets}}{\text{Total operating Revenue}}$	-73%	<=60%	<input checked="" type="checkbox"/>
<p>Asset sustainability ratio This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as these reach the end of their useful lives.</p> <p>Depreciation expense on renewals (replacing assets that Council already has) is an indicator of the extent to which the infrastructure assets are being replaced.</p> <p>This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.</p>	$\frac{\text{Capital expenditure on the replacement of assets (renewals)}}{\text{Depreciation expense (renewals)}}$	242%	>90%	<input checked="" type="checkbox"/>

ATTACHMENTS

FINANCIAL STATEMENTS



Financial Statements

For the year ended 30 June 2018

Mareeba Shire Council

Financial statements

For the year ended 30 June 2018

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Mareeba Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2018

		2018	2017
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	29,040,209	28,549,240
Fees and charges	3(b)	1,307,431	1,333,502
Interest received	3(c)	1,282,744	1,230,738
Sales revenue	3(d)	3,239,529	3,784,589
Other revenue	3(e)	3,787,992	4,339,691
Grants, subsidies, contributions and donations	4(a)	11,946,619	12,335,168
		<u>50,604,524</u>	<u>51,572,928</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	14,847,145	15,009,242
Total income		<u>65,451,669</u>	<u>66,582,170</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(17,122,689)	(16,990,206)
Materials and services	6	(17,060,025)	(14,227,984)
Finance costs	7	(418,386)	(421,076)
Depreciation and amortisation	8	(9,434,713)	(9,118,897)
		<u>(44,035,813)</u>	<u>(40,758,163)</u>
Capital expenses			
	9	(1,244,123)	(1,657,369)
Total expenses		<u>(45,279,936)</u>	<u>(42,415,532)</u>
Net result		<u>20,171,733</u>	<u>24,166,638</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		8,093,027	35,530,640
Total other comprehensive income		<u>8,093,027</u>	<u>35,530,640</u>
Total comprehensive income for the year		<u>28,264,760</u>	<u>59,697,279</u>

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

Mareeba Shire Council
Statement of Financial Position
For the year ended 30 June 2018

	2018	2017
Note	\$	\$
Current assets		
Cash and cash equivalents	10 14,636,778	13,251,521
Short term investments	11 30,200,000	28,500,000
Trade and other receivables	12 6,772,587	6,501,635
Inventories	13 2,941,771	2,965,622
Total current assets	<u>54,551,136</u>	<u>51,218,778</u>
Non-current assets		
Trade and other receivables	12 39,560	47,335
Property, plant and equipment	15 428,664,059	407,597,967
Intangible assets	17 943,398	1,172,362
Total non-current assets	<u>429,647,017</u>	<u>408,817,664</u>
Total assets	<u>484,198,153</u>	<u>460,036,443</u>
Current liabilities		
Trade and other payables	18 5,428,778	7,138,773
Borrowings	19 402,314	383,659
Provisions	21 663,168	2,764,095
Total current liabilities	<u>6,494,260</u>	<u>10,286,527</u>
Non-current liabilities		
Trade and other payables	18 1,904,566	1,706,148
Borrowings	19 5,941,137	6,333,249
Provisions	21 3,431,730	3,548,820
Total non-current liabilities	<u>11,277,433</u>	<u>11,588,217</u>
Total liabilities	<u>17,771,693</u>	<u>21,874,743</u>
Net community assets	<u>466,426,460</u>	<u>438,161,700</u>
Community equity		
Retained surplus	418,633,921	398,462,188
Asset revaluation surplus	47,792,539	39,699,512
Total community equity	<u>466,426,460</u>	<u>438,161,700</u>

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

Mareeba Shire Council
Statement of Changes in Equity
For the year ended 30 June 2018

	Asset revaluation surplus	Retained surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2017	39,699,512	398,462,188	438,161,700
Net result	-	20,171,733	20,171,733
Increase in asset revaluation surplus	8,093,027	-	8,093,027
Total comprehensive income for the year	<u>8,093,027</u>	<u>20,171,733</u>	<u>28,264,760</u>
Balance as at 30 June 2018	<u>47,792,539</u>	<u>418,633,921</u>	<u>466,426,460</u>
Balance as at 1 July 2016	4,168,873	374,295,550	378,464,422
Net result	-	24,166,638	24,166,638
Increase in asset revaluation surplus	35,530,640	-	35,530,640
Total comprehensive income for the year	<u>35,530,640</u>	<u>24,166,638</u>	<u>59,697,278</u>
Balance as at 30 June 2017	<u>39,699,512</u>	<u>398,462,188</u>	<u>438,161,700</u>

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

Mareeba Shire Council
Statement of Cash Flows
For the year ended 30 June 2018

	2018	2017
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	37,228,047	41,084,114
Payments to suppliers and employees	(37,919,014)	(35,144,711)
	(690,967)	5,939,403
Interest received	1,166,681	794,065
Recurrent grants and contributions	11,946,619	12,335,168
Borrowing costs	(354,701)	(353,795)
Net cash inflow (outflow) from operating activities	27 12,067,632	18,714,840
Cash flows from investing activities		
Payments for property, plant and equipment	(22,054,579)	(29,087,010)
Payments for intangible assets	(95,224)	(220,971)
Proceeds from sale of property, plant and equipment	133,750	120,331
Grants, subsidies, contributions and donations	13,420,575	14,834,483
Payments for short-term investments	(1,700,000)	(16,500,000)
Net cash inflow (outflow) from investing activities	(10,295,478)	(30,853,167)
Cash flows from financing activities		
Repayment of borrowings	(354,397)	(332,044)
Repayments made on finance leases	(32,500)	(32,500)
Net cash inflow (outflow) from financing activities	(386,897)	(364,544)
Net increase (decrease) in cash and cash equivalent held	1,385,257	(12,502,870)
Cash and cash equivalents at the beginning of the financial year	13,251,521	25,754,391
Cash and cash equivalents at the end of the financial year	10 14,636,778	13,251,521

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

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except certain classes of property, plant and equipment which are measured at fair value.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

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.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment (Note 15(a))

All other revenue and expenses have been classified as "recurrent".

1.B Constitution

Mareeba Shire Council ("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.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective, Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon Council's future financial statements are:

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Standard and impact

**Date Council will
apply standard**

AASB 9 Financial Instruments

1 July 2018

This replaces AASB 139 Financial Instruments: recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

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

1 July 2019

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

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

AASB 16 Leases

1 July 2019

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the term of the lease. Council will implement this standard when it is effective. The standards are not expected to have a material impact upon Council's future financial statements.

1.D Estimates and judgements

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 15 and Note 16
Provisions - Note 18 and Note 21
Contingent liabilities - Note 23

1.E Rounding and comparatives

The financial statements are in Australian dollars that have been rounded to the nearest \$1. Council uses the Australian dollar as its functional currency and its presentation currency. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.F Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation. Council is subject to Fringe Benefits Tax and 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.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

2. Analysis of Results by Function

2(a) Components of Council functions

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

Governance and Corporate Services

The objective of governance and corporate services is for Council to be open, accountable, transparent, and to deliver value for money on community outcomes, provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

The Mayor, Councillors and Chief Executive Officer are included in governance.

The Corporate Services function includes: Finance, Information Services, Record Management and Human Resources. Roles within this function include budget support, financial accounting, customer service and information technology services.

Community services

The goal of community services is to ensure Council is a healthy, vibrant, contemporary and connected community. Community services provide well managed and maintained community facilities, and ensure the effective delivery of cultural, health, welfare, environmental, recreational services and the promotion of tourism.

This function includes:

Libraries

Environmental licences and approvals.

Planning and development

This function facilitates the Shire's growth and prosperity through well planned and quality development. The objective of planning and development is to ensure the Mareeba Shire Council is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the Shire. This function includes activities and services related to neighbourhood and regional planning, and management of development approval processes.

Works infrastructure

The objective of the works infrastructure program is to ensure the community is serviced by a quality and effective road network. This function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network and provides maintenance for all parks and gardens.

Waste management

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. This function provides refuse collection and disposal services.

Water infrastructure

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water.

Sewerage infrastructure

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

2 Analysis of results by function

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

Year ended 30 June 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Governance & corporate services	7,272,170	16,204,531	-	-	23,476,701	(5,122,986)	26,227	(5,096,759)	18,353,715	18,379,942	137,002,329
Community services	1,239,039	2,326,102	-	-	3,565,141	(6,820,993)	(69,395)	(6,890,388)	(3,255,852)	(3,325,247)	-
Planning & development	-	568,152	-	-	568,152	(1,508,012)	-	(1,508,012)	(939,860)	(939,860)	-
Works infrastructure	3,430,582	3,836,627	8,734,927	1,676,741	17,678,877	(17,651,396)	(1,115,926)	(18,767,322)	(10,384,187)	(1,088,445)	233,458,528
Waste management	-	5,416,917	300,200	33,612	5,750,729	(4,937,603)	-	(4,937,603)	479,314	813,126	3,439,966
Water infrastructure	521	5,389,924	969,959	217,088	6,577,492	(4,580,292)	(85,029)	(4,665,321)	810,153	1,912,171	51,170,152
Sewerage infrastructure	4,307	4,915,652	2,702,286	212,332	7,834,577	(3,414,531)	-	(3,414,531)	1,505,428	4,420,046	59,127,178
Total Council	11,946,619	38,657,905	12,707,372	2,139,773	65,451,669	(44,035,813)	(1,244,123)	(45,279,936)	6,568,711	20,171,733	484,198,153

Year ended 30 June 2017

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$				
Governance & corporate services	10,072,984	16,064,226	-	-	26,137,210	(4,293,580)	(7,143)	(4,300,723)	21,843,630	21,836,487	139,167,124
Community services	1,407,658	2,109,618	-	651	3,517,927	(7,694,955)	(24,710)	(7,719,665)	(4,177,679)	(4,201,738)	-
Planning & development	-	730,017	40,000	-	770,017	(1,317,814)	-	(1,317,814)	(587,797)	(547,797)	-
Works infrastructure	827,026	4,540,350	7,348,351	598,632	13,314,359	(14,809,735)	(130,305)	(14,940,040)	(9,442,359)	(1,625,681)	228,909,532
Waste management	-	5,839,446	-	63,817	5,903,263	(4,997,389)	-	(4,997,389)	842,057	905,874	1,191,849
Water infrastructure	25,000	5,229,031	130,000	151,350	5,535,381	(4,750,283)	(6,949)	(4,757,232)	503,748	778,149	50,162,377
Sewerage infrastructure	2,500	4,725,072	6,535,300	141,141	11,404,013	(2,894,407)	(1,488,262)	(4,382,669)	1,833,165	7,021,344	40,605,560
Total Council	12,335,168	39,237,761	14,053,651	955,591	66,582,170	(40,758,163)	(1,657,369)	(42,415,532)	10,814,765	24,166,638	460,036,442

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

3 Revenue

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 at the commencement of the rating period.

	2018	2017
Note	\$	\$
General rates	17,001,039	17,204,624
Separate rates	526,169	408,600
Water	3,085,025	2,818,447
Water consumption, rental and sundries	2,033,186	2,080,588
Sewerage	4,627,336	4,379,426
Waste management	3,572,771	3,436,195
Total rates and utility charge revenue	<u>30,845,526</u>	<u>30,327,880</u>
Less: Discounts	(1,424,719)	(1,386,640)
Less: Pensioner remissions	(380,598)	(392,000)
	<u><u>29,040,209</u></u>	<u><u>28,549,240</u></u>

(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 application or documents, issuing infringement notice or when the service is provided.

Applications	252,408	231,467
Cemetery Services	266,679	319,683
Building/Plumbing Domestic Applications	257,580	280,719
Building/Plumbing Commercial Applications	33,880	34,581
Fines, Penalties & Infringements	133,011	99,146
Permits, Licences & Registrations	240,606	216,474
Other fees and charges	123,267	151,432
	<u>1,307,431</u>	<u>1,333,502</u>

(c) Interest received

Interest received from Queensland Treasury Corporation	428,316	317,896
Interest received from other sources (including term deposits)	585,697	733,776
Interest from overdue rates and utility charges	268,731	179,066
	<u>1,282,744</u>	<u>1,230,738</u>

(d) Sales revenue

Council generates revenues from contract and recoverable works, which generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. 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.

Contract and recoverable works	3,239,529	3,784,589
Total sales revenue	<u>3,239,529</u>	<u>3,784,589</u>

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

(e) Other revenue

Council's main sources of 'other revenue' are waste management revenue and lease income. Lease income is recognised on a periodic basis over the lease term. Waste management revenue is recognised based on the services provided at the reporting date pursuant to the relevant agreement.

	2018	2017
Note	\$	\$
Waste management (from other sources)	1,388,696	2,061,537
Flood inspections and associated costs	-	153,505
Animal impounding	31,985	31,063
Leases and rental income	1,501,771	1,380,145
Sale of scrap / surplus plant	185,040	105,706
Legal recoveries	122,523	56,146
Sale of goods/materials	37,440	56,272
Fuel rebates	150,979	74,114
Brochure contributions	23,241	34,936
Profit/Loss from sale of developed land	-	86,695
Other sundry revenue	346,317	299,572
	<u>3,787,992</u>	<u>4,339,691</u>

4 Grants, subsidies, contributions and donations

Grants, subsidies, contributions and donations that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Council accounts for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 10.

Cash contributions

Developers also pay infrastructure charges for trunk infrastructure to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies. (Headworks include pumping stations, treatment works, mains and sewers). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

Non-Cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and an addition to non-current assets.

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. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	2018	2017
Note	\$	\$
(a) Recurrent		
State government subsidies, grants and contributions	1,186,291	988,219
Commonwealth government subsidies and grants	10,760,328	11,346,949
	<u>11,946,619</u>	<u>12,335,168</u>
(b) Capital		
State government subsidies and grants	9,083,081	7,697,651
Commonwealth government subsidies and grants	3,624,290	6,356,000
Contributions	713,204	780,832
Donated assets	1,426,570	174,759
	<u>14,847,145</u>	<u>15,009,242</u>
(c) Conditions over contributions		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-reciprocal grants for expenditure on capital	763,032	852,458
Non-reciprocal grants for expenditure on non-capital	946,466	659,104
	<u>1,709,498</u>	<u>1,511,562</u>

5 Employee benefits

Total staff wages and salaries	13,095,902	12,883,070
Councillors' remuneration	493,926	493,452
Annual, sick and long service leave entitlements	3,039,791	3,025,942
Superannuation	24 1,759,568	1,728,158
	<u>18,389,187</u>	<u>18,130,622</u>
Other employee related expenses	108,756	178,015
	<u>18,497,943</u>	<u>18,308,637</u>
Less: Capitalised employee expenses	(1,375,254)	(1,318,431)
	<u>17,122,689</u>	<u>16,990,206</u>

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

	2018	2017
	No.	No.
Total Council employees at the reporting date:		
Elected members	7	7
Administration staff	94	93
Depot and outdoors staff	110	116
Total full time equivalent employees	<u>211</u>	<u>216</u>

6 Materials and services

	2018	2017
Note	\$	\$
All contractors excluding hire of plant	7,117,893	4,764,274
Audit of annual financial statements by the Auditor-General of Qld	111,399	105,515
Bulk water purchase	602,130	592,246
Electricity	1,216,160	1,203,079
Fuels and oils	595,658	603,334
Goods, materials and services	1,069,878	1,002,381
Hire of plant	2,996,529	2,818,467
Insurance	597,593	567,091
Legal	262,866	218,545
Licences, fees, subscriptions and memberships	638,188	586,415
Professional/consultancy services	420,637	470,229
Rent, rates and leasing expenses	395,466	360,637
Road materials used for maintenance	635,547	747,183
Other materials and services	400,081	188,588
	<u>17,060,025</u>	<u>14,227,984</u>

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	2018	2017
Note	\$	\$
7 Finance costs		
Finance costs charged by the Queensland Treasury Corporation	274,042	291,549
Unwinding of discount on provision for restoration	19,688	31,080
Bank charges	80,659	62,246
Impairment of debts	43,997	36,201
	<u>418,386</u>	<u>421,076</u>
8 Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	1,667,310	1,658,356
Plant and Fleet	544,765	571,283
Road, drainage and bridge network	3,881,908	3,614,871
Water	1,275,152	1,219,257
Sewerage	1,165,016	870,361
Other Infrastructure Assets	576,375	876,559
	<u>9,110,526</u>	<u>8,810,687</u>
Amortisation of Intangible Assets		
Software	324,187	308,209
	<u>9,434,713</u>	<u>9,118,896</u>
9 Capital expenses		
Loss on write off of non-current assets		
Write off of buildings	72,872	24,877
Proceeds from the sale of property, plant and equipment	(133,750)	(120,331)
Less: book value of property, plant and equipment disposed of	54,667	119,822
Write off of roads and bridges	1,165,305	130,593
Write off of sewerage	-	1,488,262
Write off of water	85,029	7,171
Write off of other infrastructure	-	6,974
Total capital expenses	<u>1,244,123</u>	<u>1,657,369</u>
10 Cash and cash equivalents		
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.		
Cash Float	1,830	1,770
Petty Cash	1,200	1,200
Cash at Bank	1,005,925	987,222
Cash at Bank - Mayor Community Gift Fund Appeal	17,323	16,279
Deposits at call	13,610,500	12,245,050
Balance per Statement of Cash Flows	<u>14,636,778</u>	<u>13,251,521</u>

On 1 July 2018, the remaining balance in the Mayor Community Gift Fund Appeal was transferred to funds held in Trust.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Council's cash and cash equivalents and short-term investments are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

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

Unspent government grants and subsidies	1,709,498	1,511,562
Internally imposed expenditure restrictions at the reporting date:		
Constrained works	8,270,824	7,937,620
Future capital works	4,855,394	7,571,087
Future non-capital works	4,789,320	4,196,968
Total unspent restricted cash	<u>19,625,036</u>	<u>21,217,237</u>

Cash and deposits at call are held in various financial institutions in normal term deposits and business cheque accounts. These financial institutions have a short term credit rating of between A1+ to A3.

11 Short term investments

Term deposits in excess of three months are reported as short term investments, with deposits of less than three months being reported as cash equivalents.

Current short term deposits	30,200,000	28,500,000
Total short term deposits	<u>30,200,000</u>	<u>28,500,000</u>

12 Trade and other receivables

Receivables are amounts owed to Council at year end. They are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

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 any rates receivables.

Loans and advances are recognised in the same way as other receivables. With the exception of the sewerage connection scheme which has a repayment term of 15 years, terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

Loans to community organisations are recognised at their face value. Terms are for a maximum of 10 years with no interest charged. Security is not normally obtained.

	2018	2017
Current	Note	
	\$	\$
Rateable revenue and utility charges	3,200,252	2,934,527
Other debtors	3,048,720	2,695,732
Less: impairment	-	-
GST recoverable	148,421	530,034
Loans and advances to community organisations	19,442	15,692
Prepayments	355,752	325,650
	<u>6,772,587</u>	<u>6,501,635</u>
Non-current		
Loans and advances to community organisations	39,560	47,335
	<u>39,560</u>	<u>47,335</u>

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.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

13 Inventories

Stores and raw materials

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

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

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

Land held for resale

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

Note	2018	2017
	\$	\$
Inventories held for sale		
Miscellaneous saleable items	3,022	2,352
	<u>3,022</u>	<u>2,352</u>
Inventories held for distribution		
Plant and equipment stores	932,337	957,027
	<u>932,337</u>	<u>957,027</u>
Land purchased for development and sale	2,006,411	2,006,243
Total inventories	<u><u>2,941,771</u></u>	<u><u>2,965,622</u></u>

14 Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Mareeba Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents Note 10, Investments Note 11 and Receivables Note 12 are measured at amortised cost.

Financial liabilities

Finance lease liabilities Note 20 - measured at amortised cost

Payables Note 18 - measured at amortised cost

Borrowings Note 19 - measured at amortised cost

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 28.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

15 Property, plant and equipment

30 June 2018

Note	Land	Buildings	Plant and fleet	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	2	3		3	3	3	3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement									
Fair value category									
Asset values									
Opening gross value as at 1 July 2017	11,099,938	45,892,510	5,043,841	242,773,963	56,493,220	44,728,699	9,728,649	27,195,751	442,956,572
Additions and adjustments	-	712,386	-	572,851	65,727	75,606	-	22,034,890	23,461,460
Disposals	-	(128,832)	(155,781)	(1,255,074)	(241,701)	-	(6,609)	-	(1,787,997)
Revaluation adjustment to asset revaluation surplus	-	10,120,058	-	-	-	-	7,644,924	-	17,764,982
Transfers between classes	301,794	838,416	514,689	9,023,357	2,302,229	19,611,029	2,586,414	(35,177,923)	5
Closing gross value as at 30 June 2018	11,401,732	57,434,538	5,402,749	251,115,097	58,619,475	64,415,334	19,953,378	14,052,718	482,395,022

Accumulated depreciation and impairment

Opening balance as at 1 July 2017	-	6,061,086	2,033,539	13,864,431	6,330,842	4,123,139	2,945,566	-	35,358,605
Depreciation provided in period	-	1,667,310	544,765	3,881,907	1,275,153	1,165,016	576,375	-	9,110,526
Depreciation on disposals	-	(55,959)	(101,113)	(89,770)	(156,672)	-	(6,609)	-	(410,123)
Depreciation adjustments	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	4,019,157	-	-	-	-	5,652,798	-	9,671,955
Accumulated depreciation as at 30 June 2018	-	11,691,594	2,477,191	17,656,568	7,449,323	5,288,155	9,168,130	-	53,730,963

Total written down value as at 30 June 2018

	11,401,732	45,742,944	2,925,558	233,458,528	51,170,152	59,127,178	10,785,248	14,052,718	428,664,059
Range of estimated useful life in years	Land: Not depreciated	15 - 185	1 - 16	10 - 130	5 - 150	7 - 200	20 - 120	WIP: Not depreciated	

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	-	-	-	-	-	-	22,034,890	22,034,890
Other additions	-	712,386	-	572,851	65,727	75,606	-	-	1,426,570
Total additions	-	712,386	-	572,851	65,727	75,606	-	22,034,890	23,461,460

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2017

15 Property, plant and equipment

30 June 2017

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2016

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfer to intangible assets

Transfers between classes

Closing gross value as at 30 June 2017

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Depreciation provided in period

Depreciation on disposals

Depreciation adjustments

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2017

Total written down value as at 30 June 2017

Range of estimated useful life in years

Note	Land	Buildings	Plant and fleet	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	2	3		3	3	3	3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	10,935,974	45,061,811	4,548,042	218,468,227	45,048,775	33,789,064	9,245,647	8,494,676	375,592,216
	-	-	-	145,037	29,723	-	-	29,307,979	29,482,739
9	-	(33,544)	(282,068)	(157,369)	(9,775)	(1,790,956)	(19,683)	-	(2,293,396)
	-	-	-	17,566,000	10,864,921	11,965,063	-	-	40,395,984
	-	-	-	-	-	-	-	(220,971)	(220,971)
	163,964	864,244	777,867	6,752,068	559,576	765,528	502,685	(10,385,933)	
	11,099,938	45,892,510	5,043,841	242,773,963	56,493,220	44,728,699	9,728,649	27,195,751	442,956,572
	-	4,411,397	1,594,226	9,025,528	2,842,542	2,198,334	2,126,265	-	22,198,292
8	-	1,658,356	571,283	3,614,871	1,219,257	870,361	876,559	-	8,810,688
9	-	(8,667)	(162,246)	(26,776)	(2,604)	(302,694)	(12,709)	-	(515,696)
	-	-	30,276	(3,801)	18,051	-	(44,549)	-	(22)
	-	-	-	1,254,610	2,253,595	1,357,139	-	-	4,865,344
	-	6,061,086	2,033,539	13,864,431	6,330,842	4,123,139	2,945,566	-	35,358,605
	11,099,938	39,831,424	3,010,302	228,909,531	50,162,378	40,605,559	6,783,083	27,195,751	407,597,967
	Land: Not depreciated	15 - 100	1 - 16	5-100	10 - 60	20 - 60	20 - 40	WIP: Not depreciated	

Mareeba Shire Council

Notes to the financial statements

For the year ended 30 June 2018

15 Property, plant and equipment

(a) Recognition

Each class of property, plant and equipment is stated at amortised cost or fair value. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(b) Measurement

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

(c) Depreciation

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

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

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

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Mareeba Shire Council

Notes to the financial statements

For the year ended 30 June 2018

(d) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the assets recoverable amount. Any amount by which the assets carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(e) Valuation

Land, buildings, road, drainage, bridge, water, sewerage and other infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment*. Plant and fleet, and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 4 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. Interim valuations are also conducted using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Both water and sewerage asset classes are classified for valuation purposes into above ground and below ground asset groups. Above ground assets have a different methodology for valuations to below ground assets. A comprehensive revaluation will be completed for both these groups at least once every 4 years but not necessarily in the same reporting period.

Details of valuers and methods of valuations are disclosed in Note 16.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

16 Fair value measurements

(a) Recognised fair value measurements

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)

Council 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.

There were no transfers between levels during the year.

Council recognises transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

The valuations of Council's assets measured and recognised at fair value were first undertaken effective 1 January 2014, the date Council was re-established and the date of transfer of assets from the de-amalgamating Council.

In 2017, the fair value of bridges, water and sewerage were determined by external consultants, effective 30 June 2017.

In 2018 Council engaged external consultants to value a portion of the Buildings and Other Infrastructure asset classes and the relevant adjustments have been made to the carrying values of those assets, effective 30 June 2018. The carrying values of the remaining assets for the Buildings and Other Infrastructure asset classes have been adjusted using the movement of the applicable indices, effective 30 June 2018, and will be comprehensively revalued in the 2019 financial year.

(i) Land (level 2)

Land fair values were determined by independent valuer, AssetVal Pty Ltd, effective 1 January 2014. Land fair values have been measured by the "Market Approach by Direct Comparison" methodology, an accepted valuation methodology under AASB 13. Level 2 valuation inputs were utilised, being sales transactions of other properties within the region, and adjusted for differences between key attributes of the properties. The main input is the price per square metre or price per hectare of land area. The "Market Approach by Direct Comparison" is considered a level 2 measurement.

(ii) Buildings (level 3)

The fair values of a portion of the buildings assets were determined by an independent valuer, APV Valuers & Asset Management, effective 30 June 2018. The fair values of the remaining portion of assets has been adjusted using the movement in the applicable indices and will be comprehensively revalued in the 2019 financial year. Due to the predominantly specialised nature of local government assets, the building valuations have been undertaken on a Cost Approach (Current Replacement Cost), an accepted valuation methodology under AASB 13.

Under this approach, the following process has been adopted:

*Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a level 2 input.

*A consumption rating is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The consumption rating directly translates to the level of depreciation applied.

*In determining the level of accumulated depreciation, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The consumption rating is applied on a component basis.

*While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

Mareeba Shire Council

Notes to the financial statements

For the year ended 30 June 2018

(iii) Infrastructure assets (level 3)

The fair value of Council's Infrastructure assets was determined by independent valuer, AssetVal Pty Ltd, effective 1 January 2014, (excluding the "Other Infrastructure" asset class). Bridge, Water and Sewerage infrastructure were recently valued by independent valuer Australis Asset Advisory Group, effective 30 June 2017.

Due to the predominantly specialised nature of local government assets, the infrastructure valuations have been undertaken on a Cost Approach (Current Replacement Cost), an accepted valuation methodology under AASB 13. The Cost Approach is considered a level 3 measurement. The Cost Approach is also the approach used to fair value Council's buildings. The process adopted under the Cost Approach is as set out above for Buildings.

In addition, for infrastructure assets, the remoteness of the assets and distances required to travel have been taken into account when considering unit rates. Due to the time needed to travel to a particular work site, a premium of 10-15% has been applied to account for any reduction of site hours within a standard work day, or to account for overtime required to travel to and from the site. This rate has been considered in conjunction with Rawlinson's Australian Construction Handbook (2013) and consultation with suppliers of construction materials.

(iv) Infrastructure - calculation of current replacement cost

Roads

Current replacement cost

Roads are categorised by the following: Class (urban/rural), Type (formed/unformed), Road Hierarchy (access, collector, arterial) and Seal Type (bitumen, asphalt, gravel and others). These criteria are used to apply unit rates to three road components: formation, pavement and seal. It is assumed soil, climatic and topographic factors are consistent across the network. All roads are managed in segments. All road segments are then componentised into formation, pavement and seal (where applicable). Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

The replacement cost is calculated by component then summed to give a total per segment. Currently the formation and seal are calculated per square metre and the pavement is calculated using a cubic metre rate. The pavement depth is implied from the road hierarchy, with some additional field collected data on unsealed road pavement depth being utilised. Rates are verified against recent projects, consultation with Council staff and additional Council data from the region.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different patterns of consumption (useful lives). The condition assessment is applied on a component basis and was used to determine remaining useful life.

Estimated useful lives are disclosed in Note 15.

Bridges

A comprehensive revaluation of Bridge assets was conducted by Australis Asset Advisory Group effective 30 June 2017. Causeways were included as bridge assets this year as opposed to road assets in prior years.

After assessing the relevant indices, no adjustments to the carrying values have been made in 2018.

Current replacement cost

Each bridge was componentised and valued individually according to component material type, dimensions, construction standard, location and site conditions.

Major culverts and causeways were valued using quantity adjusted unit rates, dependant on dimensions, number of cells and material type. Environmental factors, like soil type, topography and accessibility were assumed to be consistent across the category.

Accumulated depreciation

In determining the level of accumulated depreciation, bridges were disaggregated into significant components which exhibited different patterns of consumption (useful lives). The condition assessment is applied on a component basis and was used to determine remaining useful life.

Estimated useful lives are disclosed in Note 15.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Drainage infrastructure

Current replacement cost

Consistent with bridges, Council assumes that environmental factors such as soil type, climate and topography are consistent across the network and that the network 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. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into types of drainage assets 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.

Estimated useful lives are disclosed in Note 15.

Water and sewerage

A comprehensive revaluation of Water and Sewerage assets was conducted by Australis Asset Advisory Group effective 30 June 2017. After assessing the relevant indices, no adjustments to the carrying values have been made in 2018.

Current replacement cost

The water and sewerage assets were segregated into active and passive assets.

Water passive assets were not further componentised and consisted of mains, hydrants, manholes and water meters. Sewerage passive assets were further componentised into short and long life components to allow for accurate modelling of pipe relining.

Active assets consisted of treatment, pumping, bore, weir and storage assets. These assets were componentised and valued independently, with allowances for complexity, size, capacity, function and site factors. These are generally valued as a lump sum item and compared against recent similar projects and in-house databases.

Unit rates applied were based on:

- Unit rate databases and cost guides
- Similar recent project costs
- Indices
- Suppliers' quotations

As an example, in relation to a length of pipe, the cost per metre is the sum of the raw cost of the pipe, the cost to deliver the pipe to site, the cost to lay the pipe, the cost of excavation and backfilling and various overheads such as design, survey, administration, management and contingency.

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 remaining life was dependent on the recorded condition assessment (see above).

Where site inspections were not conducted (i.e. for passive assets), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

Other infrastructure

Other infrastructure fair values were determined by Council's engineers effective 1 January 2014 and considered to approximate the carrying values at that date. An assessment was made at that time to determine each component or assets remaining useful life in order to determine accumulated depreciation. Subsequent to this, the fair values of a portion of the other infrastructure assets were determined by an independent valuer, APV Valuers & Asset Management, effective 30 June 2018. The fair values of the remaining portion of assets has been adjusted using the movement in the applicable indices and will be comprehensively revalued in the 2019 financial year.

(iv) Changes in fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 15 Property, Plant and Equipment.

(v) Valuation processes

Valuations are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current procedures for the valuation of property, plant and equipment is set out in Note 15(e)

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

17 Intangible assets

Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

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

Note	2018 \$	2017 \$
Software and Other Intangibles		
Gross carrying value at beginning of period	2,196,098	1,975,127
Additions	95,224	220,971
Closing gross carrying value	2,291,322	2,196,098
Accumulated amortisation		
Opening balance	1,023,736	715,527
Amortisation in the period	324,188	308,209
Closing balance	1,347,924	1,023,736
Net carrying value at end of financial year	943,398	1,172,362

The software has a finite life estimated at 10 years.

Straight line amortisation has been used with no residual value.

18 Payables

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, annual and long service leave in respect of services provided by the employee up to 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 include related on-costs.

Salaries and wages

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

Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense.

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.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

		2018	2017
	Note	\$	\$
Current			
Creditors and accruals		2,932,171	4,726,712
Annual leave		2,058,258	1,987,270
Other trade and payables		438,349	424,791
		<u>5,428,778</u>	<u>7,138,773</u>
Non-current			
Security deposit (capping of landfill) - SITA		1,904,566	1,706,148
		<u>1,904,566</u>	<u>1,706,148</u>

19 Borrowings

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

Council adopts an annual debt policy that sets out Council's planned borrowings for the next ten 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.

All borrowing costs are expensed in the period in which they are incurred.

Current			
Loans - Queensland Treasury Corporation		381,789	364,599
Finance leases	20	<u>20,525</u>	<u>19,060</u>
		<u>402,314</u>	<u>383,659</u>
Non-current			
Loans - Queensland Treasury Corporation		5,791,216	6,162,804
Finance leases	20	<u>149,921</u>	<u>170,445</u>
		<u>5,941,137</u>	<u>6,333,249</u>
Loans - Queensland Treasury			
Balance on 1 July 2017		6,527,403	6,859,447
Loans raised		-	-
Principal repayments		<u>(354,397)</u>	<u>(332,044)</u>
Book value at end of financial period		<u>6,173,006</u>	<u>6,527,403</u>

The QTC loan market value at the reporting date was \$6,290,729. 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 Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current period. Expected final repayment dates vary from 15 March 2024 to 15 June 2036. There have been no defaults or breaches of the loan agreement during the period.

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

20 Finance leases

Leases of plant and equipment under which Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Finance leases as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class.

Note	2018 \$	2017 \$
The minimum lease payments are payable as follows:		
Not later than one year	32,500	32,500
Later than 1 year but not later than 5 years	130,000	130,000
Later than 5 years	54,166	86,666
Total minimum lease payments	216,666	249,166
Less: Future finance charges	(46,220)	(59,660)
Lease liability recognised in the financial statements	170,446	189,506
Classified as:		
Current	20,525	19,060
Non-current	149,921	170,446
	170,446	189,506
The present value of above minimum lease payments are payable as follows:		
Not later than one year	20,525	19,060
Later than 1 year but not later than 5 years	99,131	92,056
Later than 5 years	50,790	78,390
	170,446	189,506
The carrying value of the leased asset is as follows:		
Building	1,214,696	828,190

21 Provisions

Refuse Restoration

A provision is made for the cost of restoration and ongoing monitoring in respect of refuse dumps where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

The provision represents the present value of the anticipated future costs associated with the closure of the refuse sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time. The provision is for three sites; Mareeba, Almaden and Chillagoe. Mareeba and Almaden sites were closed in the 2017/18 financial year and the Chillagoe site is anticipated to close in the 2018/19 financial year.

Mareeba Shire Council
Notes to the financial statements
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Long Service Leave

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

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

Note	2018	2017
	\$	\$
Current		
Refuse restoration	284,716	2,410,000
Long service leave	378,452	354,095
	<u>663,168</u>	<u>2,764,095</u>
Non-current		
Refuse restoration	1,436,913	1,527,727
Long service leave	1,994,817	2,021,093
	<u>3,431,730</u>	<u>3,548,820</u>

Details of movements in provisions:

Refuse restoration

Balance at beginning of financial year	3,937,727	6,996,647
Increase in provision due to unwinding of discount	19,688	31,080
Provisions made during the year	375,234	-
Provisions used during the year	(2,611,020)	(3,090,000)
Balance at end of financial period	<u>1,721,629</u>	<u>3,937,727</u>

Restoration of the Old Mareeba Landfill was completed in the 2017/18 financial year, however, Council is still obligated for future monitoring of the site under current legislation to 2039.

Long service leave

Balance at beginning of financial year	2,375,188	2,455,578
Long service leave entitlement arising	383,360	402,009
Long service entitlement paid	(385,279)	(482,399)
Balance at end of financial period	<u>2,373,269</u>	<u>2,375,188</u>

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

22 Commitments for expenditure

Contractual commitments

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

Waste contracts	15,256,257	7,394,044
Cleaning contractors	481,020	269,625
	<u>15,737,277</u>	<u>7,663,669</u>

23 Contingent liabilities

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

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2018 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an Indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government workers compensation authority may call on any part of the guarantee should the above circumstances arise. The indemnity amount provided by Mareeba Shire Council as at 30 June 2018 in relation to the Local Government Workcare Bank Guarantee is \$221,845.

Mareeba Shire Council
Notes to the financial statements
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24 Superannuation

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

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

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

Technically Mareeba Shire Council can be liable to the scheme for apportion 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 the councils 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 2015. The actuary indicated that 'at the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date'. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at 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.

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

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

Investment Risk - The risk that the schemes investment returns will be lower than assumed and additional contributions are needed to fund 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 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Mareeba Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

Note	2018 \$	2017 \$
Superannuation contributions made to Regional Defined Benefits Fund	147,790	157,654
Other superannuation contributions for employees	1,611,778	1,570,924
Total superannuation contributions paid by Council for employees:	5 1,759,568	1,728,158
		2019
Contributions Council expects to make to the Regional Defined Benefits Fund for 2018-19		151,115

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Note	2018	2017
	\$	\$
25 Operating lease income		
Council has leased facilities to independent operators. The minimum lease receipts are as follows:		
Not later than one year	493,920	354,405
One to five years	2,247,294	1,626,183
Later than five years	4,968,410	3,423,995
	<u>7,709,624</u>	<u>5,404,583</u>

26 Trust funds

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

510,978	496,719
<u>510,978</u>	<u>496,719</u>

Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.

27 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities

Note	2018	2017
	\$	\$
Net result	<u>20,171,733</u>	<u>24,166,638</u>
Non-cash items:		
Depreciation and amortisation	9,434,713	9,118,897
Finance costs	77,125	82,061
Finance income	(116,063)	(436,672)
	<u>9,395,775</u>	<u>8,764,286</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	1,244,123	1,657,369
Capital grants and contributions	(13,420,575)	(14,834,483)
Donated assets	(1,426,570)	(174,759)
	<u>(13,603,022)</u>	<u>(13,351,873)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(147,114)	3,077,069
(Increase)/decrease in inventory	23,851	81,842
Increase/(decrease) in payables	(1,555,574)	(852,731)
Increase/(decrease) in provisions	(2,218,017)	(3,170,390)
	<u>(3,896,854)</u>	<u>(864,210)</u>
Net cash inflow from operating activities	<u>12,067,632</u>	<u>18,714,841</u>

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

28 Reconciliation of liabilities arising from finance activities

	As at 30 June 2017	Cash flows	Non-cash changes (new leases)	As at 30 June 2018
Loans	6,527,403	(354,397)	-	6,173,005
Finance leases	189,505	(19,060)	-	170,446
19	6,716,908	(373,457)	-	6,343,451

29 Financial instruments

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

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

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

Mareeba Shire Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from 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 Mareeba Shire Council.

Refer to Notes 10,11 and 12 for Council's financial assets, which represent Council's maximum exposure to credit risk.

Ageing of trade and other sundry receivables, excluding rates debtors and prepayments, and the amount of any impairment is disclosed in the following table:

	2018 \$	2017 \$
Not past due	2,993,482	3,057,347
Past due 31-60 days	21,985	32,928
Past due 61-90 days	11,641	12,228
More than 90 days	229,035	186,290
Impaired	-	-
Total	3,256,143	3,288,793

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Mareeba Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with the Queensland Treasury Corporation.

Council manages its exposure to liquidity risk by maintaining a cash deposit to cater for unexpected volatility in cash flows.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2018					
Trade and other payables	3,370,520	-	-	3,370,520	3,370,520
Loans - QTC	615,000	2,460,000	4,957,535	8,032,535	6,173,006
Finance leases	32,500	130,000	54,166	216,666	170,446
	<u>4,018,020</u>	<u>2,590,000</u>	<u>5,011,701</u>	<u>11,619,721</u>	<u>9,713,972</u>
	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2017					
Trade and other payables	5,151,504	-	-	5,151,504	5,151,504
Loans - QTC	615,000	2,460,000	5,572,535	8,647,535	6,527,403
Finance leases	32,500	130,000	86,667	249,167	189,506
	<u>5,799,004</u>	<u>2,590,000</u>	<u>5,659,202</u>	<u>14,048,206</u>	<u>11,868,412</u>

The outflows in the above table are not expected to occur significantly earlier or 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 Council's income or the value of its holdings of financial instruments.

Interest rate risk

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

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised. The impact of a reasonably priced change in interest rates (assumed to be 1%) would not be expected to have a material impact on Council's future profits or equity.

Fair value

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

The fair value of borrowings with QTC is based on the market value of 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 and is disclosed in Note 19.

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

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

30 National Competition Policy

Business activities to which the code of competitive conduct is applied

The Mareeba Shire Council applies the competitive code of conduct to the following activities:

- Water services
- Sewerage services
- Waste management
- Laboratory services
- Building services

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

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

The following summary of activity statements are for activities subject to the competitive code of conduct. A detailed statement can be requested from Council.

	Water services	Sewerage services	Waste management	Laboratory services	Building services
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Revenue for services provided to the Council	300	38	-	82	-
Revenue for services provided to external clients	5,390	4,916	5,417	71	55
Community service obligations	-	119	-	-	12
	5,690	5,073	5,417	153	67
Less : Expenditure	4,881	3,572	4,938	195	45
Surplus/(deficit)	809	1,501	479	(42)	22

Description of CSO provided to business activities:

Only Council's sewerage and building certification activities include any community service obligations.

Activities	CSO description	Net cost \$'000
Sewerage	For providing free services to public areas and supporting small schemes	119
Building Services	For providing the same fee across the shire regardless of distance travelled from main office	12

Mareeba Shire Council
Notes to the financial statements
For the year ended 30 June 2018

31 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities or indirectly, including any director (whether executive or otherwise) at Council. KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management.

Remuneration category	2018 \$	2017 \$
Short-term employee benefits	1,269,254	1,133,165
Post-employment benefits	29,482	27,158
Long-term benefits	24,302	34,999
Termination benefits	113,005	-
Total KMP remuneration	1,436,043	1,195,322

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

Details of transactions between Council and other related parties include:

Transaction type	Additional information	2018 \$	2017 \$
Purchase of materials and services from entities controlled by KMP	31(b)(i)	438,834	373,169
Employee expenses for close family members of KMP	31(b)(ii)	95,718	78,869
Total		534,552	452,038

(i) Council purchased the following material and services from entities that are controlled by members of KMP. All materials and services purchased from entities controlled by KMP were at arms length and were in the normal course of Council's operations.

	2018 \$	2017 \$
Waste contract services	360,405	352,077
Plant hire	74,885	17,133
Minor purchases (magazines and newspapers)	3,544	3,959
	<u>438,834</u>	<u>373,169</u>

(ii) Council employs 211 full time equivalent employees of which two (2) are close family members of KMP. All close family members of KMP were employed through an arms length process. They are paid in accordance with the Award for the job they perform.

(c) Outstanding balances

Mareeba Shire Council did not have any outstanding balances with other related parties for the 2017/18 Financial year

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council entered into a contract for waste services with EVY Entertainment, a entity owned by Cr Edward Brown. The contract took effect on 1 July 2015. The contract's initial value was \$318,527, with the value then increasing by CPI each year, for a total term of three years. The contract was the result of a tender process in accordance with Council's normal procedures and policies and an independent probity audit was conducted. Cr Edward Brown was not involved in the decision to award this contract. On 16 May 2018, Council entered into a new contract with EVY Entertainment which commenced on 1 July 2018 for two years, with one year option to extend, with a value of \$125,424 per year. The new contract was the result of a tender process in accordance with Council's normal procedures and policies and an independent probity audit was conducted. Cr. Edward Brown was not involved in this decision to award this contract.

Mareeba Shire Council

Notes to the financial statements

For the year ended 30 June 2018

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

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

- Payment of rates
- Dog registration
- Use of the public pool
- Borrowing books from a Council library

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

Mareeba Shire Council
Financial statements
For the year ended 30 June 2018

Management Certificate
For the year ended 30 June 2018

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 35, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial period and financial position at the end of the year.

Mayor

Thomas Gilmore

Date: 2 / 10 / 2018

Chief Executive Officer

Peter Franks

Date: 2 / 10 / 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mareeba Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Mareeba Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and 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 Mareeba Shire Council's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the Council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

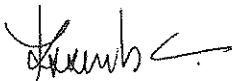
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



Sri Narasimhan
as delegate of the Auditor-General

9 October 2018

Queensland Audit Office
Brisbane

Mareeba Shire Council
Current Year Financial
 For the year ended 30 June 2018

Measures of Financial

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

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	13%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	242%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-73%	Not greater than 60%

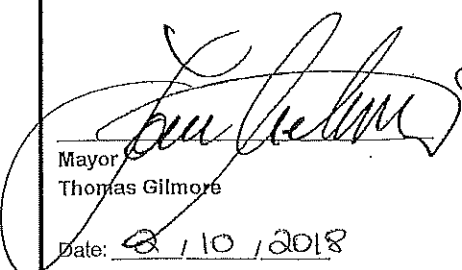
Note 1 - Basis of Preparation


The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's audited general purpose financial statements for the year ended 30 June 2018.

Certificate of Accuracy
 For the year ended 30 June 2018

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

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


 Mayor
 Thomas Gilmore


 Chief Executive Officer
 Peter Franks

Date: 2 / 10 / 2018

Date: 2 / 10 / 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mareeba Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Mareeba Shire Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and 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

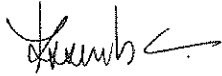
My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,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



9 October 2018

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

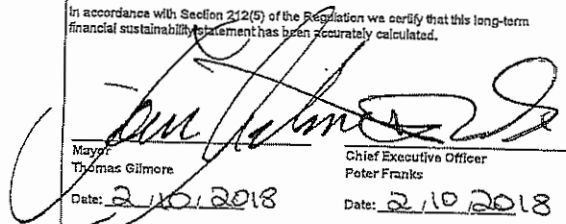
Mareeba Shire Council
 Long-Term Financial Sustainability
 Prepared as at 30 June 2018

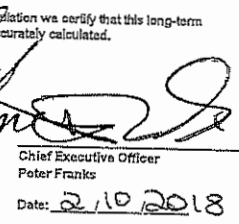
Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2018	30 June 2019	30 June 2020	Projected for the years ended						
						30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	13%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	242%	111%	116%	107%	108%	90%	92%	91%	106%	91%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	-73%	-78%	-81%	-84%	-85%	-88%	-93%	-98%	-99%	-104%

Mareeba Shire Council's Financial Management Strategy

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

For the long-term financial sustainability statement prepared as at 30 June 2018
 This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).
 In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.


 Mayor
 Thomas Gilmore
 Date: 2/10/2018


 Chief Executive Officer
 Peter Franks
 Date: 2/10/2018