



**Mareeba**  
SHIRE COUNCIL

# 2018/2019 ANNUAL REPORT

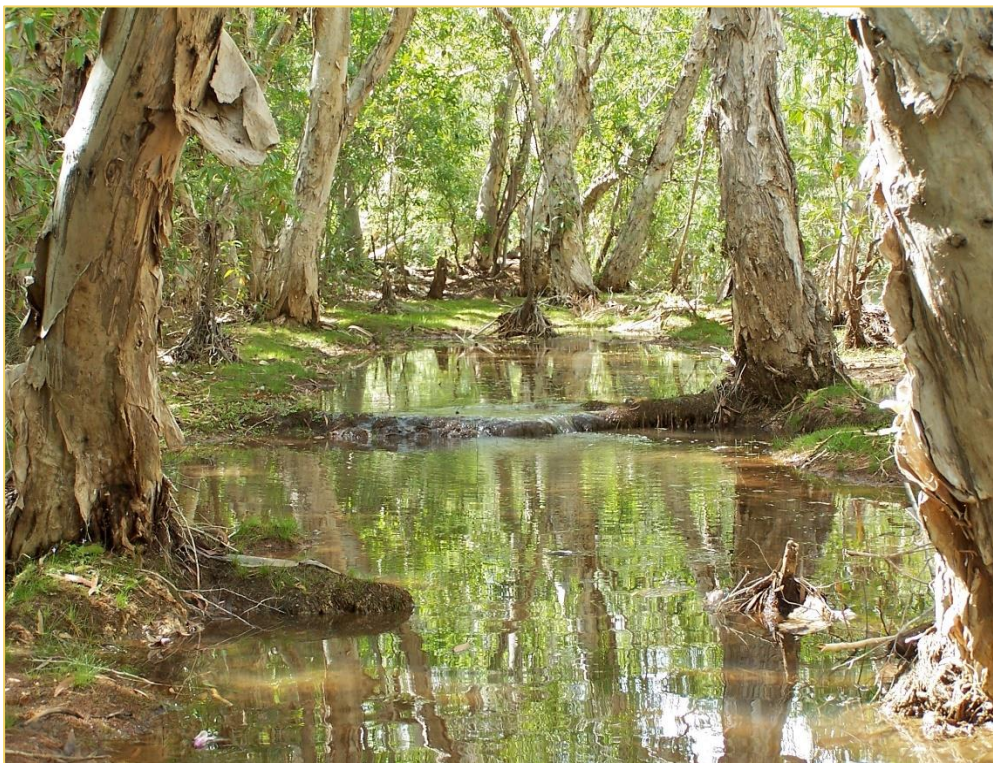
**A GROWING, CONFIDENT AND SUSTAINABLE SHIRE**

## SUMMARY

Mareeba Shire Council's Annual Report for 2018/19 describes Council's achievements in delivering services to the Mareeba Shire and shows Council's progress in delivering the objectives from the Corporate Plan 2018-2022 and Operational Plan 2018/19.

The annual report is one of the ways Council connects with the community and includes:

- Council's commitment to achieve its vision for the Shire
- The results of actioning the Corporate and Operational plans
- Transparency and accountability of Council
- Annual Legislative Disclosure requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*




Chillagoe Waters: An image by Bernd Seidl, Winner of Inaugural MSC Photo Competition


### Disclaimer

Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative only and should be referred to as such. While the Mareeba Shire Council has exercised reasonable care in preparing this document it does not warrant or represent that it is accurate or complete. Council or its officers accept no responsibility for any loss occasioned to any person acting or refraining from acting in reliance upon any material contained in this document.

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## SECTION 1: INTRODUCTION

### FOREWORD TO THE ANNUAL REPORT

I present this fifth Annual Report of the Mareeba Shire Council with a mix of pride and humility. The pride I feel is derived from the steps that this Council has taken in raising the Mareeba Shire Council to a level of integrity in its processes and its finances which meet the highest of standards. My humility comes from the people with whom I have had the very great privilege of working with for these past five years.



The Council and staff of this organisation are highly motivated and dedicated across the spectrum of the organisation.

This Annual Report is a record of those five years condensed into the fiscal year 2018 to 2019. This report demonstrates the maturity of the organisation and the development of our community assets, whilst acknowledging budgetary constraints drawn from the Council's knowledge of the capacity of the community to pay for the level of service provided.

During these past five years much has been done to stabilise the Shire's finances to identify and reduce risk to the organisation and to establish a culture of careful future planning as the basis of sound decision-making. These plans ensure that the organisation provides true value for ratepayers' money, based upon scrupulous attention to detail and careful scheduled maintenance of Shire assets.

This Council's history of balanced budgets and sustainable levels of debt provides a sound platform for the development of the organisation over future years.

The Australian and Queensland governments have afforded this community grants and subsidies over the past five years in excess of \$104 million to assist in the replacement of aged assets, such as sewerage and water infrastructure and the redevelopment of the Mareeba Airport.

Mareeba Shire Council has come a long way in the five years since its inception on 1 January 2014 and our vision of 'a growing, confident and sustainable Shire' represents the Council's core values, principles and guides the priorities and deliverables of this highly successful organisation.

I am proud to be the Mayor of this extraordinary Council and I have great confidence in the future prosperity of the Shire.

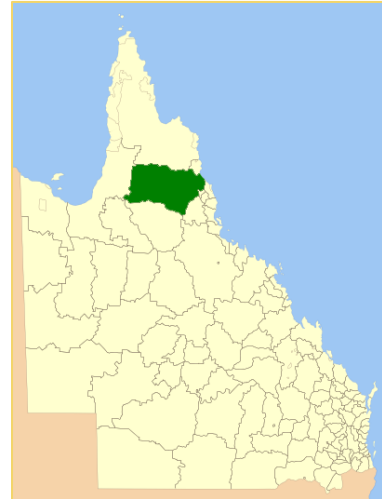
**Cr Tom Gilmore**  
**Mayor**



## SHIRE PROFILE

Mareeba 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.

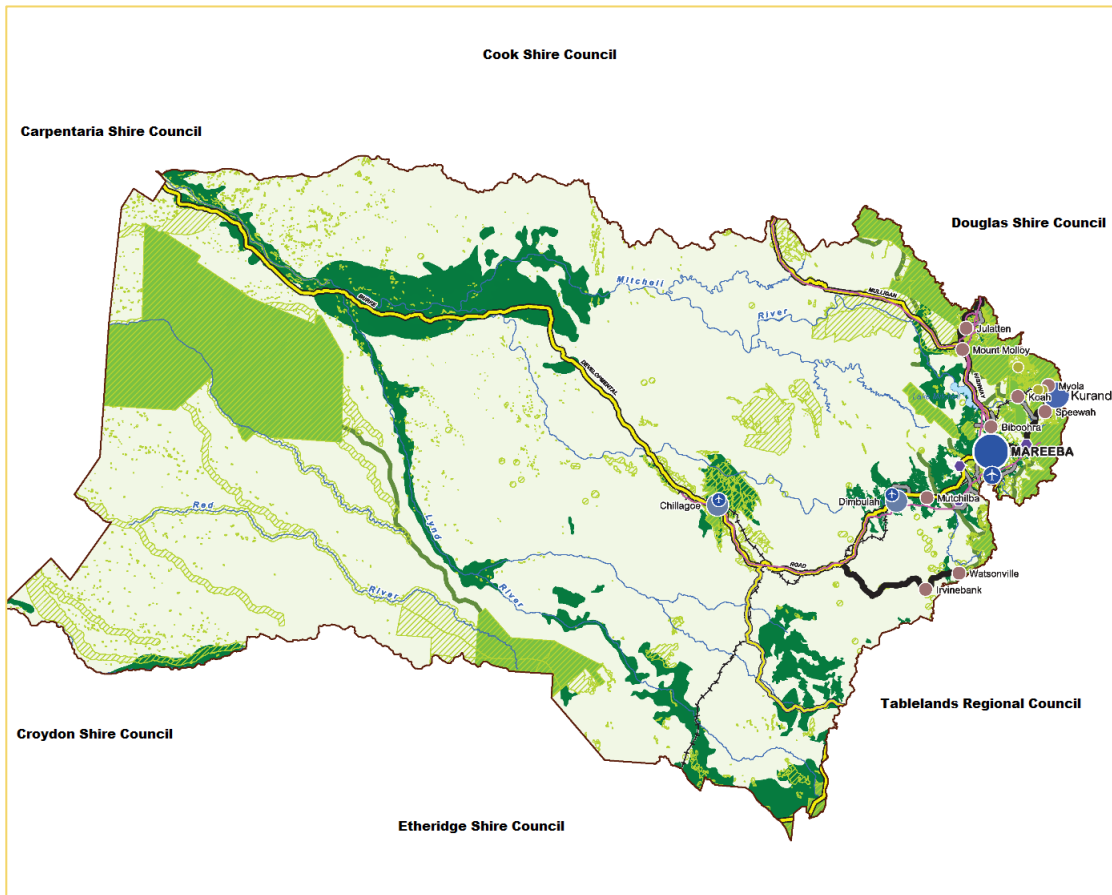
Mareeba Shire has been recording a consistent trend in population growth faster than most rural areas of Australia and the prospects for continuing growth are excellent. Mareeba is positioning itself as an industrial hub in Far North Queensland. The development of the Mareeba Industrial Park continues to provide industrial land and has capability for significant expansion in the future. The upgrade of the Mareeba Airport will also help fuel sustained economic growth into the future.



Population estimate*	22,517
Total land area*	53,502km
Average daily temp range*	18.7°C to 31.5°C
Average annual rainfall*	1,012mm

\*As at 30 June 2018

Source: Queensland Government Statistician's Office, Queensland Treasury, Queensland Regional Profiles: Resident Profile for Mareeba (S) Local Government Area



Mareeba Shire Council Local Government Area and surrounding Shires

## CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to report on another year where targets have been met and the organisation has continued to deliver on its long-term financial plan. Although the year saw an extended wet season, staff have delivered the critical capital projects as budgeted as well as performing extensive urgent repairs following damage from severe weather events.

The organisation has delivered within budget and therefore produced a modest surplus. This means the reserves can continue to be built which will allow Council to deliver important capital projects in the future. I would like to acknowledge our finance team for once again delivering unqualified audited statements with positive comments from our auditors.



The upgrading of the Mareeba Airport is now nearing completion which is on schedule to meet the target date of October 2019. Stage 1, the Mareeba Airport Aviation Precinct, was officially opened in March and the runway and taxiway works are well underway. This project funded totally by the Australian and Queensland Governments will deliver long term economic benefits for the community.

Council has been successful in securing several grants from the Australian and Queensland governments which has enabled a number of projects to be undertaken. The expansion of the Mareeba Industrial Park to cater for the ever-growing demand for industrial property is a sign of the economic growth the Shire is seeing. The grant we have received to do this takes the burden off the ratepayer. Likewise, a grant has been received to upgrade the wastewater pump station in Barang Street, Kuranda, a win for economic growth and the environment. Funding has also been received to upgrade the John Doyle Bridge over the Barron River in Mareeba with the works to be undertaken in the second half of the next financial year.

Without this generous support from the Australian and Queensland government our Shire and ratepayers would struggle to fund these much-needed projects. The State Government's "Works for Queensland" funding has been an absolute boon for this community and has enabled a wide range of smaller projects to be delivered that otherwise simply would not have happened.

I would like to acknowledge the hard work and dedication of the staff whose efforts make this one of Queensland's high performing councils. It is through their efforts that the positive results are achieved, and the sustainability of the Shire is maintained. As we see the end of another successful financial year and move into the last portion of the existing Council's term, I would like to thank the Mayor and Councillors for their leadership and support. Their contribution is key to the success of this organisation.

**Peter Franks**  
Chief Executive Officer



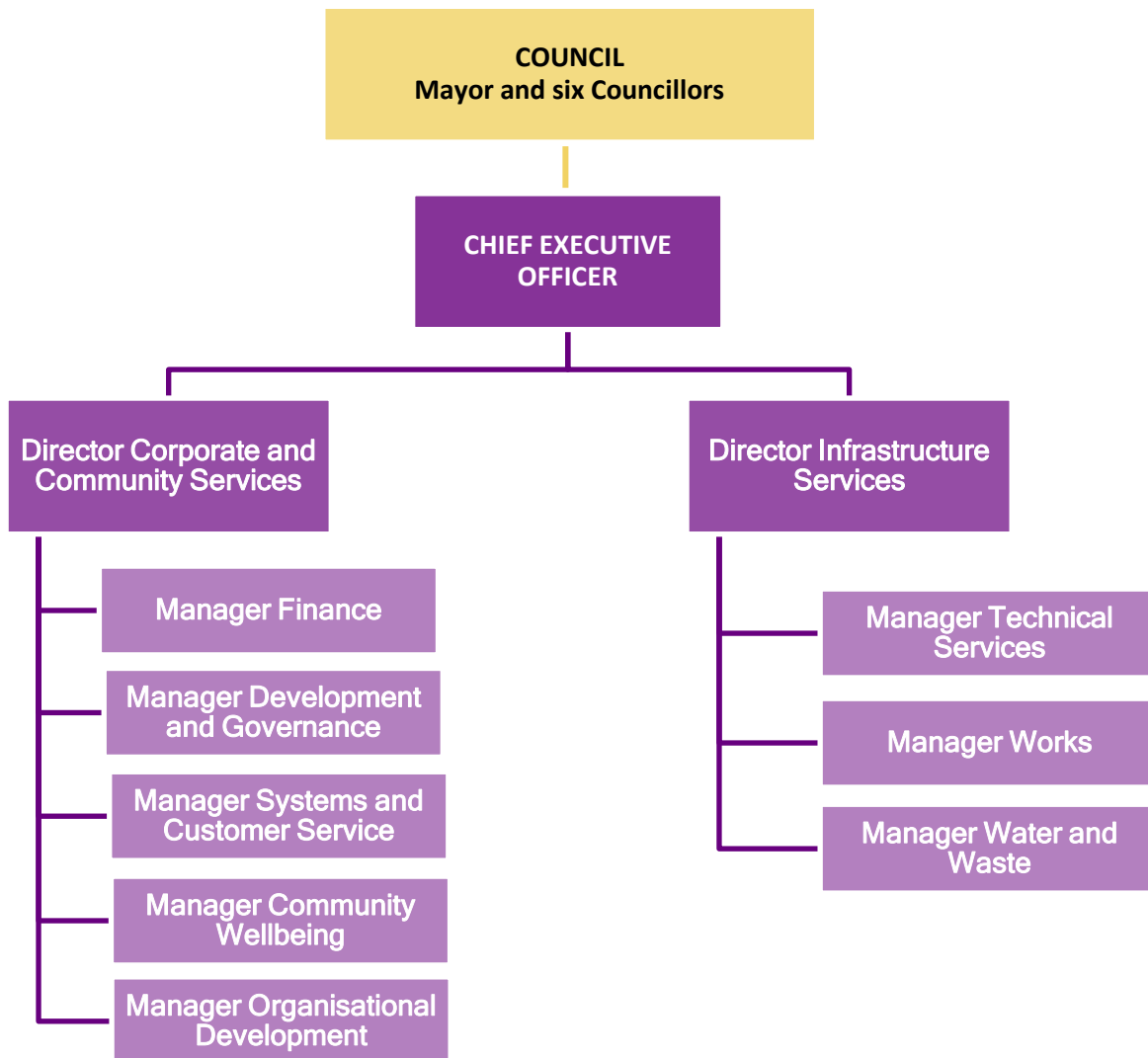
Jennifer McCarthy  
Director Corporate and  
Community Services



Glenda Kirk  
Director Infrastructure  
Services

# ORGANISATIONAL STRUCTURE

During 2018/19, Council had a total of 247 staff members or 218 full-time equivalent positions.



*Our longest serving employees were recognised at the end of 2018 for their dedication and service from 20 to 40 years.*

## ELECTED REPRESENTATIVES

### Councillor Tom Gilmore - Mayor



**Committees:**

- Cairns District Disaster Management Group
- Far North Queensland Regional Organisation of Councils (Chair)
- Inland Queensland Roads Action Plan (Deputy Chair)
- Local Disaster Management Group
- 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 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
- Regional Arts Development Fund
- Speewah District Residents Association (Proxy)
- Wet Tropics Consultative Committee
- FlexiChoice (Proxy)
- Mareeba Multicultural Festival Committee (Proxy)



*Elected Representatives (L-R) Cr Brown, Cr Davies, Cr Graham, Cr Gilmore (Mayor), Cr Toppin, Cr Wyatt, Cr Pedersen (Deputy Mayor)*



## Councillor Kevin Davies



### Committees

- Audit Committee
- Chillagoe Alliance
- Far North Queensland Regional Roads Group (Proxy)
- Great Wheelbarrow Race Organising Committee (Proxy)
- Irvinebank School of Arts & Progress Association
- Local Disaster Management Group - Built Environment Infrastructure Sub-Group
- Local Traffic Advisory Committee (Proxy)
- Mareeba Heritage Centre Management Committee (Proxy)
- Speewah District Residents Association (Proxy)

## 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
- Northern Region Pest Advisory Committee (Proxy)
- Speewah District Residents Association
- Tourism Kuranda
- Reef Guardian

## Councillor Edward (Nipper) Brown



### Committees

- Barron Catchment Care
- Great Wheelbarrow Race Organising Committee
- Julatten and Mt Molloy Association of Residents and Ratepayers
- 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
- Mareeba Fire Committee
- Tropical Tablelands Tourism
- Chillagoe Alliance (Proxy)

## Councillor Mary Graham

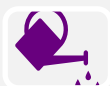


### Committees

- Audit 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



**COUNCIL SERVICES KEY STATISTICS**



**WATER**

Water mains maintained  
**257km**  
Water connections  
**5,407**



**WASTEWATER**

Sewer mains maintained  
**139km**  
Household connections  
**3,370**



**WASTE**

Waste disposed of at Mareeba landfill  
**29,973t**  
Recyclable materials collected  
**11,676t**



**REGULATORY SERVICES**

Dogs registered  
**4,135**  
Licensed (food etc) premises inspected  
**232**



**CUSTOMER SERVICE**

Council Website visits(sessions)  
**115,406**  
Call Centre Calls received  
**17,006**  
Customer Requests created  
**12,171**



**COMMUNITY**

Grants Received  
**\$23,609,984**  
Regional Arts Development Funds Contribution  
**\$38,593**  
Community Partnerships Program  
**\$147,422**  
Aged/Community Housing managed  
**108**



**BUILDING**

Value of residential approvals  
**\$9,754,202**  
Value of non-residential approvals  
**\$42,490,656**  
Total Building Approvals  
**357**



**DEVELOPMENT APPROVALS**

Dwellings approved  
**140**  
Planning Development Applications  
**66**



**OPEN SPACES**

Parks/Open Spaces maintained  
**140**  
Parks/Gardens/Open Spaces maintained  
**150ha**



**FACILITIES**

Swimming Pool Admissions  
**57,261**  
Public Halls Usage  
**1,247**  
Caravan Park site rentals (includes tent sites, dongas, cabins & van sites)  
**39,634**



**VISITOR INFORMATION CENTRES**

Visitors  
**131,417**  
Volunteer hours  
**15,656**



**LAND PROTECTION**

Road Side Treatment  
**5,800km**  
Weed Treatment Area  
**3,900ha**  
Properties treated for Vertebrate Pests  
**150**



**ROADS**

Total Shire Roads  
**2,302km**  
Unsealed Roads  
**1,639km**



**ECONOMY**

Land Sales at Mareeba Industrial Park  
**\$1,214,807**



**LIBRARIES**

Membership  
**10,688**  
Visitors  
**83,716**  
Volunteer hours  
**666**

# SECTION 2: CORPORATE AND OPERATIONAL PLANS

## CORPORATE PLAN, VISION AND GUIDING PRINCIPLES

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 years.

The 2018/19 year was one of great accomplishment on a number of fronts. Working in partnership the two departments of Council (Corporate and Community Services and Infrastructure Services) has ensured the Council's vision: **'a growing, confident and sustainable Shire'** continued to be the focus for the organisation and through the five strategic priorities this vision has been delivered.

The focus for 2019/20 will continue to be based on the strategic priorities within the Corporate Plan 2018 - 2022 as well as facilitating significant technological change and advocacy for what is likely to be another challenging yet rewarding year.

### CORPORATE PLAN 2018 - 2022

MAREEBA SHIRE COUNCIL

#### OUR VISION

A growing, confident and sustainable Shire.

#### OUR MISSION

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

#### OUR VALUES

- Sustainable
- United Team
- Customer Focused
- Community Partnerships
- Ethical Conduct
- Striving to be better
- Skilled Workforce



#### OUR STRATEGIC PRIORITIES

##### FINANCIAL SUSTAINABILITY

- Long Term Financial Plan that supports effective and sustainable financial management
- Effective and sustainable financial management
- Effective business management
- A skilled and sustainable workforce

##### COMMUNITY

- An engaged community
- An active, safe and healthy community
- A community being prepared and resilient to emergencies and disasters

##### TRANSPORT AND COUNCIL INFRASTRUCTURE

- Sustainable Infrastructure for the future
- Safe and effective transport network
- Securing and managing water resources
- Public spaces and facilities

##### ECONOMY AND ENVIRONMENT

- Environmentally responsible and efficient waste and wastewater management
- A Sustainable Planning Scheme
- Support and encourage industrial and commercial growth and development
- Our region's environmental assets are best managed while promoting economic well-being

##### GOVERNANCE

- Ethical, accountable and transparent decision making
- Strong focus on compliance and enterprise risk
- Effective advocacy and strategic partnerships

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## 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.

### Strategic Priorities

- Long Term Financial Plan that supports effective and sustainable financial management
- Effective and sustainable financial management
- Effective business management
- A skilled and sustainable workforce

### Major Achievements

- Wastewater Asset Management Sub-Plan adopted
- Community Housing Asset Management Plan (CHAMP) adopted
- Queensland Audit Office report to Parliament demonstrates Mareeba Shire as the most sustainable rural/regional Council in the State.

Mareeba Shire Council continues to strengthen in terms of sustainability when comparing industry approved ratios and measures. Based on the 2017/18 financial results, this Council was identified as the most sustainable Rural/Regional Council in Queensland according to the Queensland Audit Office report to Parliament which was published in May 2019.

Local government entities: 2017-18 results of financial audits (Report 18: 2018-19)

Rural/Regional councils	Current operating surplus ratio %	Avg. operating surplus ratio %	Avg. operating surplus ratio trend <sup>^</sup>	Net financial liabilities ratio %	Net financial liabilities ratio trend	Current asset sustainability ratio %	Avg. asset sustainability ratio %	Avg. asset sustainability ratio trend <sup>^</sup>
Rural/Regional councils								
Council	0.99%	1.91%	● -	-79.61%	● ↑	125.71%	108.38%	● ↓
Council	5.20%	-3.53%	● ↑	52.94%	● ↑	97.53%	116.28%	● ↓
Mareeba Shire Council*	12.98%	8.36%	● ↑	-72.68%	● ↑	242.00%	173.80%	● ↑
Council	-16.30%	-16.02%	● ↓	-51.18%	● ↑	74.78%	165.47%	● ↓
Council	6.09%	6.81%	● -	-17.15%	● ↑	187.00%	256.49%	● ↓
Council	1.18%	6.70%	● ↑	-167.63%	● ↑	77.00%	240.01%	● ↓
Council <sup>Ⓜ</sup>	-0.68%	4.32%	● ↑	28.54%	● ↑	66.20%	160.74%	● ↓
Council	7.70%	3.01%	● ↑	-21.00%	● ↑	109.77%	107.56%	● ↑
Council	1.72%	-1.06%	● ↑	-51.08%	● ↑	85.53%	102.88%	● ↑
Rural/Regional average**	2.10%	1.16%		-42.09%		118.39%	159.07%	

Source: QAO Report to Parliament - Local Government Entities: 2017-18 results of financial audits (Report 18: 2018-19)

Legend: ↑ An improving trend    - No substantial change    ↓ A deteriorating trend.  
 ● Target Met    ● Partial    ● Not Met

Through securing \$16.2 million for infrastructure related grants and subsidies from the Australian and Queensland governments in 2018/19, Council was able to deliver much needed asset renewal and upgrade projects. Significant progress in asset management planning and the integration with the Long-Term Financial Plan continues to provide a more robust and confident tool for decision-making around renewal profiles and the ability to fund our core and critical infrastructure.

## 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.

### Strategic Priorities

- An engaged community
- An active, safe and healthy community
- A community being prepared and resilient to emergencies and disasters

### Major Achievements

- Contributed \$147,422 towards Community Partnerships Program
- Distributed \$35,273 through the Regional Arts Development Fund towards community projects
- Partnered with 12 community groups to secure tenure over council owned facilities

Council has a strong sense of value for its community partners and volunteers who make this Shire a better place to live. Through the facilitation of community leases and community management of facilities, the ability for not-for-profit groups to engage with the community at large is enhanced greatly. Through the Community Partnerships Program, interest free loans and administration of the Regional Arts Development Fund, council has provided \$206,000 to support festivals, events, sporting initiatives and cultural development.

As a key player in the District Disaster Management Group, Council undertook two emergency exercises in 2018/19. One of these was at the Mareeba Airport (23 August 2018) and the other at the Rankin Street Council Chambers (25 July 2018). All relevant agencies were in attendance at these exercises which were held to ensure preparedness and resilience for emergencies and disasters of all descriptions.



*Above: Mareeba Airport Emergency Exercise 23 August 2018.*

*Right: Article in the Tablelander 21 August 2018*

## Live crash exercise at airport

THE Mareeba Aerodrome Emergency Committee will conduct a live emergency exercise at the aerodrome on Thursday.

The exercise will involve a live simulated incident, necessary to meet Civil Aviation Safety Authority requirements.

Consequently, the aerodrome will be closed to all aircraft on Thursday, 9am-midday.

A NOTAM (Notice to Airmen) will be issued to formally notify aerodrome users of the closure.

The closure is necessary for airport and emergency response personnel to practice emergency response procedures in a safe and controlled environment.

Agencies collaborating with Mareeba Shire Council during the exercise include Queensland Police Service, Queensland Fire and Rescue Services and the State Emergency Service.

As agencies will be responding to a simulated incident, some traffic delays, noise and other minor disruptions may be experienced during the exercise. Council thanks residents and the community in advance for their patience and cooperation with any directions given by response agencies during the exercise.



## Transport and Infrastructure

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

### Strategic Priorities

- Sustainable infrastructure for the future
- Safe and effective transport network
- Securing and managing water resources
- Public spaces and facilities

### Major Achievements

- Capital investment of \$31.9 million
- Commissioning of Mareeba Water Study, due for completion in late 2019
- Widening and sealing of Ootann Road (Packages 1 & 2) delivered under Northern Australia Beef Roads Program
- Adoption of Local Government Infrastructure Plan (LGIP)

Condition assessment and capture of defects of Council assets were a priority in 2018/19. Consideration for longer term community needs has also contributed to ensuring Council continues to provide core and critical assets now and into the future.

Capital renewals and upgrades were the focus of spending within the annual capital works program with allocations of \$7.7 million for roads, \$3.7 million for water, \$956,000 for wastewater and \$752,000 for community assets and facilities.

Adoption of the Local Government Infrastructure Plan on 5 November 2018 details Council's plans to deliver new trunk infrastructure to service the Priority Infrastructure Area (PIA) for the period 2016 to 2031 for the following infrastructure networks:

- Water supply
- Wastewater
- Stormwater
- Transport
- Parks and land for community facilities



*Widening and Sealing - Ootann Road*



## 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.

### Strategic Priorities

- Environmentally responsible and efficient waste and wastewater management
- A Sustainable Planning Scheme
- Support and encourage industrial and commercial growth and development
- The region's environmental assets are best managed while promoting economic well-being

### Major Achievements

- Sales totalling \$1.2 million at Mareeba Industrial Park
- Mareeba Airport Upgrade nearing completion
- Environmental overlay review undertaken
- Mt Emerald Wind Farm Project contributed \$330 million of investment to the Shire's economy

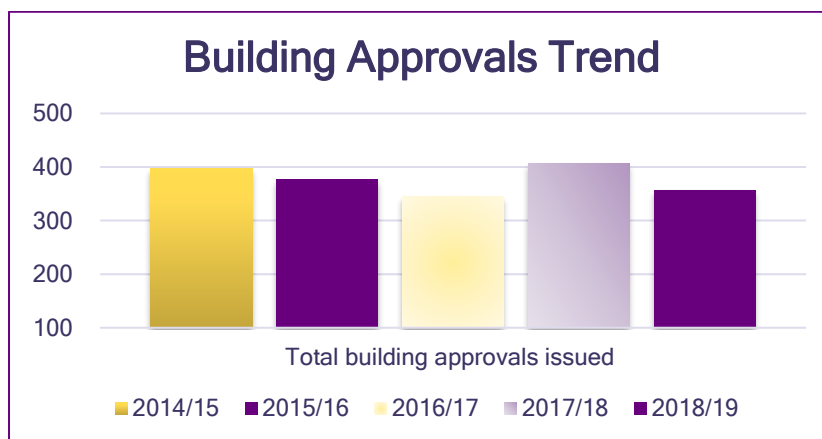
The Mareeba Industrial Park saw five lots sold, a total of 23,583m<sup>2</sup>, showing continued trends of economic strength in 2018/19. This together with some solid interest in leasing industrial land within the soon to be complete Mareeba Airport Upgrade is reassuring for the local economies.

With agriculture still being the largest employer in our shire, closely followed by government and tourism, our council remains at the forefront of growth for regional areas in Queensland with a 1.4% increase, the largest in the Far North.

The total value of building approvals, both residential and non-residential reached \$52 million this year, while Planning applications have showed no signs of slowing with a total of 66 applications processed in 2018/19.

**"Every 10,000 m<sup>2</sup> at the Mareeba Industrial Park contributes \$5.6 million to the Mareeba economy and 17 jobs."**

*(Source: Cummings Economics)*



## 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.

### Strategic Priorities

- Ethical, accountable and transparent decision making
- Strong focus on compliance and enterprise risk
- Effective advocacy and strategic partnerships

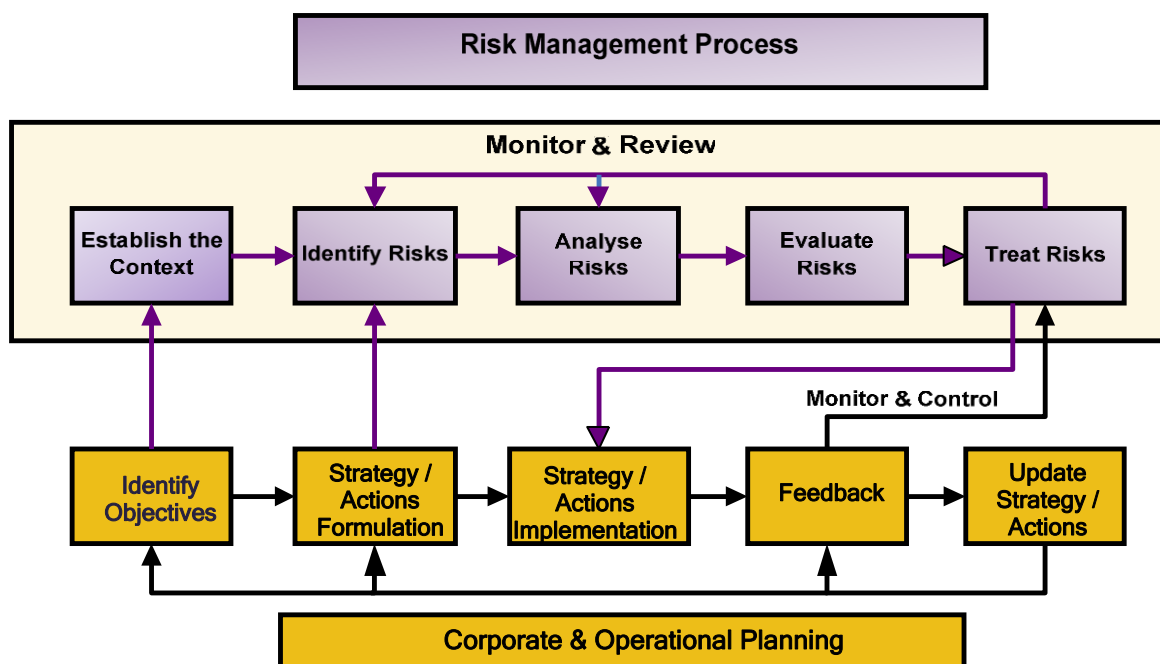
### Major Achievements

- 70% of Council policies reviewed
- Adoption of Enterprise Risk Management suite of documents
- Local Laws review completed
- \$1.25 million of State Government funding committed for planning to look at the roads between Cairns and the Northern Tablelands to identify and prioritise upgrades

Clarity of strategic direction provided by the Corporate Plan 2018 - 2022 has been further enhanced through the new Enterprise Risk Management framework. Council now has a fully integrated approach for the following:

- Corporate Plan
- Operational Plan
- Budgets
- Council Reports
- Internal Audit Projects

Compliance and Policy reviews have been a major focus of our Development and Governance teams during 2018/19 with a view to completion in 2019/20.



*Linking Corporate and Operational Planning with Risk Management*

## OPERATIONAL PLAN

Based on the Corporate Plan 2018 - 2022, Council have delivered the projects listed below as presented in the annual Operational Plan for 2018/19.

## FINANCIAL SUSTAINABILITY

PROJECT	OUTCOME
Long Term Financial Plan	<ul style="list-style-type: none"> <li>Long Term Financial Plan was adopted on 20 June 2018 as part of the 2018/19 Budget.</li> <li>The Wastewater Long Term Financial Plan has been completed to align with the Asset Management Sub-Plans.</li> </ul>
Comprehensive Asset Revaluations <ul style="list-style-type: none"> <li>Buildings</li> <li>Footpaths</li> <li>Drainage</li> </ul>	<ul style="list-style-type: none"> <li>Building revaluations were completed in May 2019.</li> <li>Footpaths and drainage revaluations were deferred and substituted with other infrastructure and waste assets.</li> </ul>
Library Service Review	<ul style="list-style-type: none"> <li>39% of recommendations from the Library Service Review have been implemented. The remaining recommendations continue to be implemented.</li> </ul>
Grant Funding Strategy	<ul style="list-style-type: none"> <li>Work has commenced on developing a Grant Strategy/process.</li> <li>Appropriate projects are being identified and matched to suitable grant opportunities.</li> </ul>
Full cost pricing models to ensure equitable allocation of costs across departments	<ul style="list-style-type: none"> <li>Full cost pricing model was completed and included in 2018/19 budget which was adopted on 20 June 2018.</li> </ul>
Solar Farm Feasibility Project	<ul style="list-style-type: none"> <li>A final report has been prepared and demonstrates a solar farm is not feasible at this time.</li> </ul>
Mareeba Industrial Estate Development	<ul style="list-style-type: none"> <li>Expansion commenced and will be completed in 2019/20. This has been identified in the Operational Plan for next year.</li> </ul>
Financial viability of solar electricity	<ul style="list-style-type: none"> <li>Existing renewable energy projects are producing a positive outcome.</li> <li>A number of further sites have been identified for feasibility studies to be undertaken.</li> </ul>
Records Management Policy	<ul style="list-style-type: none"> <li>Records Management Policy adopted on 8 November 2018.</li> </ul>
Digital capture/cataloguing of physical record holdings	<ul style="list-style-type: none"> <li>All historical building, plumbing and drainage records have been scanned into Council's electronic record management system.</li> </ul>

PROJECT	OUTCOME
Customer Service Standards	<ul style="list-style-type: none"> <li>• A Customer Service Charter has been implemented and published on Council's website.</li> <li>• A reporting portal is in development for future implementation.</li> </ul>
Information Communication Technology (ICT) Strategy implementation <ul style="list-style-type: none"> <li>• Internet communications</li> <li>• O365 implementation (phase 1)</li> <li>• Audit non T1 information system suitability for Cloud migration</li> </ul>	<ul style="list-style-type: none"> <li>• Communications implementation is complete.</li> <li>• Office365 implementation will commence in 2019/20.</li> <li>• Technology One product customisations and integration points are under review as part of the Cloud Readiness Assessment (CRA) process.</li> </ul>
Sustainable workforce	<ul style="list-style-type: none"> <li>• Training occurs on an ongoing basis with a focus on safety and transparency as well as development.</li> <li>• Public Interest Disclosure (PID) awareness training has been offered to all employees with more specific training provided to Managers, Governance and HR Officers</li> <li>• On-going review and update of recruitment processes and position descriptions being conducted to ensure efficiency and legislative compliance. An upgrade to interactive electronic recruitment platform is under consideration.</li> </ul>

## COMMUNITY

PROJECT	OUTCOME
Council website enhancements	<ul style="list-style-type: none"> <li>• Website modifications have been made with ongoing reviews to occur in 2019/20.</li> <li>• Content review will continue as an ongoing project across all areas.</li> </ul>
Community Engagement Policy and Strategy	<ul style="list-style-type: none"> <li>• This project will commence late 2019.</li> </ul>
Community Wellbeing Strategy	<ul style="list-style-type: none"> <li>• This project will commence late 2019.</li> </ul>
Review Community Leasing	<ul style="list-style-type: none"> <li>• Initial roll-out of community leasing is complete.</li> <li>• Further reviews will continue to ensure consistent applications and alignment with policy.</li> </ul>
CCTV Feasibility Study	<ul style="list-style-type: none"> <li>• Further research and investigations will be undertaken in consultation with the Queensland Police Service.</li> </ul>

# Keeping Safe in Mareeba Shire

(Media Release)

Mareeba Shire Council has officially released a community awareness guide, aimed at keeping locals and tourists safe when exploring the Shire.

Funded by the Queensland Government's Get Ready Program, the resource includes tips on how to prepare for different types of weather events, driving on unfamiliar road conditions and how to deal with other hazards that may occur when travelling around the Shire.

Fire and Emergency Services Minister Craig Crawford welcomed the release of Council's guide.

"Each year, Queenslanders face a range of hazards, including bushfires, cyclones, floods and severe storms, and all Queenslanders share responsibility for not just being prepared for emergencies, but also building a community that is resilient to nature's ongoing challenges," Mr Crawford said.

"That's why Queensland Fire and Emergency Services (QFES) works closely with residents, councils, other government agencies, community groups and businesses to encourage and help everyone to "Get Ready".



Mareeba Shire Mayor Tom Gilmore said the safety initiative was the first of its kind in the Far North.

"Mareeba has a wonderful reputation with the travelling public and we want visitors to enjoy a safe and memorable experience in the Shire," Cr Gilmore said.

"Council saw the need for such a resource and together with the Queensland Government and the Queensland Fire and Emergency Services, I think we have produced a vital resource which could ultimately save someone's life."

"I would like to thank Council staff for their contribution and of course to the Queensland Government for funding this project," he said.

THE GUIDES ARE AVAILABLE ON COUNCIL'S [WEBSITE](#).



## TRANSPORT AND INFRASTRUCTURE

PROJECT	OUTCOME
Asset Management Plans <ul style="list-style-type: none"> <li>• Roads</li> <li>• Facilities</li> <li>• Parks</li> <li>• Swimming Pools</li> <li>• Aerodromes</li> <li>• Footpaths</li> <li>• Fleet</li> <li>• Waste</li> <li>• Stormwater</li> </ul>	<ul style="list-style-type: none"> <li>• Road condition and defect assessment completed 2018. Ongoing routine inspections underway.</li> <li>• Gates &amp; Grids assessments completed September 2018.</li> <li>• Footpath inspections continuing.</li> <li>• Stormwater infrastructure inspections underway expected completion August 2019.</li> <li>• Preparation of facility inspection program underway.</li> </ul>
Community Housing Asset Management Plan (CHAMP)	<ul style="list-style-type: none"> <li>• CHAMP completed and lodged with Department of Housing and Public Works in March 2018. Awaiting departmental feedback and approval.</li> <li>• Maintenance is planned for priority works identified in this plan.</li> <li>• Condition assessments have been completed on nearly 75% of the properties and this data will be used to update the plan.</li> </ul>
Bridges Asset Management	<ul style="list-style-type: none"> <li>• Bridges, Major Culverts &amp; Causeway Asset Management Sub-Plan drafted in preparation for presentation to Council.</li> <li>• Level 1 &amp; Level 2 bridge inspection training course for staff scheduled for late July 2019.</li> </ul>
Water Asset Management	<ul style="list-style-type: none"> <li>• Data verification of assets is complete.</li> <li>• AMP adoption will be dependent on Mareeba water strategy recommendations.</li> </ul>
Wastewater Asset Management	<ul style="list-style-type: none"> <li>• Asset Management Sub-Plan completed.</li> </ul>
Local Government Infrastructure Plan (LGIP)	<ul style="list-style-type: none"> <li>• Completed and adopted November 2018.</li> </ul>
Kuranda Cemetery	<ul style="list-style-type: none"> <li>• Council endorsed further investigation to determine the viability of a Lot 514 Plan SP248398 in Koah as a new cemetery to service Kuranda and surrounding communities. This work will be undertaken in 2019/20.</li> </ul>
Mareeba Cemetery	<ul style="list-style-type: none"> <li>• Review of remaining capacity to be undertaken and planning to commence in 2019/20.</li> </ul>

PROJECT	OUTCOME
Kuranda Infrastructure Program	<ul style="list-style-type: none"> <li>• Completed projects in accordance with Kuranda Township Masterplan.               <ul style="list-style-type: none"> <li>○ Therwine Street Redevelopment</li> <li>○ Centenary Park Amenities refurbishment.</li> </ul> </li> <li>• Projects commenced for completion in 2019/20 in accordance with Kuranda Township Masterplan.               <ul style="list-style-type: none"> <li>○ Kuranda Wayfinding Signage Concept design completed.</li> <li>○ JumRum and Jungle Walk walking trails renewal projects in design and planning.</li> <li>○ Detailed design of Barron Falls walking trail completed.</li> </ul> </li> </ul>
Mareeba CBD Traffic Study	<ul style="list-style-type: none"> <li>• Stakeholder engagement undertaken to inform final design.</li> <li>• Temporary works to reflect proposed changes completed in Rankin/Walsh Street area in July 2019.</li> </ul>
Ootann Road improvements	<ul style="list-style-type: none"> <li>• Package 1 completed August 2018.</li> <li>• Package 2 commenced with practical completion due August 2019.</li> </ul>
John Doyle Bridge Rehabilitation	<ul style="list-style-type: none"> <li>• Materials procured and project postponed until April 2020 (wet season dependent).</li> </ul>
Byrnes Street Water Main Upgrade	<ul style="list-style-type: none"> <li>• Project completed.</li> </ul>
Mareeba Water Strategy	<ul style="list-style-type: none"> <li>• Consultant engaged to undertake Study. Final report due to be received by end of 2019.</li> </ul>
Bicentennial Lakes Revitalisation	<ul style="list-style-type: none"> <li>• Masterplan adopted by Council July 2018.</li> <li>• Design plans for implementation developed for future budget considerations.</li> </ul>
Mareeba Town Beautification	<ul style="list-style-type: none"> <li>• CBD Street Tree Masterplan adopted.</li> <li>• Western side of Byrnes Street upgraded in line with plan as part of Byrnes Street watermain project.</li> <li>• Eastern side Byrnes Street to be completed in 2019/20</li> <li>• Street Tree Planting Policy prepared in preparation for adoption by end of 2019.</li> </ul>

## ECONOMY AND ENVIRONMENT

PROJECT	OUTCOME
Waste Strategy	<ul style="list-style-type: none"> <li>Completed and reported to Council in April 2019.</li> </ul>
Water Asset Management	<ul style="list-style-type: none"> <li>Water Asset Management Sub-plan underway and to be finalised in late 2019.</li> </ul>
Planning Scheme Review	<ul style="list-style-type: none"> <li>Initial Environmental Overlay review completed, and next stage will occur in the next financial year.</li> <li>Following advice from the Department of State Development, Manufacturing, Infrastructure and Planning the Koah Rural Residential Assessment will not proceed.</li> </ul>
Mareeba Airport Upgrade	<ul style="list-style-type: none"> <li>Stage 1 completed, providing 52 fully serviced lots suitable for aviation-related businesses.</li> <li>Stage 2 underway which includes runway extension, new lighting, additional taxiways and increased carrying capacity for larger aircraft.</li> <li>Refer to New Aviation Hub for FNQ (Media Release page 21 in this document) for further information.</li> </ul>
Economic Tourism development	<ul style="list-style-type: none"> <li>The review of Tourism Kuranda strategic direction is complete with a new strategic plan for destination development and marketing released in July 2019.</li> <li>A study to ascertain the feasibility of developing a rail trail from Mareeba to Walkamin is underway.</li> </ul>
Aged Care Strategy	<ul style="list-style-type: none"> <li>A consultant will be engaged during July 2019 to explore future options for the delivery of the Community Housing Service.</li> </ul>
Visitor Information Services	<ul style="list-style-type: none"> <li>Tourism Kuranda Strategic Plan review is complete and will offer further direction.</li> </ul>
Land, Pest and Fire Management	<ul style="list-style-type: none"> <li>90% of 2019 fire breaks installed across the Shire by 30 June 2019.</li> <li>Local and state-controlled roadsides treated for rat's tail, gamba grass and parthenium.</li> <li>Working with Biosecurity Queensland, Tropical Weeds Research Catchment Management and affected landowners on multi species weed removal from upper Walsh River system.</li> </ul>
Reef Guardian Council Program	<ul style="list-style-type: none"> <li>2018/19 Action Plan adopted by Council.</li> </ul>

# New Aviation Hub for FNQ

## (Media Release)

Stage 1 of the \$23 million Mareeba Airport upgrade was officially opened on Thursday 7 March.

Member for Cook Cynthia Lui said the Palaszczuk Government was investing in Mareeba's future. "The upgrade to Mareeba Airport is one of the most significant events in the history of Far North Queensland regional aviation," Ms Lui said.

"This marks an important milestone as we celebrate the stage one upgrades of a project which will result in a wide range of economic benefits and provide a regional solution for growing aviation demand in Far North Queensland.

"Pilot training, aircraft maintenance and new fast links to markets for the area's acclaimed produce are all within easier reach because of this upgrade.

"The Palaszczuk Government is providing \$13 million towards the two-stage transformation which will create an upgraded regional airport supporting 83 jobs."

Minister for Fire and Emergency Services and Member for Barron River Craig Crawford who represented the Premier to officially open Stage 1 said the bottom line was more jobs.

"The new facility will increase employment as it becomes a base for development of regional capabilities in avionics and aircraft maintenance," he said.

Stage One includes the new commercial precinct with 52 fully serviced lots suitable for aviation-related businesses, including a wastewater treatment plant and drainage works to service the commercial precinct, upgrades to surrounding roads, a new airport water main and renewal of airport fencing. Stage two of the upgrade will see the airport runway extended and carrying capacity increased to cater for larger aircraft.

Mareeba Shire Mayor Tom Gilmore said the new aviation precinct will create a welcome economic flow into the community and will create local job opportunities.

"I am simply thrilled to see this project come to fruition and the benefit this development will bring not only to Mareeba but to the Shire and Tablelands," he said.

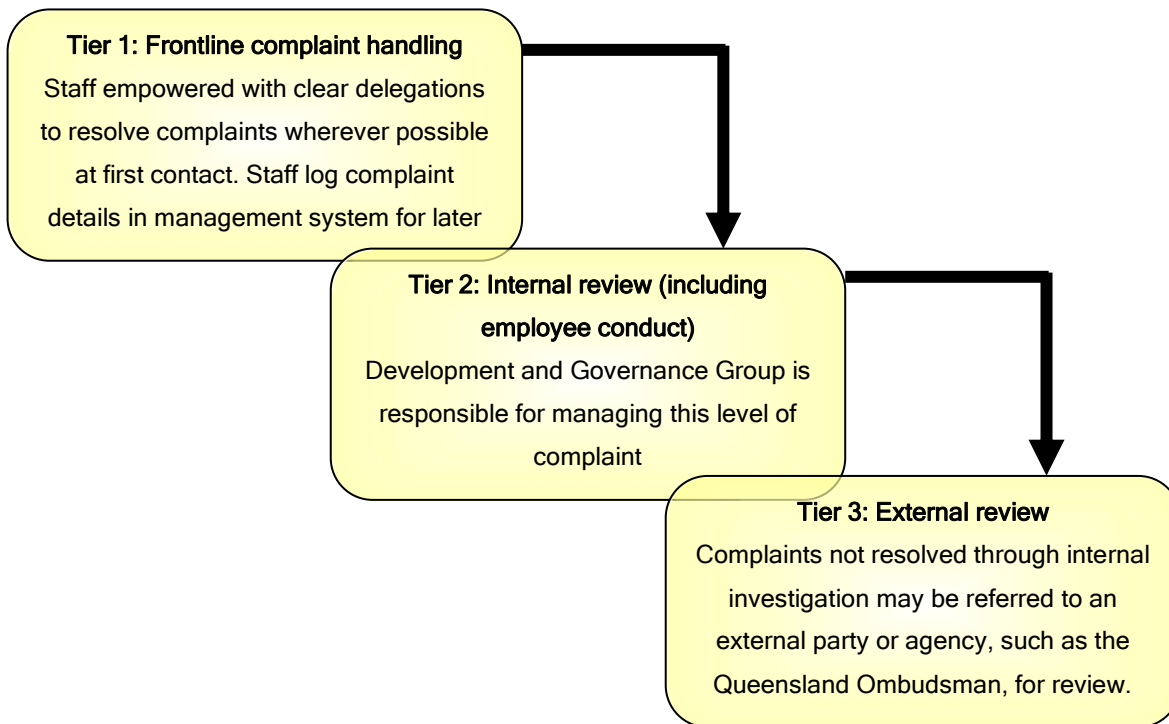
The Mareeba Airport Upgrade Project is being jointly funded by the Queensland Government and Australian Government and is being delivered by Mareeba Shire Council who have appointed Cairns-based contractor FGF Developments



## GOVERNANCE

PROJECT	OUTCOME
Historical Town Policy	<ul style="list-style-type: none"> <li>Adopted by Council June 2019.</li> </ul>
Policy Review	<ul style="list-style-type: none"> <li>New strategy will be implemented in July 2019 with training on the preparation and writing policy papers.</li> </ul>
Enterprise Risk Management process	<ul style="list-style-type: none"> <li>Completed and adopted December 2018.</li> </ul>
Compliance Review	<ul style="list-style-type: none"> <li>Preliminary work has commenced on this review, to be completed next financial year.</li> </ul>
Business Continuity <ul style="list-style-type: none"> <li>BCP review</li> <li>Disaster Recovery Plan development</li> </ul>	<ul style="list-style-type: none"> <li>Review of BCP commenced in this financial year.</li> </ul>
Complaint Management	<ul style="list-style-type: none"> <li>Completely implemented.</li> </ul>
Local Laws Review	<ul style="list-style-type: none"> <li>Final implementation to be completed in August 2019.</li> </ul>
Advocacy Policy	<ul style="list-style-type: none"> <li>Framework for policy under development.</li> </ul>

Council has adopted a three-tiered approach to complaint management with the majority of complaints being resolved at the first tier.





# AROUND THE SHIRE

Council continues to work with the Community to achieve our vision of a 'growing, confident and sustainable Shire'.

## Chillagoe/Western



## Dimbulah/Mutchilba



## Kuranda



## Mt Molloy/Julatten





Mareeba



## SECTION 3: ANNUAL LEGISLATIVE DISCLOSURES

### CORPORATE GOVERNANCE

Mareeba Shire Council continues to be a responsible local government, operating in accordance with legislation and focusing on the ethical business activities and relationships between Councillors, senior management, employees, the community, government departments, business clients and other key stakeholders.

Council has a governance framework outlined below, that enhances organisational performance, whilst monitoring and maintaining compliance with legislative and other controls.

- Building awareness of organisational responsibilities and accountabilities
- Strong financial stewardship and fiscal responsibility
- Monitoring and maintaining compliance with legislation, policy, standards and controls
- Integral practices, procedures and ethical decision-making with continuous improvement activities and transparent reporting
- Involving the community as a key stakeholder in decision-making and consultation opportunities.

### RISK MANAGEMENT

Risk management is the identification, assessment and prioritisation of risks. It also includes the steps taken to minimise such risks. Council has a Risk Management Policy, Risk Management Guidelines and Risk Management Framework to assist in identifying risks and opportunities in all aspects of Council operations.

The following risk types are regularly reviewed, monitored and reported:

#### Strategic risks

- Council receives a quarterly report at the confidential session of the ordinary meeting
- Audit Committee receives a report each meeting

#### Operational risks

- Audit Committee receives information on strategic risks and all operational risks exceeding the set risk tolerance
- Group executives and management monitor their risks each quarter

#### Project risks

- Governance committees overseeing large projects monitor project risks



## 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 2018 to 30 June 2019:

MAYOR	DEPUTY MAYOR	COUNCILLORS
\$119,903	\$71,943	\$59,952

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2018 to 30 June 2019 is as follows:

NAME	REMUNERATION PAID	SUPERANNUATION PAID
Cr Tom Gilmore	\$119,903	\$14,388
Cr Alan Pedersen	\$71,943	\$8,633
Cr Edward Brown	\$59,952	\$7,194
Cr Kevin Davies	\$59,952	\$7,194
Cr Mary Graham	\$59,952	\$7,194
Cr Angela Toppin	\$59,952	\$7,194
Cr Lenore Wyatt	\$59,952	\$7,194

### 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 2018 to 30 June 2019 is as follows:

NAME	AMOUNT (\$)
Cr Tom Gilmore	\$9,600
Cr Alan Pedersen	\$8,963
Cr Edward Brown	\$3,300
Cr Kevin Davies	\$3,300
Cr Mary Graham	\$3,300
Cr Angela Toppin	\$3,300
Cr Lenore Wyatt	\$3,300

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, Councillors' 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 2018/19 financial year.

## COUNCILLOR MEETING ATTENDANCE

Below list outlines Councillor attendance at council meetings held between 1 July 2018 and 30 June 2019. Leave was granted for the unattended meetings by Councillors.

NAME	NUMBER
Cr Tom Gilmore	12
Cr Alan Pedersen	15
Cr Edward Brown	13
Cr Kevin Davies	14
Cr Mary Graham	15
Cr Angela Toppin	13
Cr Lenore Wyatt	15

MEETINGS HELD	NUMBER
Ordinary Meetings	12
Special (Budget) Meetings	1
Special Meetings	2

## COUNCILLOR CONDUCT

The new councillor complaints framework provided for under the *Local Government (Councillor Complaints) and other Legislation Amendment Act 2018* and associated Regulation came into operation on 3 December 2018. These changes resulted in the requirement to report both on complaints received under the former legislation (complaints decided before 3 December 2018) and on complaints received under the new legislation (complaints made after 3 December 2018).

Complaints received under former legislation before 3 December 2018 are shown in the table below.

DESCRIPTION	NUMBER
Orders and recommendations made under section 180(2) or (4) of the Act	Nil
Orders made under section 181 of the Act	Nil
The name of each councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act	Nil
Description of the misconduct or inappropriate conduct engaged in by each of the Councillors	Nil
Summary of the order or recommendation made for each Councillor	Nil
Complaint about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act	1
Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act	1
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	1
Complaint referred to the department's Chief Executive under section 176C(4)(a) of the Act	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
Complaints to which section 176C(6) of the Act applied	Nil
Action taken after preliminary assessment under section 176C	Nil
Disciplinary Action taken under section 180	Nil
Complaints of Inappropriate conduct under section 181	1

Complaints received under new legislation after 3 December 2018 are shown in the table below.

DESCRIPTION	NUMBER
Orders made under section 150I(2) of the Act	Nil
Orders made under section 150AH(1) of the Act	Nil
Decisions, orders and recommendations made under section 150AR(1) of the Act	Nil
Name of each Councillor for whom decisions, orders and recommendations was made under 150AR(1) or an order was made under sections 150I(2) or 150AH(1) of the Act	Nil
Description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors	Nil
<u>Summary of the decision, order or recommendation made for each Councillor</u>	
Complaints referred to the Independent Assessor under section 150P(2)(a) of the Act by the local government; a Councillor of the local government and the Chief Executive Officer of the local government	1
Matters mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	Nil



DESCRIPTION	NUMBER
Notices given under section 150R(2) of the Act	Nil
Notices given under section 150S(2)(a) of the Act	Nil
Decisions made under section 150W(a), (b) and (d) of the Act	1
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	Nil
Occasions information was given under section 150AF(4)(a) of the Act	Nil
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a Councillor	Nil
Applications heard by the conduct tribunal about the alleged misconduct of a Councillor	Nil

## REMUNERATION PAYABLE TO SENIOR MANAGEMENT

The below table provides the number of senior management staff and their remuneration value range.

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

Education and training have 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 complaint management process, as can be seen in the table below, the number of complaints outstanding at the end of the financial year was eleven compared to a carry-over of four at 30 June 2018. Of the eleven remaining at the close of the current reporting period, one is a carry-over due to the complexity of the matters raised and the significant and protracted involvement of external review agencies.

DESCRIPTION	AMOUNT
Administrative action complaints carried over from the previous financial year	5
Administrative action complaints lodged during 2018/19	114
Administrative action complaints resolved during 2018/19	108
Administrative action complaints unresolved at close of the financial year	11

## 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 under section 228(7) of the *Local Government Regulation 2012*.

## GRANTS TO COMMUNITY ORGANISATIONS

The following grants/donations were provided to community groups and sporting clubs during the period 1 July 2018 to 30 June 2019 in accordance with Council's Community Partnerships Program (CPP) Policy and the Rate Rebate and Remission Policy 2018/19:

GRANTS TO COMMUNITY ORGANISATIONS	AMOUNT
Cash	\$24,764
Remittance of Rates and Charges (including water consumption)	\$72,911
In-Kind Assistance	\$49,747
<b>TOTAL</b>	<b>\$147,422</b>

Grants provided to community organisations through the Regional Arts Development Fund for arts and cultural projects are separate to the amounts listed above and totalled \$35,273 for the 2018/19 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 Councillor Conduct
- 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

## COMPETITIVE NEUTRALITY COMPLAINTS

During the 2018/19 financial year Council was not in receipt of any competitive neutrality complaints. During the same period, Council was not in receipt of any Queensland Productivity Commission notices of investigations, nor any Queensland Productivity Commission recommendations on any competitive neutrality complaints.

## CONDUCT OF BUSINESS ACTIVITIES

### Application of Code of Competitive Conduct

The following business activities were conducted by Council during the 2018/19 financial year:

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

The *Local Government Act 2009* (s 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* (s19) identifies the following expenditure thresholds for significant business activities:

- 10,000 or more premises being connected to a water service for the provision of combined water and sewerage services
- \$9.7 million 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 2018/19 financial year. The business activities listed above were also conducted by Council in the previous financial year (2017/18), and there were no new business activities commenced in 2018/19.

## 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 14 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, under section 190(d) of the *Local Government Regulation 2012*.

- 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 POLICY

The Debt Policy details the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowings for the financial years 2018/19 to 2027/28, 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.

## 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; 14 August 2018, 2 October 2018, and 12 March 2019.

The main issues considered by the Committee throughout the 2018/19 year were:

- Financial statements for the year ended 30 June 2018
- Audit strategy for the 2018/19 financial year
- Internal audit plan and status
- Enterprise Risk Management
- External audit results and recommendations
- Probity audit reviews and status

## 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 providing internal audit services for Mareeba Shire Council.

Pacifica Chartered Accountants was appointed as Council's Internal Auditors on 23 April 2015 for the period 1 January 2015 to 30 June 2018. Further to this, an extension to the agreement for another 3-year term to 30 June 2021 has been accepted.

Based on Council's budget for Internal Audit services; risk management frameworks; governance maturity and procedure documents; external audit findings and key areas of interest/concern for the Executive Management Team, an annual Internal Audit Plan for the three years spanning 2019 to 2021 has been endorsed by the Audit Committee.

Internal Audit activities undertaken during the 2018/19 year include:

- Fraud Risk & Ethical Conduct
- Non-financial Reporting Integrity

### Current 2018/19 Annual Internal Audit Plan

NO.	PROJECT	DEPARTMENT
1.	Fraud Risk and Ethical Conduct	Organisation-wide
2.	Non-financial Reporting Integrity	Infrastructure Services

### Previous 2017/18 Annual Internal Audit Plan

NO.	PROJECT	DEPARTMENT
1.	Payroll - Key Internal Control Assessment	HR; Finance
2.	Fraud and Ethical Conduct Review incorporating Fraud Risk Register	Organisation-wide
3.	Revenue Assurance - Water Billing Practices and Controls	Water and Waste; Finance
4.	Implementation of Council Decisions Review	Organisation-wide



## SECTION 4: FINANCIAL INFORMATION

### 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 Regulation 2012* and focuses on:



#### Performance Highlights:

During the 2018/19 financial year, Council has:

- Continued to achieve a sound financial position resulting in an operating surplus of \$8.3 million, which continues to lay the foundation of Council's promising long-term financial sustainability.
- In comparison to other similar sized Councils, sustained a relatively low debt of \$5.8 million at year end.
- Achieved a net financial liability ratio of -72% which remains well below the target of not greater than 60%, noting that a negative percentage is a favorable result.



## STATEMENT OF COMPREHENSIVE INCOME

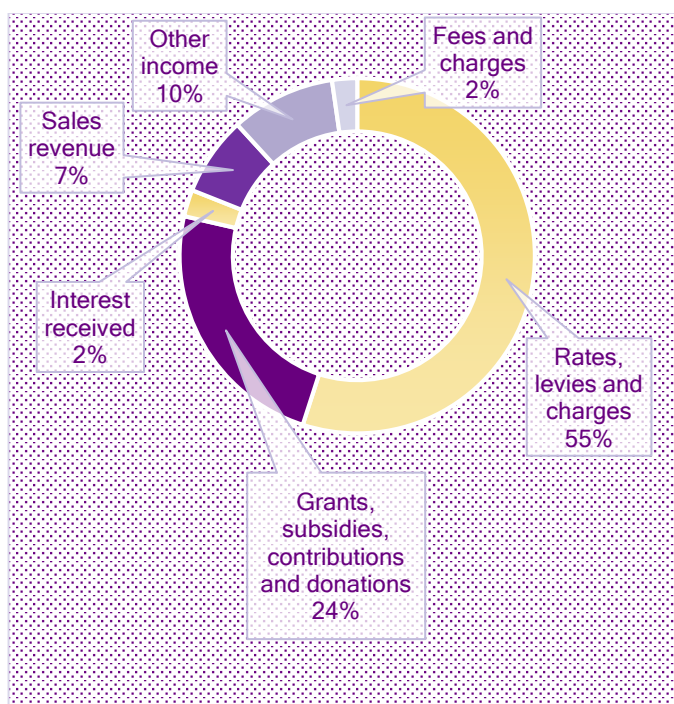
The Statement of Comprehensive Income (often referred to as the Profit and Loss Statement) shows the details of Council's operating and capital income and expenses for a specified reporting period. Income minus expenses results in either a profit or loss amount known as the net result.

A Summarised Statement of Comprehensive Income for the year ended 30 June 2019 is shown in the table below:

SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME	AMOUNT \$(000)
Operating Revenue	\$55,428
Less: Operating Expenses	(\$47,085)
<b>Operating Position</b>	<b>\$8,343</b>
Plus: Capital Income	\$19,762
Less: Capital Expenses	(\$601)
<b>Net Result*</b>	<b>\$27,504</b>

\* 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 legislative provisions. In addition, capital grants are allocated as funding to maintain or expand Council's infrastructure and cannot be used for operational purposes.

### Operating Revenue - Where our money comes from



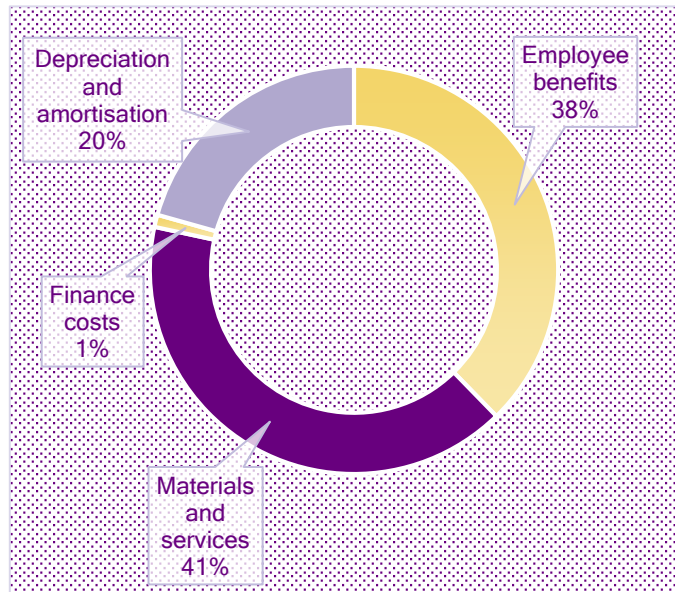
Operating revenue includes rates and utility charges, fees and charges, operating grants and subsidies, sales revenue, interest and other income.

Council received \$55.4 million in operating revenue during the financial year. Rates and utility charges of \$30.5 million was the largest contributor to revenue, which is 55% of the total revenue for the year. Other sources are shown in the graph below.

Capital revenues refer to income from grants, subsidies and contributions. This revenue is used to pay for fixed assets. Total capital revenue during the 2018/19 financial year was \$19.7 million.

OPERATING REVENUE SOURCES	AMOUNT \$(000)
Rates & Utility Charges (Net of discount and remissions)	\$30,466
Fees & Charges	\$1,264
Operating Grants, Subsidies & Contributions	\$13,093
Sales Revenue	\$3,983
Interest - Investment & Rates	\$1,350
Other Revenue	\$5,272
<b>Total Operating Revenue</b>	<b>\$55,428</b>

## Operating Expenditure - What expenses did Council have to meet?



During the 2018/19 financial year, Council focused on continuing its commitment to long term financial sustainability.

Total operational expenses of \$47 million were incurred during the year 1 July 2018 to 30 June 2019. The largest portion of funds were spent on Materials and Services which includes roads, drainage and bridges, totalling \$19.1 million or 41% of the total expenditure.

OPERATING EXPENDITURE	AMOUNT \$(000)
Employee benefits	\$17,757
Materials and services	\$19,150
Finance costs	\$456
Depreciation and amortisation	\$9,722
<b>TOTAL EXPENDITURE</b>	<b>\$47,085</b>

## STATEMENT OF FINANCIAL POSITION

*The Statement of Financial Position (more commonly known as the Balance Sheet) displays a 'snapshot' of assets and liabilities at a specified reporting date. The statement measures what Council owns (assets) and what Council owes (liabilities). The difference between these two components is the net wealth (equity) of Council and our community, referred to as Community Equity.*

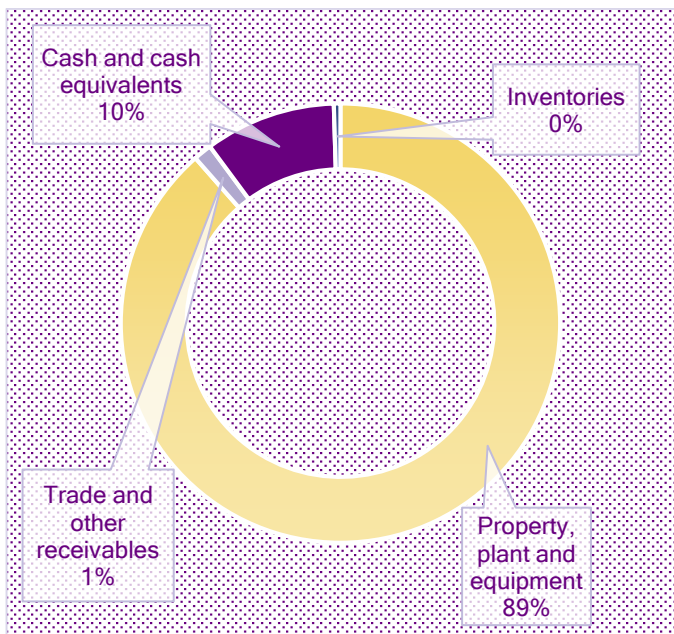
Each heading in the Statement of Financial Position is separated into detailed subheadings which are cross referenced to Notes in the Financial Statements to provide further explanations.

STATEMENT OF FINANCIAL POSITION	AMOUNT \$(000)
<b>Assets - What Council owns</b>	
Cash Assets	\$52,753
Receivables	\$7,361
Inventories	\$2,644
Property, Plant and Equipment and Intangible Assets	\$484,216
<b>TOTAL ASSETS</b>	<b>\$546,974</b>
<b>Less: Liabilities - What Council owes</b>	
Trade Payables	\$12,134
Borrowings	\$5,951
Provisions	\$4,484
<b>TOTAL LIABILITIES</b>	<b>\$22,569</b>
<b>NET COMMUNITY ASSETS - What Council is worth</b>	<b>\$524,405</b>

## 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 represent 75% 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

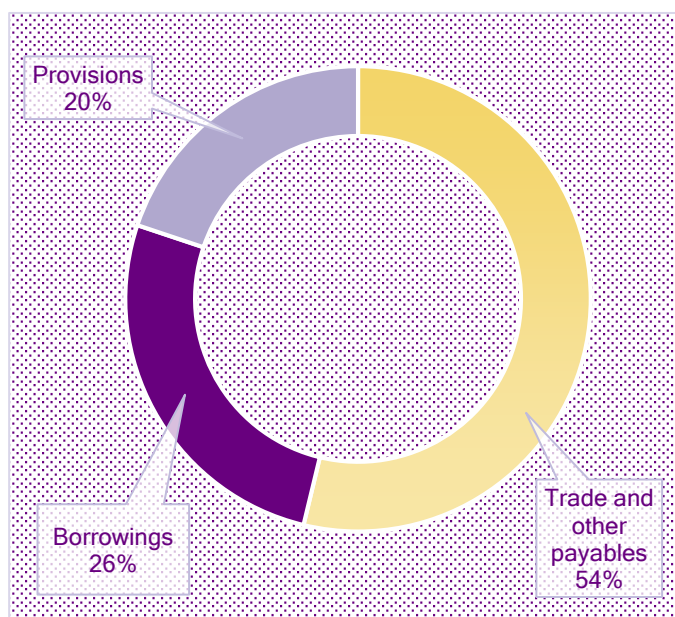


Cash and cash equivalents represent 9% of Council's total assets. Fixed term deposits are separately classified from cash and cash equivalents, and in 2018/19 due to low interest rates, Council did not invest in any fixed term deposits hence the increase in cash and cash equivalents this year from the prior year.

Other assets include outstanding rates, fees and charges owing to Council at 30 June 2019. These are known as trade and other receivables.

## What do we owe?

Council has \$5.8 million worth of loans. \$4 million of this relates to the Mareeba Sewerage Treatment Plant upgrade which was completed in August 2017.



The other major liability for Council is for the landfill rehabilitation provision. Council continues to set aside a provision for a number of years to cover the anticipated future costs relating to the closure of refuse sites, including decontamination and monitoring of historical residues and leaching at these sites. This is included in the provision account under liabilities in the Statement of Financial Position.

## 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 2019, Council's net wealth was \$524 million. This community equity consists of an asset revaluation reserve and retained surpluses which increased by \$30.4 million and \$27.5 million respectively this year. The asset revaluation surplus comprises amounts representing the change in the value of Council's assets over time.

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 the 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 capital grants for the purchase and construction of property, plant & equipment and proceeds from the sale of assets, including term deposits.
- **Financing activities** - are repayments of loans, as well as the inflows from new loans drawn down in the year (if any).

STATEMENT OF CASHFLOW	AMOUNT \$(000)
Opening Balance - 1 July 2018	\$14,637
Plus: Cash inflow from operating activities	\$23,063
Cash inflow from investing activities	\$15,458
Cash outflow from financing activities	(\$405)
<b>CASH AVAILABLE AT END OF YEAR</b>	<b>\$52,753</b>

Cash at the end of the year was \$52.7 million which is represented as cash and cash equivalents in the Statement of Financial Position. There was a movement of \$30.2 million relating to a reduction in term deposits during the year. This is shown in the cashflow statements as an inflow from investing activities. Total term deposits as at reporting date were nil making the total cash assets at reporting date \$52.7 million.



## MEASURES OF FINANCIAL SUSTAINABILITY

### (KEY FINANCIAL PERFORMANCE RATIOS)

The *Local Government Regulation 2012* requires councils to report against the Department of 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.

RATIO	DESCRIPTION	ACTUAL RESULT	TARGET	TARGET MET
<b>Operating surplus ratio</b>	This is an indicator of the extent to which revenue raised covers operational expenses only or are available for capital funding purposes. The higher the ratio the better.	15%	0 - 10%	<input checked="" type="checkbox"/>
<b>Net financial liabilities ratio</b>	This is an indicator of the extent to which the net financial liabilities of a Council can be serviced by its operating revenues. 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, should it decide to do so. The lower the percentage the better.	-72%	<=60%	<input checked="" type="checkbox"/>
<b>Asset sustainability ratio</b>	This is an approximation of the extent to which the assets managed by Council are being replaced as these reach the end of their useful lives. Depreciation expense is compared to the renewal's expenditure (replacing assets that Council already has) and is an indicator of the extent to which the assets are being replaced. This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall portfolio of assets is wearing out.	129%	>90%	<input checked="" type="checkbox"/>

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FINANCIAL STATEMENTS



***Financial Statements***

***For the year ended 30 June 2019***

# Mareeba Shire Council

## Financial statements

### For the year ended 30 June 2019

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**Mareeba Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>Income</b>		
<b>Revenue</b>		
<b>Recurrent revenue</b>		
Rates, levies and charges	3(a) 30,465,588	29,040,209
Fees and charges	3(b) 1,263,996	1,307,431
Interest received	3(c) 1,350,607	1,282,744
Sales revenue	3(d) 3,982,963	3,239,529
Other revenue	3(e) 5,272,062	3,787,992
Grants, subsidies, contributions and donations	4(a) 13,093,250	11,946,619
	<u>55,428,466</u>	<u>50,604,524</u>
<b>Capital revenue</b>		
Grants, subsidies, contributions and donations	4(b) 19,762,027	14,847,145
<b>Total income</b>	<u>75,190,493</u>	<u>65,451,669</u>
<b>Expenses</b>		
<b>Recurrent expenses</b>		
Employee benefits	5 (17,757,383)	(17,122,689)
Materials and services	6 (19,149,933)	(17,060,025)
Finance costs	7 (456,248)	(418,386)
Depreciation and amortisation	8 (9,721,843)	(9,434,714)
	<u>(47,085,407)</u>	<u>(44,035,813)</u>
<b>Capital expenses</b>		
	9 (600,509)	(1,244,123)
<b>Total expenses</b>	<u>(47,685,916)</u>	<u>(45,279,936)</u>
<b>Net result</b>	<u>27,504,577</u>	<u>20,171,733</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to net result</b>		
Increase in asset revaluation surplus	21 30,474,421	8,093,027
<b>Total other comprehensive income</b>	<u>30,474,421</u>	<u>8,093,027</u>
<b>Total comprehensive income for the year</b>	<u>57,978,998</u>	<u>28,264,760</u>

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

**Mareeba Shire Council**  
**Statement of Financial Position**  
as at 30 June 2019

	2019	2018
Note	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	10 52,753,159	14,636,778
Short term investments	11 -	30,200,000
Trade and other receivables	12 7,324,224	6,772,587
Inventories	13 2,643,573	2,941,771
<b>Total current assets</b>	<u>62,720,956</u>	<u>54,551,136</u>
<b>Non-current assets</b>		
Trade and other receivables	12 36,785	39,560
Property, plant and equipment	14 483,403,871	428,664,059
Intangible assets	16 812,328	943,398
<b>Total non-current assets</b>	<u>484,252,984</u>	<u>429,647,017</u>
<b>Total assets</b>	<u>546,973,940</u>	<u>484,198,153</u>
<b>Current liabilities</b>		
Trade and other payables	17 9,985,830	5,428,778
Borrowings	18 422,095	402,314
Provisions	20 490,410	663,168
<b>Total current liabilities</b>	<u>10,898,335</u>	<u>6,494,260</u>
<b>Non-current liabilities</b>		
Trade and other payables	17 2,148,086	1,904,566
Borrowings	18 5,528,487	5,941,137
Provisions	20 3,993,574	3,431,730
<b>Total non-current liabilities</b>	<u>11,670,147</u>	<u>11,277,433</u>
<b>Total liabilities</b>	<u>22,568,482</u>	<u>17,771,693</u>
<b>Net community assets</b>	<u>524,405,458</u>	<u>466,426,460</u>
<b>Community equity</b>		
Retained surplus	446,207,979	418,633,921
Asset revaluation surplus	21 78,197,479	47,792,539
<b>Total community equity</b>	<u>524,405,458</u>	<u>466,426,460</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 2019

	Asset revaluation surplus	Retained surplus	Total
Note	\$	\$	\$
<b>Balance as at 1 July 2018</b>	47,792,539	418,633,921	466,426,460
Net result	-	27,504,577	27,504,577
Reclassifications between reserves	21 (69,481)	69,481	-
Increase in asset revaluation surplus	21 30,474,421	-	30,474,421
<b>Total comprehensive income for the year</b>	30,404,940	27,574,058	57,978,998
<b>Balance as at 30 June 2019</b>	78,197,479	446,207,979	524,405,458
<b>Balance as at 1 July 2017</b>	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
<b>Total comprehensive income for the year</b>	8,093,027	20,171,733	28,264,760
<b>Balance as at 30 June 2018</b>	47,792,539	418,633,921	466,426,460

*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 2019

	2019	2018
Note	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	40,435,747	37,228,047
Payments to suppliers and employees	(31,494,110)	(37,919,014)
	<u>8,941,637</u>	<u>(690,967)</u>
Interest received	1,350,607	1,166,681
Recurrent grants and contributions	13,093,250	11,946,619
Borrowing costs	(322,924)	(354,701)
<b>Net cash inflow (outflow) from operating activities</b>	27 <u>23,062,570</u>	<u>12,067,632</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(34,293,600)	(22,054,579)
Payments for intangible assets	(188,500)	(95,224)
Proceeds from sale of property, plant and equipment	13,273	133,750
Grants, subsidies, contributions and donations	19,727,482	13,420,575
Payments for short-term investments	30,200,000	(1,700,000)
<b>Net cash inflow (outflow) from investing activities</b>	<u>15,458,655</u>	<u>(10,295,478)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(372,344)	(354,397)
Repayments made on finance leases	(32,500)	(32,500)
<b>Net cash inflow (outflow) from financing activities</b>	<u>(404,844)</u>	<u>(386,897)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>	<u>38,116,381</u>	<u>1,385,257</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>	14,636,778	13,251,521
<b>Cash and cash equivalents at the end of the financial year</b>	10 <u>52,753,159</u>	<u>14,636,778</u>

*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 2019

**1 Significant accounting policies**

**1.A Basis of preparation**

Mareeba Shire Council ("Council") is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

This year, Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in changes in the way Council calculates the impairment provision, which are now based on expected credit losses instead of incurred credit losses, however, this has had no impact on the total of the impairment provision.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

Council has reviewed the classification, measurement category and carrying amount of each of the financial instruments in accordance with AASB 9 and there are no changes to the classification and measurement categories. Carrying amounts also remain unchanged.

Financial asset/liability	Measurement Category (unchanged)
Cash and cash equivalents	Amortised Cost
Receivables	Amortised Cost
Other financial assets	Amortised Cost
Borrowings	Amortised Cost

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

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:

**Standard and impact**

**Date Council will  
apply standard**

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

Identifiable impacts at the date of this report are:

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

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

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

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

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

- revenue would decrease by \$1,951,636 due to deferral of grant funding.
- there will be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities and statutory receivables
- the net result will be lower on initial application as a result of decreased revenue.

Council's existing processes with regards to prepaid rates are consistent with the income recognition requirements of the new standard.

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

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**Transition Method**

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with the AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Council intends to apply the practical expedients available for the modified retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these do not require restatement.

**AASB 16 Leases**

1 July 2019

Mareeba Shire Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

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

**Impact**

Council has reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease requirements in AASB 16 (applicable from 1 July 2019). AASB 16 will affect Council's accounting for existing operating lease agreements that are in place as at 30 June 2019.

At 30 June 2019, Council has non-cancellable operating lease commitments of \$13,482,775 - refer Note 21. All of these commitments are service based commitments and are not in respect of Council's right to use an underlying asset and therefore no change to the current accounting treatment is expected.

Leases identified as being short term leases and low value leases will continue to be accounted for as they currently are being expensed on a straight line basis within the Statement of Comprehensive Income.

**Transition method**

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

Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 *Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*.



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**1.C 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 14 and Note 15

Provisions - Note 20

Contingent liabilities - Note 23

Financial Instruments and Financial liabilities - Note 29

**1.D 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.E Taxation**

The income of local government 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 2019

**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 2019

**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 2019**

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	Grants	Other							
								\$	\$				
Governance & corporate services	7,825,300	16,809,401	-	-	24,634,701	(5,348,584)	(68,995)	(5,417,579)	19,286,117	19,217,122	\$	168,995,434	
Community services	998,806	3,589,490	-	-	4,588,296	(6,498,443)	(49,623)	(6,548,066)	(1,910,147)	(1,959,770)	-	-	
Planning & development	-	437,115	-	-	437,115	(1,518,845)	-	(1,518,845)	(1,081,730)	(1,081,730)	-	-	
Works infrastructure	4,254,144	4,769,129	17,130,268	614,042	26,767,583	(20,561,120)	(320,557)	(20,881,677)	(11,537,848)	5,885,906	255,221,626	4,804,120	
Waste management	-	5,698,805	99,616	123,236	5,921,657	(4,968,726)	-	(4,968,726)	730,079	952,931	4,804,120	4,804,120	
Water infrastructure	15,000	5,911,211	1,195,359	226,543	7,348,113	(4,656,136)	(14,965)	(4,671,101)	1,270,075	2,677,012	53,844,600	53,844,600	
Sewerage infrastructure	-	5,120,066	156,164	216,799	5,493,029	(3,533,553)	(146,369)	(3,679,922)	1,586,513	1,813,107	64,108,160	64,108,160	
<b>Total Council</b>	<b>13,093,250</b>	<b>42,335,217</b>	<b>18,581,407</b>	<b>1,180,620</b>	<b>75,190,493</b>	<b>(47,085,407)</b>	<b>(600,509)</b>	<b>(47,685,916)</b>	<b>8,343,059</b>	<b>27,504,577</b>	<b>546,973,940</b>	<b>546,973,940</b>	

**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	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	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	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	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	59,127,178	
<b>Total Council</b>	<b>11,946,619</b>	<b>38,657,905</b>	<b>12,707,372</b>	<b>2,139,773</b>	<b>65,451,669</b>	<b>(44,035,813)</b>	<b>(1,244,123)</b>	<b>(45,279,936)</b>	<b>6,568,711</b>	<b>20,171,733</b>	<b>484,198,153</b>	<b>484,198,153</b>	

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**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.

	2019	2018
Note	\$	\$
General rates	17,621,180	17,001,039
Separate rates	576,848	526,169
Water	3,357,076	3,085,025
Water consumption, rental and sundries	2,252,800	2,033,186
Sewerage	4,817,429	4,627,336
Waste management	3,710,204	3,572,771
Total rates and utility charge revenue	<u>32,335,537</u>	<u>30,845,526</u>
Less: Discounts	(1,484,040)	(1,424,719)
Less: Pensioner remissions	(385,909)	(380,598)
	<u><u>30,465,588</u></u>	<u><u>29,040,209</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	179,247	252,408
Cemetery services	298,353	266,679
Building/plumbing domestic applications	198,633	257,580
Building/plumbing commercial applications	24,480	33,880
Fines, penalties and infringements	145,980	133,011
Permits, licences and registrations	280,414	240,606
Other fees and charges	136,889	123,267
	<u>1,263,996</u>	<u>1,307,431</u>

**(c) Interest received**

Interest received from Queensland Treasury Corporation	360,939	428,316
Interest received from other sources (including term deposits)	793,509	585,697
Interest from overdue rates and utility charges	196,159	268,731
	<u>1,350,607</u>	<u>1,282,744</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	3,982,963	3,239,529
Total sales revenue	<u>3,982,963</u>	<u>3,239,529</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

(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.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Waste management	1,631,677	1,388,696
Flood inspections and associated costs	-	-
Animal impounding	32,579	31,985
Leases and rental income	1,606,957	1,501,771
Sale of scrap / surplus plant	237,816	185,040
Legal recoveries	99,614	122,523
Sale of goods/materials	48,146	37,440
Fuel rebates	252,611	150,979
Brochure contributions	11,545	23,241
Net revenue from sales of land held for development	1,087,882	-
Other sundry revenue	263,235	346,317
	<u>5,272,062</u>	<u>3,787,992</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 2019

	2019	2018
Note	\$	\$
<b>(a) Recurrent</b>		
State government subsidies, grants and contributions	5,337,358	1,186,291
Commonwealth government subsidies and grants	7,755,892	10,760,328
	13,093,250	11,946,619
<b>(b) Capital</b>		
State government subsidies and grants	14,783,237	9,083,081
Commonwealth government subsidies and grants	3,798,171	3,624,290
Contributions	1,146,074	713,204
Donated assets	34,545	1,426,570
	19,762,027	14,847,145
<b>(c) Conditions over contributions</b>		
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	1,921,704	763,032
Non-reciprocal grants for expenditure on non-capital	254,350	946,466
	2,176,054	1,709,498
<b>5 Employee benefits</b>		
Total staff wages and salaries	13,340,050	13,095,902
Councillors' remuneration	524,358	493,926
Annual, sick and long service leave entitlements	3,187,293	3,039,791
Superannuation	1,776,128	1,759,568
	18,827,829	18,389,187
Other employee related expenses	153,750	108,756
	18,981,579	18,497,943
Less: Capitalised employee expenses	(1,224,196)	(1,375,254)
	17,757,383	17,122,689
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
	<b>2019</b>	<b>2018</b>
Total Council employees at the reporting date:	<b>No.</b>	<b>No.</b>
Elected members	7	7
Administration staff	97	94
Depot and outdoors staff	114	110
Total full time equivalent employees	218	211
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>6 Materials and services</b>		
All contractors excluding hire of plant	7,959,350	7,117,893
Audit of annual financial statements by the Auditor-General of Queensland	113,455	111,399
Bulk water purchase	613,469	602,130
Electricity	1,208,936	1,216,160
Fuels and oils	716,942	595,658
Goods, materials and services	1,243,580	1,069,878
Hire of plant	3,375,179	2,996,529
Insurance	552,031	597,593
Legal	291,852	262,866
Licences, fees, subscriptions and memberships	814,451	638,188
Professional/consultancy services	397,026	420,637
Rent, rates and leasing expenses	437,217	395,466
Road materials used for maintenance	881,230	635,547
Other materials and services	545,215	400,081
	19,149,933	17,060,025



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
<b>7 Finance costs</b>		
Finance costs charged by the Queensland Treasury Corporation	254,631	274,042
Unwinding of discount on provision for restoration	46,700	19,688
Bank charges	68,293	80,659
Impairment of debts	86,624	43,997
	<u>456,248</u>	<u>418,386</u>
<b>8 Depreciation and amortisation</b>		
<b>Depreciation of non-current assets</b>		
Buildings	1,531,995	1,667,310
Plant and fleet	548,248	544,765
Road, drainage and bridge network	3,864,674	3,881,908
Water	1,288,614	1,275,152
Sewerage	1,460,390	1,165,016
Other infrastructure assets	708,352	576,375
14	<u>9,402,273</u>	<u>9,110,526</u>
<b>Amortisation of intangible assets</b>		
Software	319,570	324,187
16	<u>9,721,843</u>	<u>9,434,713</u>
<b>9 Capital expenses</b>		
<b>Loss on write-off of non-current assets</b>		
Write-off of buildings	49,624	72,872
Proceeds from the sale of property, plant and equipment	(13,273)	(133,750)
Less: book value of property, plant and equipment disposed of	61,403	54,667
Write-off of roads and bridges	271,752	1,165,305
Write-off of sewerage	146,368	-
Write-off of water	14,965	85,029
Write-off of other infrastructure	69,670	-
Total capital expenses	<u>600,509</u>	<u>1,244,123</u>
<b>10 Cash and cash equivalents</b>		
Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end and deposits held at call with financial institutions.		
Cash float	2,230	1,830
Petty cash	1,200	1,200
Cash at bank	1,103,479	1,005,925
Cash at bank - Mayor Community Gift Fund Appeal	-	17,323
Deposits at call	51,646,250	13,610,500
Balance per Statement of Cash Flows	<u>52,753,159</u>	<u>14,636,778</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 2019

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:

	2019 \$	2018 \$
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	2,176,054	1,709,498
Internally imposed expenditure restrictions at the reporting date:		
Waste levy refund received in advance	219,830	-
Constrained works	8,989,623	8,270,824
Future capital works	3,936,016	4,855,394
Future non-capital works	4,425,755	4,789,320
Total unspent restricted cash	<u>19,747,278</u>	<u>19,625,036</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.

Cash at bank and cash on hand at 30 June 2019 includes \$219,830 received from the State Government to mitigate the direct impact on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-2020 levy expenses.

**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
Total short term deposits	<u>-</u>	<u>30,200,000</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.

	2019 \$	2018 \$
<b>Current</b>		
Rateable revenue and utility charges	1,842,081	3,200,252
Other debtors	4,486,365	3,048,720
Less: impairment	-	-
GST recoverable	673,408	148,421
Loans and advances to community organisations	15,692	19,442
Prepayments	306,678	355,752
	<u>7,324,224</u>	<u>6,772,587</u>
<b>Non-current</b>		
Loans and advances to community organisations	36,785	39,560
	<u>36,785</u>	<u>39,560</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

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.

Council has applied AASB 9 for the first time this year. As a result, Council has applied the calculation for the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. Based on this methodology, there is no adjustment to the opening balance of impairment as at 1 July 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.

	2019 \$	2018 \$
<b>Inventories held for sale</b>		
Miscellaneous saleable items	2,867	3,022
	<u>2,867</u>	<u>3,022</u>
<b>Inventories held for distribution</b>		
Plant and equipment stores	893,406	932,337
	<u>893,406</u>	<u>932,337</u>
<b>Land purchased for development and sale</b>	1,747,300	2,006,411
<b>Total inventories</b>	<u><u>2,643,573</u></u>	<u><u>2,941,771</u></u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**14 Property, plant and equipment**

30 June 2019

Note	Land	Buildings		Plant and fleet		Road, drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
		Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	
		2		3		3		3		3		3				
	\$		\$		\$		\$		\$		\$		\$		\$	\$
	11,401,732	57,434,538	5,402,749	34,545	56,619,475	251,115,097	64,415,334	19,953,378	14,052,718	33,781,370	482,395,022	34,281,459				
	-	-	(101,670)	(112,047)	(20,479)	(311,065)	(167,480)	(152,977)	(865,717)							
	-	5,389,317	-	4,208,451	19,781,008	4,578,938	4,578,938	1,657,814	-	-	35,615,529					
	2,455,972	735,883	368,067	397,555	7,758,835	2,485,578	2,485,578	530,002	(14,731,906)		(13)					
	13,857,704	63,458,069	5,693,315	63,205,001	71,312,370	22,453,562	33,102,382	551,426,279								

9  
Opening gross value as at 1 July 2018  
Additions  
Disposals  
Revaluation adjustment to asset revaluation surplus  
Transfers between classes  
**Closing gross value as at 30 June 2019**

**Accumulated depreciation and impairment**

	-	11,691,594	2,477,191	17,656,568	7,449,323	5,288,155	9,168,130	53,730,863
	-	1,531,994	548,247	3,864,674	1,288,614	1,460,390	708,353	9,402,272
	-	(62,046)	(50,643)	(39,312)	(5,513)	(21,111)	(83,307)	(251,934)
	-	2,305,708	-	1,640,320	627,978	476,776	90,326	5,141,108
	-	15,477,251	2,974,795	23,122,250	9,360,401	7,204,210	9,883,502	68,022,409

8  
Opening balance as at 1 July 2018  
Depreciation provided in period  
Disposals  
Revaluation adjustment to asset revaluation surplus  
**Accumulated depreciation as at 30 June 2019**

**Total written down value as at 30 June 2019**

13,857,704	47,980,819	2,718,520	255,221,626	53,844,600	64,108,160	33,102,382	483,403,871
Land: Not depreciated	11-185	1 - 16	10 - 130	5 - 150	7 - 200	5-120	WIP: Not depreciated

Range of estimated useful life in years

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

14 Property, plant and equipment

30 June 2018

Basis of measurement Fair value category	Land		Buildings		Plant and fleet		Road, drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
	Fair Value	2	Fair Value	3	Cost	Fair Value	3	Fair Value	3	Fair Value	3	Fair Value	3	Fair Value	3	Cost	
Asset values	\$		\$		\$		\$		\$		\$		\$		\$		\$
Opening gross value as at 1 July 2017	11,099,938		45,882,510		5,043,841		242,773,963		56,493,220		44,728,699		9,728,649		27,195,751		442,956,572
Additions	-		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		1,185,016		576,375		-		9,110,526
Depreciation on disposals	-		(65,959)		(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

Land: Not depreciated	11,401,732		45,742,944		2,925,558		233,458,528		51,170,152		59,127,179		10,785,248		14,052,718		428,664,059
Range of estimated useful life in years			15 - 185		1 - 16		10 - 130		5 - 150		7 - 200		20 - 120		WIP: Not depreciated		

## Mareeba Shire Council

### Notes to the financial statements

For the year ended 30 June 2019

#### 14 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.

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.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure.

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.

##### (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.

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.

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

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.



## **Mareeba Shire Council**

### **Notes to the financial statements**

For the year ended 30 June 2019

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 14.

#### **(d) Impairment**

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's 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 5 years. Land has not been comprehensively valued since 2014, as it represents an immaterial portion of the asset base and is purely the land element of Council's asset base. Adjustments to the carrying values of land assets were adjusted by the relevant index in the 2016 financial year. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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 5 years but not necessarily in the same reporting period.

Details of valuers and methods of valuations are disclosed in Note 15.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**15 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 2018, a portion of the fair value of buildings and other infrastructure were determined by external consultants APV Valuers and Asset Management, effective 30 June 2018, with applicable indices applied to the carrying values of assets within these asset classes which were not comprehensively revalued.

In 2019 APV Valuers and Asset Management valued all assets within the buildings and other infrastructure asset classes which were not comprehensively revalued in 2018. The relevant adjustments have been made to the carrying values of those assets, effective 30 June 2019. 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 2019.

**(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. Land has not been comprehensively valued since 2014, as it represents an immaterial portion of the asset base and is purely the land element of Council's asset base. Adjustments to the carrying values of land assets were adjusted by the relevant index in the 2016 financial year. 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 the remaining portion of the buildings assets were determined by APV Valuers and Asset Management, effective 30 June 2019. Assets not comprehensively revalued as at 30 June 2019 have been assessed against the relevant indices and no adjustment will be made to their carrying values.

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.

## Mareeba Shire Council

### Notes to the financial statements

For the year ended 30 June 2019

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).

#### (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 valued by independent valuer Australis Asset Advisory Group, effective 30 June 2017. Waste infrastructure were recently valued by independent valuer APV Valuers and Asset Management, effective 30 June 2019.

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.

A comprehensive revaluation of the Roads assets was conducted by AssetVal Pty Ltd, effective 1 January 2014. After assessing the relevant indices, the applicable adjustments have been made to the carrying values, effective 30 June 2019.

##### *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 14.

## **Mareeba Shire Council**

### **Notes to the financial statements**

For the year ended 30 June 2019

#### **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, the applicable adjustments have been made to the carrying values, effective 30 June 2019.

##### *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 14.

#### **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.

A comprehensive revaluation of the drainage assets was conducted by AssetVal Pty Ltd, effective 1 January 2014. After assessing the relevant indices, the applicable adjustments have been made to the carrying values, effective 30 June 2019.

##### *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 14.

#### **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, the applicable adjustments have been made to the carrying values, effective 30 June 2019.

##### *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.

## **Mareeba Shire Council**

### **Notes to the financial statements**

For the year ended 30 June 2019

#### *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 remaining portion of other infrastructure assets were independently revalued by APV Valuers and Asset Management, effective 30 June 2019. The carrying values of assets not included in the 2019 valuation have been assessed against an applicable indices and no adjustment will be made.

#### **(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 14 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 14(e)

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**16 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 reporting period and adjusted where appropriate.

	2019	2018
	\$	\$
<b>Software and other intangibles</b>		
Gross carrying value at 1 July	2,291,322	2,196,098
Additions	188,500	95,224
Closing gross carrying value	<u>2,479,822</u>	<u>2,291,322</u>
<b>Accumulated amortisation</b>		
Opening balance	1,347,924	1,023,736
Amortisation in the period	319,570	324,188
Closing balance	<u>1,667,494</u>	<u>1,347,924</u>
Net carrying value at 30 June	<u><u>812,328</u></u>	<u><u>943,398</u></u>

The software has a finite life estimated at 10 years.  
Straight line amortisation has been used with no residual value.

**17 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 12 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 23.



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

<b>Current</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
Creditors and accruals		7,155,277	2,932,171
Annual leave		2,135,275	2,058,258
Other trade and payables		475,448	438,349
Waste levy refund received in advance		219,830	-
		<u>9,985,830</u>	<u>5,428,778</u>
<b>Non-current</b>			
Security deposit (capping of landfill) - SITA		2,148,086	1,904,566
		<u>2,148,086</u>	<u>1,904,566</u>

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

**18 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		400,007	381,789
Finance leases	19	22,088	20,525
		<u>422,095</u>	<u>402,314</u>

**Non-current**

Loans - Queensland Treasury Corporation		5,400,654	5,791,216
Finance leases	19	127,833	149,921
		<u>5,528,487</u>	<u>5,941,137</u>

**Loans - Queensland Treasury**

Balance on 1 July		6,173,006	6,527,403
Loans raised		-	-
Principal repayments		(372,344)	(354,397)
Book value at 30 June		<u>5,800,662</u>	<u>6,173,006</u>

The QTC loan market value at the reporting date was \$6,378,498. 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 2019

**19 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. These leases are amortised on a straight-line basis over the term of the lease or, where it is likely that ownership of the asset will be obtained, the life of the asset. 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.

	2019	2018
	\$	\$
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	21,667	54,166
Total minimum lease payments	184,167	216,666
Less: Future finance charges	(34,246)	(46,220)
Lease liability recognised in the financial statements	149,921	170,446
Classified as:		
Current	22,088	20,525
Non-current	127,833	149,921
	149,921	170,446
The present value of above minimum lease payments are payable as follows:		
Not later than one year	22,088	20,525
Later than 1 year but not later than 5 years	106,760	99,131
Later than 5 years	21,073	50,790
	149,921	170,446
The carrying value of the leased asset is as follows:		
Building	1,189,474	1,214,696

**20 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 four sites; Almaden, Chillagoe and two sites in Mareeba. One Mareeba site and the Almaden site were closed in the 2017/18 financial year and the Chillagoe site closed in the 2018/19 financial year. The second site in Mareeba will close in the 2019/20 financial year, however Council is not financially responsible for the capping costs, only the ongoing monitoring and maintenance costs.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

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.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Refuse restoration	91,810	284,716
Long service leave	398,600	378,452
	<u>490,410</u>	<u>663,168</u>
<b>Non-current</b>		
Refuse restoration	2,148,983	1,436,913
Long service leave	1,844,591	1,994,817
	<u>3,993,574</u>	<u>3,431,730</u>

Details of movements in provisions:

**Refuse restoration**

Balance at 1 July	1,721,629	3,937,727
Increase in provision due to unwinding of discount	46,700	19,688
Provisions made during the year	635,057	375,234
Provisions used during the year	(162,593)	(2,611,020)
Balance at 30 June	<u>2,240,793</u>	<u>1,721,629</u>

Restoration for three sites have all been completed, however, Council is still obligated for future monitoring of the sites under current legislation to 2039.

**Long service leave**

Balance at 1 July	2,373,269	2,375,188
Long service leave entitlement arising	404,110	383,360
Long service entitlement paid	(549,063)	(385,279)
Balance at 30 June	<u>2,228,316</u>	<u>2,373,269</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**21 Asset revaluation surplus**

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

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

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

The comparative balance for the asset revaluation surplus and retained earnings has been adjusted to reflect a cumulative historical difference.

<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	47,792,542	39,699,512
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	-
Buildings	3,083,610	6,039,739
Plant & Fleet	-	-
Road, drainage and bridge network	18,140,688	-
Water	3,580,471	-
Sewerage	4,102,162	-
Other Infrastructure	1,567,487	2,053,291
Impairment:		
Land and improvements	-	-
Buildings	-	-
Water	-	-
Adjustments		
Reclassification between reserves	(69,481)	-
Movements total	<u>30,404,937</u>	<u>8,093,030</u>
Balance at end of financial year	<u><u>78,197,479</u></u>	<u><u>47,792,542</u></u>

<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and improvements	387,018	387,018
Buildings	12,406,239	9,322,629
Plant & Fleet	-	-
Road, drainage and bridge network	34,412,878	16,272,190
Water	12,161,565	8,581,094
Sewerage	14,710,086	10,607,924
Other infrastructure assets	4,119,693	2,552,206
	<u>78,197,479</u>	<u>47,723,061</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**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	12,940,865	15,256,257
Cleaning contractors	541,910	481,020
	<u>13,482,775</u>	<u>15,737,277</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 LGM financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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 Council as at 30 June 2019 in relation to the Local Government Workcare Bank Guarantee is \$238,434.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**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 Council.

Technically Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to 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 2018. The actuary indicated that 'At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date'. 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.

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

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 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Mareeba Shire Council made 0.74% of the total contributions to the plan in the 2018-19 financial year.

	2019	2018
Note	\$	\$
Superannuation contributions made to Regional Defined Benefits Fund	127,933	147,790
Other superannuation contributions for employees	1,648,195	1,611,778
Total superannuation contributions paid by Council for employees:	5 1,776,128	1,759,568
		<b>2020</b>
		<b>\$</b>
Contributions Council expects to make to the Regional Defined Benefits Fund for 2019-20		130,811



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>25 Operating lease income</b>		
Council has leased facilities to independent operators. The minimum lease receipts are as follows:		
Not later than one year	507,372	493,920
One to five years	2,286,745	2,247,294
Later than five years	5,317,375	4,968,410
	<u>8,111,492</u>	<u>7,709,624</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

545,696	510,978
<u>545,696</u>	<u>510,978</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**

Net result	27,504,577	20,171,733
Non-cash items:		
Depreciation and amortisation	9,721,843	9,434,713
Finance costs	145,298	77,125
Finance income	-	(116,063)
	<u>9,867,141</u>	<u>9,395,775</u>
Investing and development activities:		
Net loss on disposal of non-current assets	600,509	1,244,123
Capital grants and contributions	(19,727,482)	(13,420,575)
Donated assets	(34,545)	(1,426,570)
	<u>(19,161,518)</u>	<u>(13,603,022)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(548,862)	(147,114)
(Increase)/decrease in inventory	298,198	23,851
Increase/(decrease) in payables	4,713,949	(1,555,574)
Increase/(decrease) in provisions	389,086	(2,218,017)
	<u>4,852,371</u>	<u>(3,896,854)</u>
Net cash inflow from operating activities	<u>23,062,570</u>	<u>12,067,632</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**28 Reconciliation of liabilities arising from finance activities**

	As at 30 June 2018	Cash flows	Non-cash changes (new leases)	As at 30 June 2019
	\$	\$	\$	\$
Loans	6,173,005	(372,344)	-	5,800,662
Finance leases	170,446	(20,525)	-	149,921
18	<u>6,343,451</u>	<u>(392,869)</u>	<u>-</u>	<u>5,950,583</u>

**29 Financial instruments**

The effect of initially applying AASB 9 on Council's financial instruments is described in Note 1.B Comparative information and has not been restated to reflect the requirements.

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**

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.

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

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*.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council, refer to Notes 10,11 and 12.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2019	2018
	\$	\$
Property charges	1,842,081	3,200,252
GST recoverable	673,408	148,421
Community organisations	52,477	59,002
Other	4,486,365	3,048,720
<b>Total</b>	<b>7,054,331</b>	<b>6,456,395</b>

Refer to Note 12 for further details

A summary of the Council's exposure to credit risk for trade receivables is below. This represents the ageing of trade and other sundry receivables, excluding rates debtors and prepayments and the amount of any impairment.

	2019	2018
	\$	\$
Not past due	4,894,361	2,993,482
Past due 31-60 days	47,851	21,985
Past due 61-90 days	42,425	11,641
More than 90 days	2,069,694	3,429,287
Impaired	-	-
<b>Total gross carrying amount</b>	<b>7,054,331</b>	<b>6,456,395</b>

Refer to Note 12 for further details

Expected credit loss assessment for the reporting period ended 30 June 2019:

	Closing Balance 2019	Historical probability of default	Loss given default	Lifetime Expected Credit Loss
	\$			\$
Rates and Charges	1,842,081	0%	0%	-
Government Receivables	2,977,414	0%	0%	-
Community Organisations	52,477	0%	100%	-
Other Debtors	2,182,359	0%	100%	-
<b>Total</b>	<b>7,054,331</b>	<b>0%</b>		<b>-</b>

Historical probability of default percentages are based on Councils review of credit losses experienced over the past four years.

**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.

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

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 sufficient cash deposit to cater for unexpected volatility in cash flows.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

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
	\$	\$	\$	\$	\$
<b>2019</b>					
Trade and other payables	7,630,725	-	-	7,630,725	7,630,725
Loans - QTC	615,000	2,432,069	4,370,465	7,417,534	5,800,662
Finance leases	32,500	130,000	21,667	184,167	149,921
	<u>8,278,225</u>	<u>2,562,069</u>	<u>4,392,132</u>	<u>15,232,426</u>	<u>13,581,308</u>
	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2018</b>					
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>

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*

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.

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

**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 18.

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 2019

**30 National Competition Policy**

**Business activities to which the code of competitive conduct is applied**

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

- 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
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Revenue for services provided to Council	300	38	-	84	2
Revenue for services provided to external clients	5,926	5,120	5,699	90	-
Community service obligations	-	119	-	-	1
	6,226	5,277	5,699	174	3
Less: Expenditure	4,956	3,691	4,891	376	3
Surplus/(deficit)	1,270	1,586	808	(202)	-

**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	1

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**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	2019 \$	2018 \$
Short-term employee benefits	1,287,801	1,269,254
Post-employment benefits	27,231	29,482
Long-term benefits	14,951	24,302
Termination benefits	-	113,005
<b>Total KMP remuneration</b>	<b>1,329,983</b>	<b>1,436,043</b>

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	2019 \$	2018 \$
Purchase of materials and services from entities controlled by KMP	31(b)(i)	386,986	438,834
Employee expenses for close family members of KMP	31(b)(ii)	121,039	95,718
<b>Total</b>		<b>508,025</b>	<b>534,552</b>

(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 arm's length and were in the normal course of Council's operations.

	2019 \$	2018 \$
Waste contract services	378,068	360,405
Plant hire	5,583	74,885
Minor purchases (magazines and newspapers)	3,336	3,544
	<u>386,987</u>	<u>438,834</u>

(ii) Council employs 218 full time equivalent employees of which 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 at the end of the reporting period.

**(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**

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 2019

#### **(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 2019

**Management Certificate**  
**For the year ended 30 June 2019**

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 39, present a true and fair view, in accordance with Australian Accounting Standards, of Council's transactions for the financial period and financial position at the end of the year.



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**Mayor**  
**Thomas Gilmore**

Date: 1 / 10 / 2019



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**Acting/ Chief Executive Officer**  
**Jennifer McCarthy**

Date: 1 / 10 / 2019

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mareeba Shire Council

### Report on the audit of the financial report

#### Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Acting 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 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the financial report**

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



Sri Narasimhan  
as delegate of the Auditor-General

8 October 2019

Queensland Audit Office  
Brisbane

**Mareeba Shire Council**  
**Current Year Financial Sustainability Statement**  
 For the year ended 30 June 2019

**Measures of Financial Sustainability**

Council's performance at 30 June 2019 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)	15%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	129%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-72%	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 2019.

**Certificate of Accuracy**  
 For the year ended 30 June 2019

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

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



\_\_\_\_\_  
 Mayor  
 Thomas Gilmore

Date: 1 / 10 / 2019



\_\_\_\_\_  
 Acting/Chief Executive Officer  
 Jennifer McCarthy

Date: 1 / 10 / 2019



## 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 (the council) for the year ended 30 June 2019, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting 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 2019 has been accurately calculated.

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

Other information comprises the information included in Mareeba Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the current year financial sustainability statement**

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

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

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

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

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

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

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



Sri Narasimhan  
as delegate of the Auditor-General

8 October 2019



Queensland Audit Office  
Brisbane

**Mareeba Shire Council**  
**Long-Term Financial Sustainability**  
 Prepared as at 30 June 2019

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2019	30 June 2020	30 June 2021	Projected for the years ended						
						30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	15.05%	9.67%	9.97%	9.75%	9.62%	9.72%	10.36%	10.33%	9.93%	9.61%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	129.1%	156.1%	115.6%	104.7%	98.2%	90.2%	121.5%	130.6%	101.8%	104.7%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	-72%	-65.1%	-68.0%	-71.5%	-72.2%	-75.4%	-80.0%	-84.8%	-86.6%	-91.6%

**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.

<p><b>For the long-term financial sustainability statement prepared as at 30 June 2019</b></p> <p>This long-term financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (the regulation).</p> <p>In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.</p>	
	
<p>_____  <b>Mayor</b>  <b>Thomas Gilmore</b></p>	<p>_____  <b>Acting/Chief Executive Officer</b>  <b>Jennifer McCarthy</b></p>
<p>Date: <u>  1  </u> / <u>  10  </u> / <u>  2019  </u></p>	<p>Date: <u>  1  </u> / <u>  10  </u> / <u>  2019  </u></p>

