



2019/2020

# ANNUAL REPORT

A growing, confident and sustainable Shire



Mareeba  
SHIRE COUNCIL



# SUMMARY

Mareeba Shire Council's Annual Report for 2019/20 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 2019/20.

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

- Council's commitment to achieving 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*

**Cover Photo: Emerald Creek Falls Mareeba**  
(Courtesy of B K Media)

**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 am proud to present my first annual report as Mayor of Mareeba Shire Council.

During my short time as Mayor, this Council, along with our communities, faced the challenges and impacts of COVID-19. We have had to make some difficult decisions recognising the impacts of coronavirus on the community. This Council moved swiftly to offer relief for residents, businesses and community organisations during a time of uncertainty. I thank the Councillors and staff for their leadership and courage under trying circumstances.



I acknowledge former Mayor Tom Gilmore who was awarded an Order of Australia Medal in June for his service to the Mareeba Shire and to Local Government. He was Mayor of the new Mareeba Shire from 2014-2020, and during this time he was determined to ensure this Council was financially stable, and the Shire continued to grow. His vision and passion were evident throughout his time as Mayor and I wish Tom and Sally all the best in their retirement. I also would like to acknowledge former Deputy Mayor Alan Pedersen and Councillor Nipper Brown who both served on the new Mareeba Shire Council from 2014-2020, and I thank them for their service to the Council and the Mareeba Shire community.

This annual report highlights Council's achievements over the past 12 months, including the organisation's sustainable financial position. Council's recent credit rating has been upgraded to sound, with a neutral outlook. This improved rating by the Queensland Treasury Corporation is reflective of the Council's financial performance, adequate debt serving capacity and sound liquidity levels, and instils confidence in the organisation. As we follow Council's long-term financial plan, I am optimistic about the future sustainability of the Shire.

Council has been successful in obtaining over \$20 million in grant funding, including over \$9.5 million to deliver the new Barang Street pump station in Kuranda, the John Doyle Bridge Upgrade in Mareeba and the Cedric Davies Community Hub which will be completed in early 2021. I am extremely grateful to Queensland and the Australian governments for their continued support allowing Council to enhance the liveability for residents across the Shire.

In December 2019 the Mareeba Airport Redevelopment Project was completed. This \$23 million investment by the Queensland and the Australian governments consists of a 52-lot aviation commercial precinct, strengthened runway, taxiways and associated infrastructure works. I am pleased to see this project come to fruition and the benefits this development will bring not only to Mareeba Shire but the North Queensland region.

The newly completed expansion at the Mareeba Industrial Park will strengthen Mareeba's position as an industrial hub for northern Australia. The land available at the Mareeba Industrial Park will allow for new businesses to operate out of the hub in areas such as agriculture, transport, logistics, horticulture and manufacturing, and also brings economic benefits to the Shire and North Queensland.

The Kuranda Infrastructure Fund has allowed Council to undertake a number of projects in Kuranda including the Barron Falls Walking Trails which will be a breathtaking experience through world heritage rainforest and the installation of new Wayfinding signage to enhance visitor experience.

As the full effects of COVID-19 will not be apparent for some time as the pandemic continues to impact our way of life, Council is committed to maintain essential services while delivering capital work projects to boost job opportunities and stimulate the local economy. I look forward to the next four years serving as Mayor, and I have great confidence in the prosperity of the Shire.

Cr Angela Toppin

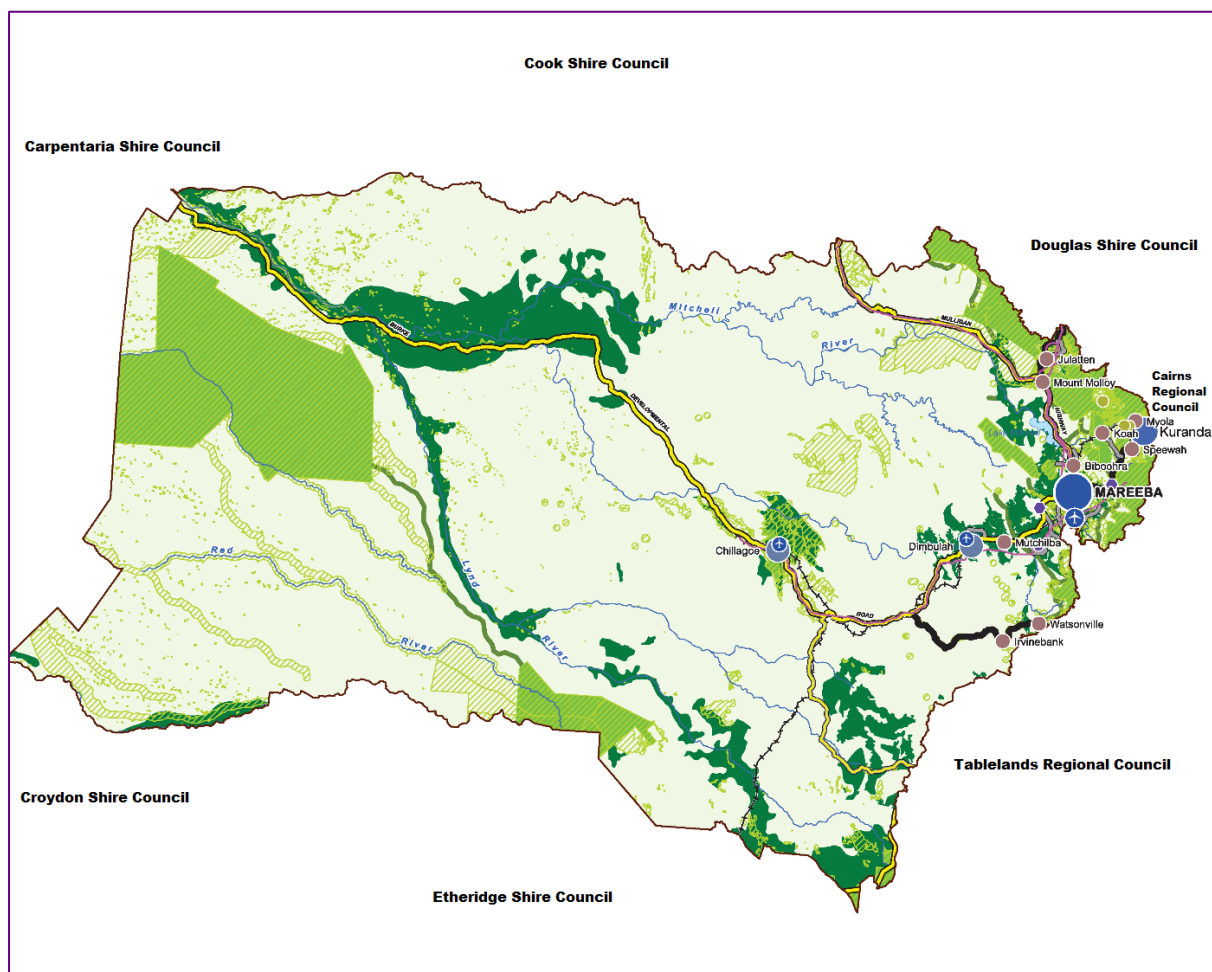
**Mayor**



## 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 the 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 newly completed expansion of the Mareeba Industrial Park will bolster Mareeba's position as the largest industrial hub in northern Australia. The upgrade of the Mareeba Airport will also help fuel sustained economic growth into the future.



Population estimate\*



22,730

Total land area\*



53,502km<sup>2</sup>

\*As at 30 June 2019. Source: Queensland Government Statistician's Office, Queensland Treasury, Queensland Regional Profiles: Resident Profile for Mareeba (S) Local Government Area



## CHIEF EXECUTIVE OFFICER'S REVIEW

The COVID-19 pandemic has had a dramatic impact across the world and our Mareeba Shire Council community has not been spared. While the Queensland and Australian government restrictions have meant that alternative methods of service delivery fast became a necessity in certain areas, the Council has continued to deliver services to the community.



I am pleased to report that although we were faced with many challenges this year, we have managed to meet our targets and deliver on the long-term financial plan. In recent months, Queensland Treasury Corporation has further upgraded our credit rating to "Sound with a Neutral outlook". This improved rating recognises Council's good work at ensuring the long-term financial sustainability and is a far cry from the rating of "very weak with a negative outlook" which was given in 2013. This improved result has only been achieved as a result of the astute and courageous decisions made by the Councillors and demonstrates the effective partnership between Council, staff and community. The organisation has continued to deliver within budget and therefore produced a very modest surplus. This means that Council reserves can continue to be rebuilt to allow Council to deliver important capital projects in the future.

In terms of economic development, the upgrading of the Mareeba Airport is now finalised with both the Mareeba Airport Aviation Precinct and the Runway and Taxiway works completed. The upgraded airport is already producing benefits and the growing interest in the aviation industrial precinct is promising. This project was funded by the Australian and Queensland governments to deliver long term economic benefits for the community and the broader region. 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 experiencing and demonstrates another successful year for Council in obtaining funding from both the Australian and Queensland governments.

Another example of a successful grant is the establishment of the Cedric Davies Community Hub. The acquisition of the Mareeba Bowls Club facility will result in the development of a Community Hub. This facility will see the establishment of a new smaller bowls club building and synthetic green, the establishment of a modern Library, large enough to cater for our growing community as well as providing a large function room which has a multitude of potential uses by both Council and the community.

Without this generous support from the Australian and Queensland governments, our Shire and ratepayers would struggle to fund these much-needed projects. The "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 been afforded. There is no doubt that these grants take the burden off the ratepayer in delivering essential projects across the Shire.

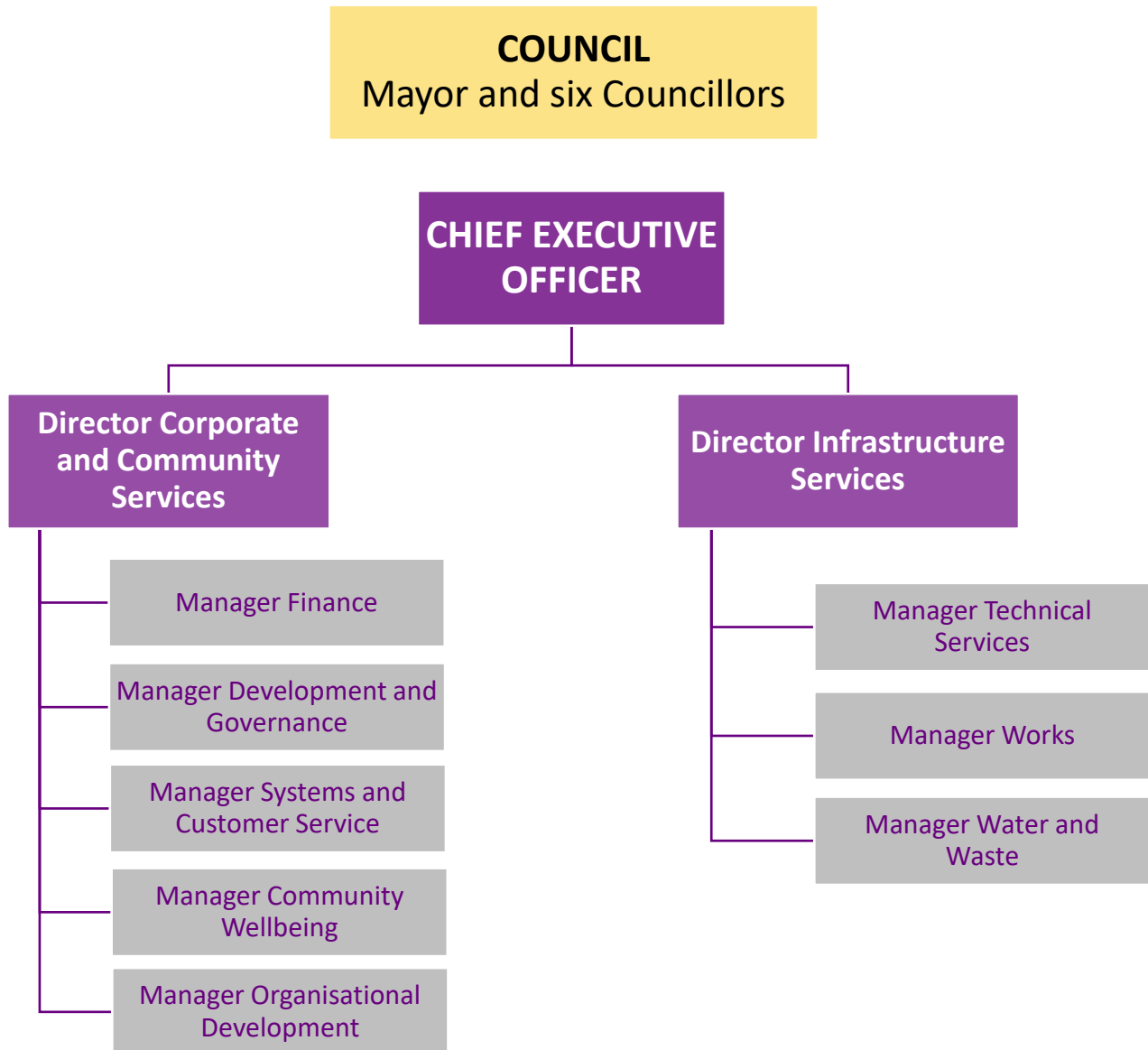
I would like to acknowledge our finance team for once again delivering unqualified audited statements with positive comments from our auditors. I would also like to acknowledge the hard work and dedication of the entire staff whose efforts make Mareeba Shire Council one of Queensland's high performing 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 new Council's term, I would like to thank both the previous and current Mayor and Councillors for their leadership and support. Their contribution is key to the success of this organisation and enables our vision - "A growing, confident and sustainable Shire."

Peter Franks  
**Chief Executive Officer**



## ORGANISATIONAL STRUCTURE

During 2019/20, Mareeba Shire Council had a total of 236 staff members or 206.84 full-time equivalent positions.



**Jennifer McCarthy**  
Director Corporate and  
Community Services



**Glenda Kirk**  
Director Infrastructure  
Services



## ELECTED REPRESENTATIVES

### Councillor Angela Toppin - Mayor (2020) Councillor (2016-2020)



#### Committees:

- Far North Queensland Regional Organisation of Councils (Chair)
- Kuranda Infrastructure Advisory Committee (Chair)
- Local Disaster Management Group (Chair)
- Mareeba Chamber of Commerce Tourism Taskforce
- Mareeba District Disaster Management Group
- Regional Arts Development Fund (Chair)

### Councillor Kevin Davies - Deputy Mayor (2020) Councillor (2016-2020)



#### Committees:

- Audit Committee
- Chillagoe Alliance
- Crime Stoppers
- Far North Queensland Regional Organisation of Councils (Proxy)
- Far North Queensland Regional Roads Group
- Great Wheelbarrow Race Organising Committee (Proxy)
- Irvinebank Progress Association
- Local Disaster Management Group (Deputy Chair)
- Mareeba Chamber Commerce Community CBD Safety Initiatives
- Mareeba Chamber Commerce Main Street Committee
- Traffic Advisory Committee (Chair)



## Councillor Lachlan (Locky) Bensted



### Committees:

- Barron River Catchment Care - Central Zone Forum (Proxy)
- FNQROC Pest Advisory (Proxy)
- Great Wheelbarrow Race Organising Committee (Chair)
- Julatten and Mt Molloy Association of Residents and Ratepayers (Proxy)
- Local Authority Waste Management Advisory Committee LAWMAC (Proxy)
- Local Disaster Management Group - Environment/Infrastructure
- Mareeba Fire Committee
- Mareeba Sporting Precinct Committee (Proxy)
- Pest Advisory Committee
- Speewah Residents Group SRG (Proxy)

## Councillor Mario Mlikota



### Committees:

- Chillagoe Alliance (Proxy)
- Collaborating for Inclusive Outcomes in Mareeba
- Irvinebank Progress Association (Proxy)
- Kuranda Infrastructure Advisory Committee
- Kuranda Interagency Network
- Local Authority Waste Management Advisory Committee LAWMAC (Proxy)
- Local Disaster Management Group - Health and Environment Sub-Group (Proxy)
- Mareeba Chamber Commerce Community CBD Safety Initiatives (Proxy)
- Mareeba Heritage Centre Management Committee
- Mareeba Liquor Industry Action Group (Proxy)
- Mareeba Sporting Precinct Committee

## Councillor Lenore Wyatt



### Committees:

- Barron River Catchment Care - Central Zone Forum
- FlexiChoice (Proxy)
- Julatten and Mt Molloy Association of Residents and Ratepayers
- Local Authority Waste Management Advisory Committee LAWMAC
- Local Disaster Management Group - Health and Environment Sub-Group
- Local Disaster Management Group (Deputy Chair)
- Reef Guardian
- Regional Arts Development Fund
- Traffic Advisory Committee



## Councillor Daniel (Danny) Bird

**Committees:**

- Barron Catchment Care
- Far North Queensland Regional Roads Group (Proxy)
- FNQROC Pest Advisory
- Local Disaster Management Group - Community Support Sub-Group
- Mareeba Fire Committee
- Mareeba Multicultural Festival Committee (Proxy)
- Northern Gulf Resource Management Group
- Pest Advisory Committee
- Speewah Residents Group SRG

## Councillor Mary Graham

**Committees:**

- Audit Committee
- Collaborating for Inclusive outcomes in Mareeba
- FlexiChoice
- Local Disaster Management Group - Economic Sub-Group
- Mareeba Chamber Commerce Main Street Committee (Proxy)
- Mareeba Chamber Commerce Tourism Taskforce (Proxy)
- Mareeba Liquor Industry Action Group
- Mareeba Multicultural Festival Committee
- Tablelands Relay for Life Committee



## COUNCIL SERVICE KEY STATISTICS



## WATER

Water mains maintained: **257km**  
Water connections: **5,391**



## WASTE-WATER

Sewer mains maintained: **139km**  
Household connections: **3,855**



## WASTE

Waste disposed of at Mareeba landfill: **33,820t**  
Recyclable materials collected: **10,673t**



## REGULATORY SERVICES

Dogs registered: **4,430**  
Licensed premises inspected: **77**



## DEVELOPMENT APPROVALS

Dwellings approved: **122**  
Planning Development Applications: **35**



## ROADS

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



## BUILDING

Value of residential approvals  
**\$22,333,292**  
Value of non-residential approvals  
**\$13,778,494**  
Total of building approvals  
**327**



## ECONOMY

Land Sales at Mareeba Industrial Park  
**\$598,841**



## COMMUNITY

Grants Received  
**\$20,642,717**  
Regional Arts Development Funds Contribution  
**\$44,660**  
Community Partnerships Program  
**\$137,950**  
Aged/ Community Housing managed  
**108**



## OPEN SPACES

Parks/Open Spaces maintained: **250**  
Parks/gardens/open spaces maintained: **247ha**



## FACILITIES

Swimming Pool admissions: **42,881**  
Public halls usage: **735**  
Caravan Park site rentals: **39,352**



## LIBRARIES

Membership: **11,186**  
Visitors: **60,874**  
Volunteer hours: **594**



## CUSTOMER SERVICE

Council website visits (sessions): **125,313**  
Call centre calls received: **16,246**  
Customer requests created: **10,991**



## LAND PROTECTION

Roadside treatment:  
**5,800km**  
Weed treatment area:  
**3,900ha**  
Properties treated for vertebrate pests:  
**150**



## DEVELOPMENT APPROVALS

Dwellings approved: **122**  
Planning Development Applications: **35**



## VISITOR INFORMATION CENTRES

Visitors: **80,738**  
Volunteer hours: **11,378**



## 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 2019/20 year was one of great accomplishment on a number of fronts. A collaborative effort between the two (2) 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 2020/21 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.

Peter Franks  
Chief Executive Officer



# 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



**Mareeba**  
SHIRE COUNCIL

## 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



## 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

- Improved credit rating determined by the QTC
- Solar (Renewable Energy) feasibility studies
- QAO Audit outcomes and positive sustainability results
- Completion of two (2) internal audit projects

Financial sustainability is one of five (5) pillars of strategic importance recognised in the Mareeba Shire Council Corporate Plan 2018 - 2022.

While a number of major achievements are recognised during the 2019/20 year, it is the mindset and motivation to succeed by elected members, past and present, as well as management and staff, that come together to create the results that we continue to see for our community, from year to year.

Queensland Treasury Corporation conducted a credit rating review for Mareeba Shire Council (MSC) in early 2020. "MSC has been upgraded from moderate to sound with a neutral outlook. The rating is reflective of MSC's consistent financial performance, adequate debt servicing capacity and sound liquidity levels. MSC has demonstrated the ability to achieve operating surpluses through conservative planning and appropriate management of its general operations" (QTC letter 14 April 2020).

Based on the 2018/19 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 February 2020.

Local Government entities: 2018–19 results of financial audits (Report 13: 2019–20).

Rural/Regional councils	Current operating surplus ratio %	Avg. operating surplus ratio %	Avg. operating surplus ratio trend <sup>a</sup>	Net financial liabilities ratio %	Net financial liabilities ratio trend	Current asset sustainability ratio %	Avg. asset sustainability ratio %	Avg. asset sustainability ratio trend <sup>a</sup>	Relative risk assessment
Rural/Regional councils									
Council	4.81%	3.05%	● ↑	-78.12%	● ↓	103.08%	111.20%	● ↑	Lower
Council	4.74%	-0.24%	● ↑	58.95%	● ↓	113.67%	121.30%	● ↑	Lower
Mareeba Shire Council	15.05%	13.89%	● ↑	-72.44%	● -	129.10%	175.82%	● ↑	Lower
Council	-20.77%	-8.57%	● ↑	-39.35%	● ↓	143.58%	155.37%	● ↓	Moderate
Council	2.47%	8.12%	● ↑	3.63%	● ↓	301.00%	228.60%	● ↓	Lower
Council	7.56%	5.10%	● ↓	-163.24%	● ↓	115.00%	182.59%	● ↓	Lower
Council	2.38%	5.03%	● -	12.75%	● ↑	55.90%	109.12%	● ↓	Lower
Council	6.07%	7.04%	● ↑	-19.57%	● ↓	179.22%	113.70%	● ↑	Lower
Council	-0.50%	3.92%	● ↑	-45.54%	● ↓	140.07%	99.55%	● ↓	Lower
Rural/Regional average	2.42%	4.15%		-38.10%		142.29%	144.14%		
Rural/Regional—combined risk assessment		Lower		Lower			Lower		Lower

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

Source: QAO Report to Parliament - Local Government Entities: 2018-19 results of financial audits (Report 13: 2019-20)

Through securing grants and subsidies from the Australian and Queensland governments in 2019/20, Council has been able to deliver much-needed asset renewal and upgrade projects.

The future success of this Council is significantly impacted through continuing its solid focus on asset management planning and the integration with the long-term financial plan.

## 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 \$137,950 towards Community Partnerships Program
- Distributed \$44,660 through the Regional Arts Development Fund towards community projects
- Illegal dumping project commenced
- WWII markers replaced
- Community Outcomes Report published
- E-newsletter, grant alerts, social media and website updates provided regularly

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. The Community Partnerships Program, interest-free loans and administration of the Regional Arts Development Fund has seen Council contribute \$182,610 in 2019/20 to support not for profit groups, festivals, events, sporting initiatives and cultural development.

In respect of disaster management, Council contributes to the State Emergency Service as well as providing support to the various local Rural Fire Brigades. COVID-19 resulted in an activation of the Community Sub-Group of the Local Disaster Management Group to aid in facilitating and sharing information amongst the members and their networks. Council also co-chaired an economic and community response meeting with the Mareeba Chamber of Commerce in June 2020. Fire management was a major focus during 2019/20 with Council providing 9kms of fire breaks and 146 hectares of controlled burns to protect local property and lives.

In addition to the vast number of parks and open spaces across the Shire, Council has committed funds to enhance a number of sporting and recreational reserves, local facilities, halls and pools. The Cedric Davies Community Hub project is underway with the relocation of the Mareeba library due to occur in late 2020 and the provision of the training and conference space available for use in early 2021.



*Sod-turning of the Cedric Davies Community Hub*



*Mareeba Aviation Museum Mural by Tom Cosic and Ann-Marie Keating*



## 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
- A safe and effective transport network
- Securing and managing water resources
- Public spaces and facilities

### Major Achievements

- Capital investment of \$24 million
- Byrnes Street beautification
- John Doyle Bridge renewal
- Chillagoe water bores
- Rail trail feasibility study
- Kuranda Cemetery options study

Condition assessment and capture of defects of Council assets were again a priority in 2019/20. Consideration for longer term community needs has also contributed to ensuring Council continues to provide core and critical assets now and into the future.

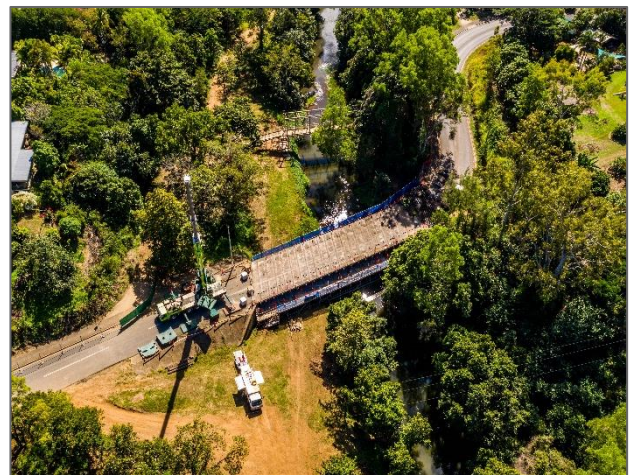
Capital renewals and upgrades were the focus of spending within the annual capital works program with allocations of \$7.7 million for roads, \$3.7 million for water, \$1 million for wastewater and \$0.8 million for community assets and facilities.

Water security was a major focus of Council this year with a Water Strategy being undertaken to inform Council of risks and opportunities in relation to current and future water supply. Strong advocacy for Nullinga Dam has also been undertaken by the former Mayor and continues under the new Council administration in the interest of residents and primary industry.

Beautification of Byrnes Street in Mareeba commence in later 2019/20 and is the platform for improved liveability and tourism attraction for the Shire.



*Bore drilled at location 3km west of Chillagoe 100-hour test*



*The John Doyle Bridge Project on Anzac Avenue Mareeba*

## 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 wellbeing

### Major Achievements

- Sales totalling \$598,841 at Mareeba Industrial Park
- Completion of the Mareeba Airport upgrade
- Waste strategy
- Land and pest protection investment of \$515,000
- COVID-19 LDMG activation for economic and community sub-groups

The Mareeba Industrial Park saw two (2) lots sold, a total of 10,890m<sup>2</sup>, showing continued trends of economic strength in 2019/20. This together with some solid interest in leasing industrial land within the recently completed Mareeba Airport Upgrade is reassuring for the local economies.



**"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)

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.

The total value of building approvals, both residential and non-residential reached \$36 million this year, while planning applications have shown no signs of slowing with a total of 35 applications processed in 2019/20.

Council contributed \$515,000 in land and pest management during 2019/20 to protect our natural assets through weed eradication and wild dog management.

Council has five (5) Indigenous Land Use Agreements (ILUAs) in place across the Shire and these agreements support Native Title and Cultural Heritage.

A comprehensive Waste Strategy has been undertaken during the financial year and provides further direction to Council in terms of waste management.



## 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

- Enterprise Risk Review
- Compliance Portal tool
- Local Law reviews
- Cloud implementation
- Active participation in various advocacy-related matters through FNQROC, IQRAP

Compliance and policy reviews continue to be a major focus of our Development and Governance teams during 2019/20. A compliance portal has recently been selected to provide an efficient and effective mechanism for managing Council's vast compliance obligations. Implementation of this system will occur in 2020/21.

A significant project to move Council's information systems from an on-premise to a Software as a Service (SaaS) arrangement was finalised in June 2020. This provides enhanced business continuity through vastly improved disaster recovery mechanisms. The SaaS platform will be an enabler for the future development of systems to achieve secure, improved and affordable services for the community.

Having the inland Queensland road network recognised as being nationally significant was an important goal of Inland Queensland Roads Action Project as it will support 28 local governments to bid for funding to upgrade roads and bridges of strategic importance to businesses and communities.



Infrastructure Australia Infrastructure Priority List Launch, 26th February 2020. Cr Tom Gilmore, Deputy Chair IQ-RAP Working Group, Hon Michelle Landry, Assistant Minister for Northern Australia, Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, Cr Jane McNamara, Deputy Chair IQ-RAP Working Group, Glenys Schuntner, Queensland Senator Susan McDonald.

## OPERATIONAL PLAN

Based on the Corporate Plan 2018 - 2022, Council has delivered the projects listed below as presented in the annual Operational Plan for 2019/20.

### FINANCIAL SUSTAINABILITY

PROJECT	OUTCOME
<b>Long Term Financial Plan</b>	<ul style="list-style-type: none"> <li>Long Term Financial Plan was adopted on 19 June 2019 as part of the 2019/20 Budget</li> </ul>
<b>Comprehensive asset revaluations</b> <ul style="list-style-type: none"> <li>Footpaths</li> <li>Sealed roads</li> <li>Minor culverts</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive valuations finalised for Sealed Roads and Minor Culverts</li> <li>Footpath valuations to be completed in 2020/21</li> </ul>
<b>Library Service Review</b>	<ul style="list-style-type: none"> <li>Implementation of the final key recommendations will be achieved once the Mareeba Library relocates to the Cedric Davies Community Hub in 2020/21</li> </ul>
<b>Grant funding</b>	<ul style="list-style-type: none"> <li>\$20,642,717 has been allocated by State and Federal Governments during 2019/20</li> </ul>
<b>Access to financial information</b>	<ul style="list-style-type: none"> <li>Ongoing training and support is provided by Finance</li> </ul>
<b>Full cost pricing models to ensure equitable allocation of costs across departments</b>	<ul style="list-style-type: none"> <li>Corporate overhead model update completed with costs reflected in the 2019/20 budget</li> </ul>
<b>Mareeba Industrial Park development</b>	<ul style="list-style-type: none"> <li>Revised Master plan has been held over until 2020/21. Tenders for sales of the developed areas of the industrial park have been invited</li> </ul>
<b>Financial viability of solar electricity</b>	<ul style="list-style-type: none"> <li>Solar feasibility assessments completed, and funds allocated in 2020/21 capital budget to install solar at various sites</li> </ul>
<b>Customer service standards</b>	<ul style="list-style-type: none"> <li>Ongoing improvement regarding monitoring and compliance to commence 2020/21</li> </ul>
<b>Information communication technology (ICT) Strategy implementation</b> <ul style="list-style-type: none"> <li>Internet communications</li> <li>O365 implementation (phase 1)</li> </ul> <b>Technology One 'software as a service'</b>	<ul style="list-style-type: none"> <li>Aqualus Water (aka MiWater) has been implemented to manage automatic meter reading and water field operations</li> <li>All core Technology One products have been migrated to the software as a service cloud. The remaining IntraMaps spatial system is scheduled to be migrated in late 2020</li> </ul>
<b>Sustainable workforce</b>	<ul style="list-style-type: none"> <li>Training occurs on an ongoing basis with a focus on compliance, internal protocols and workplace safety</li> <li>Support for local employment continues through apprentice and trainee programs</li> <li>Planned safety management reviews are in place</li> <li>Increased transparency for organisational policy and procedure review</li> </ul>



## COMMUNITY

PROJECT	OUTCOME
Arts connection to tourism	<ul style="list-style-type: none"> <li>Development of an Arts and Culture Plan has been deferred due to essential and urgent COVID-19 work</li> <li>Draft Public Art Policy has commenced to facilitate the development of public art for cultural tourism outcomes to attract visitors to the Shire</li> </ul>
Community wellbeing strategy	<ul style="list-style-type: none"> <li>This work has been put on hold due to the continuation of essential and urgent COVID-19 related tasks</li> </ul>
Sport and Recreational Infrastructure Plan	<ul style="list-style-type: none"> <li>Plan has not commenced and will be reviewed in light of changing priority of sport and recreational infrastructure needs in 2020/21</li> </ul>
Accommodation and support services for seniors	<ul style="list-style-type: none"> <li>Study completed and report being finalised for presentation to Councillors in September 2020</li> </ul>



Opening of the Mareeba Airport Upgrade - Stage 2



Mareeba Multicultural Festival



PCYC Art Mural funded by RADF



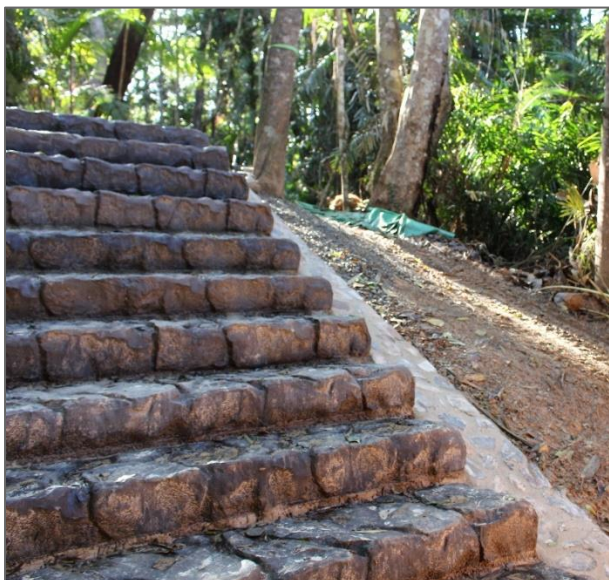
2020 Young Citizen of the Year Alexis Ford and Citizen of the Year Joe Moro with Mayor Tom Gilmore (centre)



Opening of the Mareeba Airport Upgrade - Stage 2

## TRANSPORT AND INFRASTRUCTURE

PROJECT	OUTCOME
<b>Asset Management Sub-Plan</b> <ul style="list-style-type: none"> <li>Bridges</li> <li>Sealed Roads</li> <li>Aerodromes</li> <li>Water</li> </ul>	<ul style="list-style-type: none"> <li>Bridges sub-plan prepared and implemented</li> <li>Sealed roads data verification and condition inspections completed; sub-plan preparation commenced</li> <li>Water sub-plan preparation substantially completed and planned for implementation in August 2020</li> </ul>
<b>Asset Management Sub-Plans</b> <ul style="list-style-type: none"> <li>Footpaths</li> <li>Facilities</li> <li>Pools</li> </ul>	<ul style="list-style-type: none"> <li>Data verification and condition inspections completed for footpaths and facilities</li> <li>Pools data verification and condition inspections commenced</li> </ul>
<b>Asset Management Sub-Plans</b> <ul style="list-style-type: none"> <li>Drainage</li> </ul>	<ul style="list-style-type: none"> <li>Drainage data verification and condition inspections commenced</li> </ul>
<b>Community Housing Asset Management Plan (CHAMP)</b>	<ul style="list-style-type: none"> <li>Inspections, reviews and implementation of actions is ongoing</li> </ul>
<b>Mareeba Pound Facility</b>	<ul style="list-style-type: none"> <li>Commenced design of a new facility, with construction scheduled for 2020/21</li> </ul>
<b>Kuranda Cemetery</b>	<ul style="list-style-type: none"> <li>Investigations into suitable future sites are well underway, with preferred option to be selected in 2020/21</li> </ul>
<b>Mareeba Cemetery</b>	<ul style="list-style-type: none"> <li>Investigations into long term options to be undertaken in 2020/21</li> </ul>
<b>Kuranda Infrastructure Program</b>	<ul style="list-style-type: none"> <li>Barron Falls Walking Trail construction commenced with completion scheduled for late 2020</li> <li>Tenders invited for Jum Rum and Jungle Walking Trail rehabilitation with works to be delivered in 2020/21</li> <li>Wayfinding Signage fabrication underway, with installation to be completed in 2020/21</li> </ul>





**John Doyle Bridge Rehabilitation**

- Temporary pedestrian bridge installed in May 2020. Demolition of existing superstructure completed, with the widening of existing piers and abutments, commenced in June 2020.

**Mareeba Water Strategy**

- Final options assessment report received for review. Strategy to be presented to Council for adoption.

**Shire Beautification**

- Northern town entrance signature fig trees have been planted and irrigated
- Byrnes Street east beautification commenced in May 2020 and scheduled for completion in August 2020
- Street tree planting guideline developed and made available on Council's website





## ECONOMY AND ENVIRONMENT

PROJECT	OUTCOME
<b>Waste Strategy</b>	<ul style="list-style-type: none"> <li>Action Plan implementation on track:               <ul style="list-style-type: none"> <li>Long-term municipal solid waste and organics planning underway</li> <li>Mareeba waste transfer station reconfiguration completed</li> </ul> </li> <li>Illegal dumping data review, investigations and advocacy for waste reduction and circular economy opportunities to commence</li> </ul>
<b>Environmental Authority Amendments</b>	<ul style="list-style-type: none"> <li>Pre-lodgement process completed for amendment request in late 2019. Amendment application lodged in April 2020 and working through the process with the Department of Environment and Science, with an outcome expected in 2020/21</li> </ul>
<b>Mareeba Airport Upgrade</b>	<ul style="list-style-type: none"> <li>Development completed in late 2019</li> <li>Lease applications approved for three (3) lease sites</li> <li>Promotion of the lease areas will continue in 2020/21</li> </ul>
<b>Economic Tourism development</b>	<ul style="list-style-type: none"> <li>Significant work was completed to align the Tourism Kuranda program, including the launch of a new strategic plan, surveying work to understand current visitor experiences plus industry and local operator engagement</li> <li>Kuranda benefitted area (Tourism Kuranda) special rate to cease from 1 July 2020, in accordance with the results of the ballot undertaken with property owners.</li> <li>The Mareeba visitor survey 2019 was conducted to understand the 'grey nomad' visitor experience in Mareeba</li> <li>Grant funds were secured to upgrade the Railway Ave car park for RV use by travellers</li> <li>Council's Regional Arts Development Fund has funded public murals and other cultural tourism projects in the Shire</li> <li>A strategic approach to lodging grant applications for priority infrastructure to facilitate economic development is in place</li> </ul>
<b>Reef Guardian Council Program</b>	<ul style="list-style-type: none"> <li>Continued participation in the Reef Guardian Program</li> <li>2019 Reef Guardian highlights report completed</li> </ul>
<b>Land, Pest and Fire Management Review</b>	<ul style="list-style-type: none"> <li>Fire breaks installed and fuel reduction burns commenced on selected Council land and Fire Management Plans developed where required.</li> <li>2020 - 2025 Biosecurity Plan in development and will be tabled at Council meeting in August 2020</li> </ul>

## GOVERNANCE

PROJECT	OUTCOME
Policy Review	<ul style="list-style-type: none"> <li>Council continues to review and improve Council's policy instruments</li> </ul>
Enterprise Risk Management	<ul style="list-style-type: none"> <li>The enterprise risk management register has been reviewed and treatment plans updated</li> </ul>
Compliance Review	<ul style="list-style-type: none"> <li>Council has awarded a vendor to provide an efficient and effective mechanism for Council to manage its vast compliance obligations. The project will extend into 2020/21 in order to implement and monitor</li> </ul>



*New World War II Markers in Mareeba's CBD*



*New playground at Gregory Terrace Park, funded by Works for Queensland.*



*Annual Seniors Week celebration*



*Swimming pool filter replacement at Mareeba and Dimbulah*

## 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 an Enterprise Risk Management Policy, Framework, and Process, which guides Council to identifying risks in all aspects of Council operations. Council risk management is integrated into other governance instruments of Council to ensure identification, mitigation, and monitoring.

All identified risks are annually reviewed, monitored and reported to the Audit Committee and Council.

#### COVID-19

COVID-19 pandemic has devastated the world over recent months, and Council has recognised the pandemic as a Macro Risk that affects the organisation. On 18 March the first meeting was held of Council's internal Pandemic Working Team. This team accepted responsibility for assessing risks, business continuity plans, identifying human, financial, supply, and facility impacts and taking necessary actions to ensure the delivery of essential services continued.

Whilst the pandemic is identified as Macro Risk to the organisation the work done by the Commonwealth and State Departments, Pandemic Team, Council's Business Continuity Sub-Plan (Pandemic), and Council's Business Impact Assessments have been sufficient to contain the risk at an acceptable level that will be monitored as this pandemic continues.



## 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 2019 to 30 June 2020.

As per Council resolution on the 15 April 2020, Councillors will not receive the 2% wage increase as determined by the Remuneration Tribunal rating, effective 1 July 2020.

MAYOR	DEPUTY MAYOR	COUNCILLORS
\$122,421	\$73,454	\$61,211

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2019 to 30 June 2020 is as follows:

COUNCILLOR	PERIOD	REMUNERATION PAID	SUPERANNUATION PAID
Cr Lachlan Bensted	9.4.2020 - 30.6.2020	\$11,771	\$1,413
Cr Daniel Bird	9.4.2020 - 30.6.2020	\$11,771	\$1,413
Cr Edward Brown	1.7.2019 - 8.4.2020	\$49,440	\$5,933
Cr Kevin Davies	1.7.2019 - 30.6.2020	\$63,565	\$7,628
Cr Tom Gilmore	1.7.2019 - 8.4.2020	\$98,879	\$11,865
Cr Mary Graham	1.7.2019 - 30.6.2020	\$61,211	\$7,346
Cr Mario Mlikota	9.4.2020 - 30.6.2020	\$11,771	\$1,413
Cr Alan Pedersen	1.7.2019 - 8.4.2020	\$59,328	\$7,119
Cr Angela Toppin	1.7.2019 - 30.6.2020	\$72,982	\$8,758
Cr Lenore Wyatt	1.7.2019 - 30.6.2020	\$61,211	\$7,346

### 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* on 22 April 2020.

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 2019 to 30 June 2020 is as follows:

COUNCILLOR	PERIOD	AMOUNT
Cr Lachlan Bensted	9.4.2020 - 30.6.2020	\$635
Cr Daniel Bird	9.4.2020 - 30.6.2020	\$635
Cr Edward Brown	1.7.2019 - 8.4.2020	\$2,665
Cr Kevin Davies	1.7.2019 - 30.6.2020	\$3,300
Cr Tom Gilmore	1.7.2019 - 8.4.2020	\$6,965
Cr Mary Graham	1.7.2019 - 30.6.2020	\$3,300
Cr Mario Mlikota	9.4.2020 - 30.6.2020	\$635
Cr Alan Pedersen	1.7.2019 - 8.4.2020	\$5,914
Cr Angela Toppin	1.7.2019 - 30.6.2020	\$3,300
Cr Lenore Wyatt	1.7.2019 - 30.6.2020	\$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 include:

- 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 2019/20 financial year.

## 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

## COUNCILLOR MEETING ATTENDANCE

Below list outlines Councillor attendance at Council meetings held between 1 July 2019 and 30 June 2020. Leave was granted for the unattended meetings by Councillors.

COUNCILLOR	PERIOD	NUMBER	MEETINGS HELD	NUMBER
Cr Lachlan Bensted	9.4.2020 - 30.6.2020	5	Ordinary Meetings	12
Cr Daniel Bird	9.4.2020 - 30.6.2020	5	Special Meetings (Budget)	1
Cr Edward Brown	1.7.2019 - 8.4.2020	8	Special Meetings	1
Cr Kevin Davies	1.7.2019 - 30.6.2020	13		
Cr Tom Gilmore	1.7.2019 - 8.4.2020	9		
Cr Mary Graham	1.7.2019 - 30.6.2020	14		
Cr Mario Mlikota	9.4.2020 - 30.6.2020	5		
Cr Alan Pedersen	1.7.2019 - 8.4.2020	9		
Cr Angela Toppin	1.7.2019 - 30.6.2020	14		
Cr Lenore Wyatt	1.7.2019 - 30.6.2020	13		

## COUNCILLOR CONDUCT

The table below reflects complaints dealt with during the financial year in accordance with the Councillor conduct framework provided for under Chapter 5A of the *Local Government Act 2009*.

DESCRIPTION	NUMBER
Orders made under section 150I(2) of the Act	Nil
Orders made under section 150AH(1) of the Act	Nil
Orders made under section 150AR(1) of the Act	Nil
Complaints referred to the Independent Assessor under section 150P(2)(a) of the Act	2
Notifications made to the Crime and Corruption Commission under section 150P(3) of the Act	1
Notifications made to the Independent Assessor under section 150R(2) of the Act	Nil
Notifications made to the Independent Assessor under section 150S(2)(a) of the Act	Nil
Decisions made under sections 150W(1)(a), (b) and (d) of the Act during the period 1 July 2019 to 31 August 2019	Nil
Decisions made under sections 150W(1)(a), (b) and (e) of the Act during the period 1 September 2019 to 30 June 2020	Nil
Referrals received from the Independent Assessor under section 150AC(3)(a) of the Act	Nil
Information provided to the Independent Assessor under section 150AF(4)(a) of the Act	Nil
Number of occasions Council requested another entity to investigate Councillor conduct under Chapter 5A, Part 3, Division 5 of the Act	Nil
Complaints referred to the Independent Assessor for which no further action was taken under section 150Y of the Act	2
Complaints referred back to Council by the Independent Assessor under section 150W(b) for investigation under section 150AF of the Act	Nil
Applications heard by the Councillor Conduct Tribunal	Nil



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## 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 the preparation of codes of conduct and access to, and education and training in, the ethics principles and public-sector ethics.

The four (4) 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

The Council is committed to dealing fairly with administrative action complaints. All complaints are processed in accordance with the provisions of the Council's adopted Administrative Action Complaints Management Policy. The objectives of the policy are to ensure that the Council has an organised process for 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.

The table below reflects the Council's performance in resolving complaints during the financial year. The number of complaints outstanding at the end of the financial year was four compared with a carry-over of eleven as of 30 June 2019, representing a fifty-four per cent decrease. Complaints not resolved at the close of the financial year decreased by sixty-three per cent along with an eighteen per cent decrease in total complaints lodged compared with the previous financial year. Of the four complaints not resolved as at 30 June 2020, one is a carry-over due to the complexity of the matters raised and the significant and protracted involvement of the external review oversight agency.

DESCRIPTION	NUMBER
Administrative action complaints carried over from the previous financial year	11
Administrative action complaints lodged during 2019/20	93
Administrative action complaints resolved during 2019/20	100
Administrative action complaints not resolved at close of the financial year	4
Administrative action complaints not resolved at close of the financial year 2019/20 which were lodged during the previous financial year 2018/19	0

## 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 2019 to 30 June 2020 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	\$26,357
Remittance of Rates and Charges (including water consumption)	\$82,805
In-Kind Assistance	\$28,788
<b>TOTAL</b>	<b>\$137,950</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 \$44,660 for the 2019/20 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

## CONDUCT OF BUSINESS ACTIVITIES

### Application of Code of Competitive Conduct

The following business activities were conducted by Council during the 2019/20 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. 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 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 significant business activity for the 2019/20 financial year. The business activities listed above were also conducted by Council in the previous financial year (2018/19), and there were no new business activities commenced in 2019/20.

## COMPETITIVE NEUTRALITY COMPLAINTS

During the 2019/20 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.



## 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 2019/20 to 2028/29, 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; 13 August 2019, 1 October 2019, and 10 March 2020.

The main issues considered by the Committee throughout the 2019/20 year were:

- Financial statements for the year ended 30 June 2019
- Audit strategy for the 2019/20 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 is to provide stakeholders with a level of assurance that business processes are operating appropriately and effectively in accordance with organisational and legislative requirements. Pacifica Chartered Accountants provide internal audit services for Mareeba Shire Council.

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 2019/20 year include:

- Property and Leasing Management
- Plant Management Practices

### Current 2019/20 Annual Internal Audit Plan

NO.	PROJECT	DEPARTMENT
1	Property and Leasing Management	Corporate and Community Services
2	Plant Management Practices	Organisation-wide

### Previous 2018/19 Annual Internal Audit Plan

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

## 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:

Statement of  
Comprehensive  
Income

Statement of  
Financial  
Position

Statement of  
Changes in  
Equity

Statement of Cash Flows

Measures of Financial  
Sustainability  
Performance

#### Performance highlights:

During the 2019/20 financial year, Council has:

- Continued to achieve a sound financial position resulting in an operating surplus of \$6.5 million, which continues to lay the foundation of Council's promising long-term financial sustainability.
- Continued to sustain a relatively low debt of \$7.9 million at year-end.
- Received an upgraded credit rating to sound with a neutral outlook. The improved credit rating by the Queensland Treasury Corporation is reflective of Council's financial performance, adequate debt serving capacity and sound liquidity levels.





## 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 result in either a profit or loss amount known as the net result.

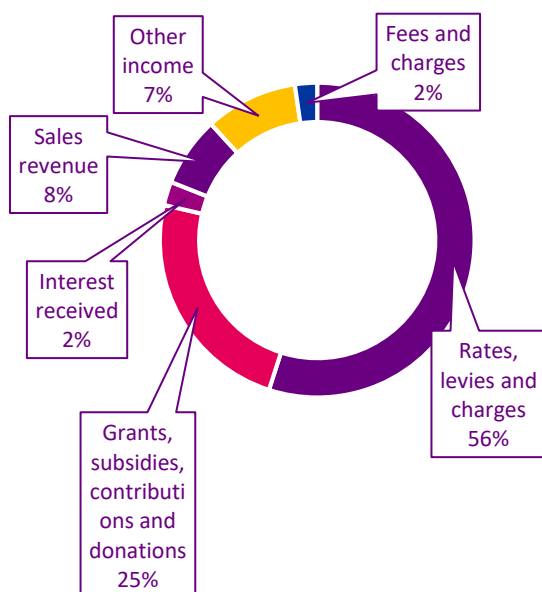
A Summarised Statement of Comprehensive Income for the year ended 30 June 2020 is shown in the table below:

SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME	AMOUNT \$(000)
Operating Revenue	\$56,509
Less: Operating Expenses	(\$49,953)
<b>Operating Position</b>	<b>\$6,556</b>
Plus: Capital Income	\$9,917
Less: Capital Expenses	(\$3,287)
<b>Net Result*</b>	<b>\$13,186</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 Council's money comes from



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

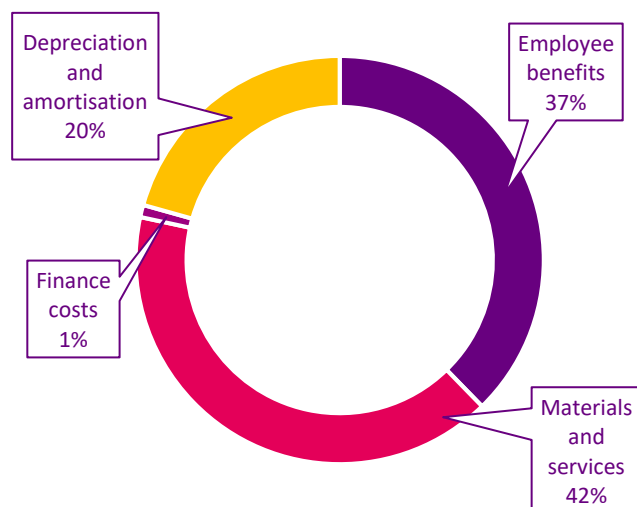
Council received \$56.5 million in operating revenue during the financial year. Rates and utility charges of \$31.5 million were the largest contributor to revenue, which is 56% of the total revenue for the year. Other sources are shown in the graph below.

Capital revenues refer to income from grants, subsidies and contributions. This revenue is used to pay for fixed assets. Total capital revenue during the 2019/20 financial year was \$9.9 million.

OPERATING REVENUE SOURCES	AMOUNT \$(000)
Rates & Utility Charges (Net of discount and remissions)	\$31,529
Fees & Charges	\$1,385
Operating Grants, Subsidies & Contributions	\$14,344
Sales Revenue	\$4,343
Interest - Investment & Rates	\$985
Other Revenue	\$3,923
<b>TOTAL OPERATING REVENUE</b>	<b>\$56,509</b>

## OPERATING EXPENDITURE

### What expenses did Council have to meet?



During the 2019/20 financial year, Council focused on continuing its commitment to long term financial sustainability.

Total operational expenses of \$49.9 million were incurred during the year 1 July 2019 to 30 June 2020. The largest portion of funds was spent on Materials and Services, which includes roads, drainage and bridges, totalling \$21.1 million or 42% of the total expenditure.

OPERATING EXPENDITURE	AMOUNT \$(000)
Employee benefits	\$18,218
Materials and services	\$21,084
Finance costs	\$538
Depreciation and amortisation	\$10,113
<b>TOTAL EXPENDITURE</b>	<b>\$49,953</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.

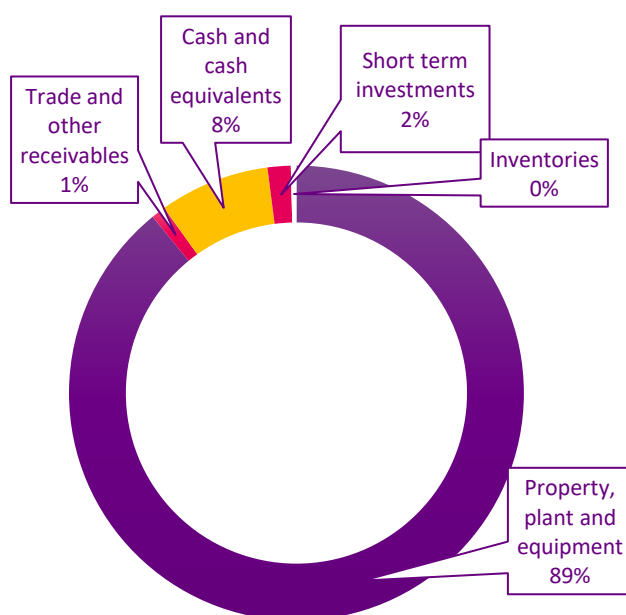
Each heading in the Statement of Financial Position is separated into detailed subheadings which are cross-referenced to Notes in the Financial Statements to provide further explanations.

STATEMENT OF FINANCIAL POSITION	AMOUNT \$(000)
<b>Assets - What Council owns</b>	
Cash Assets	\$50,574
Short Term Investments	\$10,500
Receivables	\$6,475
Inventories	\$2,525
Property, Plant and Equipment and Intangible Assets	\$569,443
<b>TOTAL ASSETS</b>	<b>\$639,017</b>
<b>Less: Liabilities - What Council owes</b>	
Trade Payables	\$12,139
Borrowings	\$8,109
Provisions	\$4,623
<b>TOTAL LIABILITIES</b>	<b>\$24,871</b>
<b>NET COMMUNITY ASSETS - What Council is worth</b>	<b>\$614,146</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 80% of the total fixed assets and provides a direct service/benefit to the community.

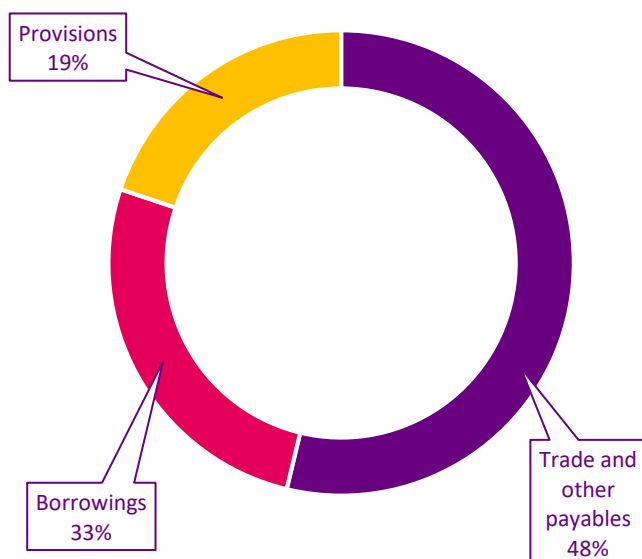
A total of \$26.5 million was spent to renew, upgrade and build new assets for the community during this financial year.



Cash and cash equivalents represent 10% of Council's total assets. Fixed-term deposits are separately classified from cash and cash equivalents.

Other assets include outstanding rates, fees and charges owing to Council at 30 June 2020. These are known as trade and other receivables.

## WHAT DO WE OWE?



Council has \$7.9 million worth of loans. \$4.2 million of this relates to the Mareeba Sewerage Treatment Plant upgrade, which was completed in August 2017. During 2019/20, Council drew down a new loan of \$3.7 million relating to the upgrade of the Mareeba Industrial Park and Mareeba Airport.

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 2020, Council's net wealth was \$614 million. This community equity consists of an asset revaluation reserve and retained surpluses which increased by \$72.2 million and \$13.2 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 that 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 and charges, interest received on investments and payments of employee wages, materials and services.
- **Investing activities** - including capital grants for the purchase and construction of property, plant and 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)
<b>Opening Balance - 1 July 2019</b>	<b>\$52,753</b>
Plus: Cash inflow from operating activities	\$22,114
Cash inflow from investing activities	(\$26.952)
Cash outflow from financing activities	\$2,159
<b>CASH AVAILABLE AT END OF YEAR</b>	<b>\$50,074</b>

Cash at the end of the year was \$50 million, which is represented as cash and cash equivalents in the Statement of Financial Position. There was a movement of \$10.5 million relating to an increase in term deposits during the year. This is shown in the cash flow statements as an outflow from investing activities. Total term deposits as at reporting date were \$10.5 million making the total cash assets at reporting date \$60.5 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.	12%	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.	-79%	<=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"/>

## FINANCIAL STATEMENTS



Mareeba  
SHIRE COUNCIL

### ***Financial Statements***

***For the year ended 30 June 2020***



# Mareeba Shire Council

## Financial statements

### For the year ended 30 June 2020

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**Mareeba Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	31,529,440	30,465,588
Fees and charges	3(b)	1,384,981	1,263,996
Interest received	3(c)	984,378	1,350,607
Sales revenue	3(d)	4,343,186	3,982,963
Other revenue	3(e)	3,923,407	5,272,062
Grants, subsidies, contributions and donations	4(a)	14,343,854	13,093,250
		<u>56,509,246</u>	<u>55,428,466</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	9,916,900	19,762,027
<b>Total income</b>		<u>66,426,146</u>	<u>75,190,493</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(18,218,002)	(17,757,383)
Materials and services	6	(21,084,158)	(19,236,557)
Finance costs	7	(538,422)	(369,624)
Depreciation and amortisation			
Property, Plant and Equipment	13	(9,929,768)	(9,402,273)
Intangible Assets	15	(182,633)	(319,570)
		<u>(49,952,984)</u>	<u>(47,085,407)</u>
<b>Capital expenses</b>	8	(3,287,428)	(600,509)
<b>Total expenses</b>		<u>(53,240,412)</u>	<u>(47,685,916)</u>
<b>Net result</b>		<u>13,185,734</u>	<u>27,504,577</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	20	72,257,722	30,474,421
<b>Total other comprehensive income</b>		<u>72,257,722</u>	<u>30,474,421</u>
<b>Total comprehensive income for the year</b>		<u>85,443,456</u>	<u>57,978,998</u>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information presented using the previous standards relating to revenue and leases*

**Mareeba Shire Council**  
**Statement of Financial Position**  
as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	9	50,073,982	52,753,159
Short term investments	10	10,500,000	-
Trade and other receivables	11	6,435,350	7,324,224
Inventories	12	2,525,396	2,643,573
<b>Total current assets</b>		<b>69,534,728</b>	<b>62,720,956</b>
<b>Non-current assets</b>			
Trade and other receivables	11	39,594	36,785
Property, plant and equipment	13	568,787,850	483,403,871
Intangible assets	15	655,201	812,328
<b>Total non-current assets</b>		<b>569,482,645</b>	<b>484,252,984</b>
<b>Total assets</b>		<b>639,017,373</b>	<b>546,973,940</b>
<b>Current liabilities</b>			
Trade and other payables	17	9,801,462	9,985,830
Borrowings	18	393,331	422,095
Provisions	19	531,144	490,410
<b>Total current liabilities</b>		<b>10,725,937</b>	<b>10,898,335</b>
<b>Non-current liabilities</b>			
Trade and other payables	17	2,337,580	2,148,086
Borrowings	18	7,716,213	5,528,487
Provisions	19	4,091,514	3,993,574
<b>Total non-current liabilities</b>		<b>14,145,307</b>	<b>11,670,147</b>
<b>Total liabilities</b>		<b>24,871,244</b>	<b>22,568,482</b>
<b>Net community assets</b>		<b>614,146,128</b>	<b>524,405,458</b>
<b>Community equity</b>			
Retained surplus		463,690,927	446,207,979
Asset revaluation surplus	20	150,455,201	78,197,479
<b>Total community equity</b>		<b>614,146,128</b>	<b>524,405,458</b>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.  
The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information presented using the previous standards relating to revenue and leases*



**Mareeba Shire Council**  
**Statement of Changes in Equity**  
For the year ended 30 June 2020

		<b>Asset revaluation surplus</b>	<b>Retained surplus</b>	<b>Total</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 2019</b>		78,197,479	446,207,979	524,405,458
Adjustments on initial application of AASB 15 / AASB 1058		-	4,297,214	4,297,214
Adjustments on initial application of AASB 16		-	-	-
<b>Restated balance at 1 July 2019</b>		<b>78,197,479</b>	<b>450,505,193</b>	<b>528,702,672</b>
Net result		-	13,185,734	13,185,734
Increase in asset revaluation surplus	20	72,257,722	-	72,257,722
<b>Total comprehensive income for the year</b>		<b>72,257,722</b>	<b>13,185,734</b>	<b>85,443,456</b>
<b>Balance as at 30 June 2020</b>		<b>150,455,201</b>	<b>463,690,927</b>	<b>614,146,128</b>
<b>Balance as at 1 July 2018</b>		<b>47,792,539</b>	<b>418,633,921</b>	<b>466,426,460</b>
Net result		-	27,504,577	27,504,577
Reclassifications between reserves	20	(69,481)	69,481	-
Increase in asset revaluation surplus	20	30,474,421	-	30,474,421
<b>Total comprehensive income for the year</b>		<b>30,404,940</b>	<b>27,574,058</b>	<b>57,978,998</b>
<b>Balance as at 30 June 2019</b>		<b>78,197,479</b>	<b>446,207,979</b>	<b>524,405,458</b>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.  
The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the  
comparative information presented using the previous standards relating to revenue and leases*

**Mareeba Shire Council**  
**Statement of Cash Flows**  
For the year ended 30 June 2020

	2020	2019
Note	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	46,476,107	40,435,747
Payments to suppliers and employees	(39,157,072)	(31,494,110)
	<u>7,319,035</u>	<u>8,941,637</u>
Interest received	929,282	1,350,607
Recurrent grants and contributions	14,343,854	13,093,250
Borrowing costs	(467,838)	(322,924)
Other loans finance costs	(10,412)	-
<b>Net cash inflow (outflow) from operating activities</b>	26 <u>22,113,921</u>	<u>23,062,570</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(24,374,551)	(34,293,600)
Payments for intangible assets	(25,506)	(188,500)
Proceeds from sale of property, plant and equipment	149,405	13,273
Grants, subsidies, contributions and donations	7,798,592	19,727,482
Payments for short-term investments	(10,500,000)	30,200,000
<b>Net cash inflow (outflow) from investing activities</b>	<u>(26,952,060)</u>	<u>15,458,655</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	3,750,000	-
Repayment of borrowings	(1,568,951)	(372,344)
Repayments made on other loans	(22,088)	(32,500)
<b>Net cash inflow (outflow) from financing activities</b>	<u>2,158,962</u>	<u>(404,844)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>	<u>(2,679,178)</u>	<u>38,116,381</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>	52,753,159	14,636,778
<b>Cash and cash equivalents at the end of the financial year</b>	9 <u>50,073,982</u>	<u>52,753,159</u>

*The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.  
The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore the comparative information presented using the previous standards relating to revenue and leases*

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**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 2019 to 30 June 2020. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment 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 14(a))

**1.B New and revised Accounting Standards adopted during the year**

Council has adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases. Refer to the changes in accounting policy note 1.H for transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities* and AASB 16 *Leases*.

**1.C Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

Effective for NFP  
annual report  
periods  
beginning on or  
after:

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

1 January 2020

**1.D Estimates and judgements**

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Valuation and depreciation of property, plant and equipment - Note 13 and Note 14  
Provisions - Note 19  
Contingent liabilities - Note 22  
Financial Instruments and Financial liabilities - Note 28

**1.E Rounding and comparatives**

The financial statements are in Australian dollars that have been rounded to the nearest \$1. Council uses the Australian dollar as its functional currency and its presentation currency. Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**1.F Volunteer Services**

Council utilises volunteers in the following services:

- Kuranda Visitor Information Centre
- Mareeba Library Service
- Advisory Committees to Council
  - Regional Arts Development Fund
  - Kuranda Infrastructure Advisory Committee
  - Multicultural Festival
  - Great Wheelbarrow Race

Council's volunteers perform a range of unpaid activities. Their contributions to Council would not have been purchased if they had not been donated, hence their contributions cannot be readily identifiable and measured at fair value as they cannot be reliably measured.

**1.G Taxation**

Council is exempt from income tax, however 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.

**1.H Changes in Accounting Policy**

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for Not For Profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions and associated Accounting Interpretations*.

All adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings at 1 July 2019. The impact of adopting these standards are presented below.

**Revenue standards - AASB 15 and AASB 1058**

The following options have been applied on transition of AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements.
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modifications were minor.

*Changes in accounting policy on adoption of AASB 15 and AASB 1058*

The changes in accounting policies on adoption of AASB 15 and AASB 1058 are disclosed in Note 4(b).

*Opening contract balances on transition at 1 July 2019*

	Balance at 1 July 2019 \$
<b>Contract assets</b>	
- Under AASB 15	-
- Under AASB 1058	4,516,415
<b>Total contract assets</b>	<u>4,516,415</u>
<b>Contract liabilities</b>	
- Under AASB 15	(219,201)
- Under AASB 1058	-
<b>Total contract liabilities</b>	<u>(219,201)</u>

*Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue*

The following table shows the amount by which the financial statement line items are affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

*Statement of financial position at 30 June 2020*

	Balances per Statement of Financial Position Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied \$
Trade and other receivables	6,435,350	-	6,435,350
Payables	(9,801,462)	(171,399)	(9,630,063)
Retained surplus	<u>(463,690,928)</u>	<u>171,399</u>	<u>(463,862,327)</u>
	<u>(467,057,040)</u>	<u>-</u>	<u>(467,057,040)</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**Changes in accounting policy (Continued)**

*Statement of comprehensive income for the year ended 30 June 2020*

	Balances per Statement of Comprehensive Income Dr / (Cr) \$	Adjustments Dr / (Cr) \$	Carrying amount if previous standards had been applied \$
Revenue - operating grants	(14,343,855)	(47,802)	(14,296,053)
Revenue -capital	(9,916,900)	4,516,415	(14,433,315)
	<u>(24,260,755)</u>	<u>4,468,613</u>	<u>(28,729,368)</u>

The adjustments above relate to the recognition of contract assets for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

*Statement of cash flows for the year ended 30 June 2020*

The adoption of AASB 15 and AASB 1058 has not caused material changes to the Statement of Cash Flows for the year ended 30 June 2020.

**Lease standard - AASB 16**

*Council as a lessee*

Under the previous lease accounting standard, Council assessed whether leases were operating or finance, based on assessments of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short term and leases of low-value assets).

Council has used the exception to lease accounting for short term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

*Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.

**Impact of adopting AASB 16 at 1 July 2019**

Council has not identified and thus not recognised any right-of-use assets or lease liabilities as at 1 July 2019.

**1.1 The impact of COVID-19 on the Financial Statements**

Council has assessed the impact on its financial statements for the current year, and further impacts are expected to continue into 2020-21.

Council undertook a number of key actions during the current year in response to the COVID-19 pandemic, some of which occur in the 2020-21 financial year:

- Rent relief provided to one tenant who lease property from Council, as they were impacted by government imposed conditions that restricted their ability to trade;
- Dates to make arrangements for outstanding rates at 30 June 2020 were extended to 31 December 2020;
- Deferral of increases in aged housing rentals to 30 September 2020;
- Councillors waived a 2% wage increase as provided for by the Remuneration Tribunal for 2020-21 as well as the Management Team;
- Council provided a COVID-19 rates concession for rates notices across certain residential categories that have been issued for the first 6 months of 2020-21 of 2.5% to offset the 2.5% increase in general rates for this period;
- Council extended Environmental Health food licenses and Animal Management dog registrations at no charge until 30 September 2020;
- Council extended the commercial use of goods of footpath permits at no charge until 30 September 2020.

The impact of these measures are not material to the 2019-20 financial statements of Council and is not expected to be material for the 2020-21 financial year for Council and has been included within the 2020-21 Council budget.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**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 2020

- 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 2020**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
Governance & corporate services	7,879,176	16,849,445	-	-	24,728,621	(5,618,164)	(3,090,120)	(8,708,284)	19,110,457	\$	\$
Community services	1,623,822	2,844,138	-	-	4,467,960	(6,375,516)	(22,026)	(6,397,542)	(1,907,556)	(1,929,582)	-
Planning & development	-	358,058	-	-	358,058	(1,429,770)	(1,014)	(1,430,784)	(1,071,712)	(1,072,726)	-
Works infrastructure	4,735,801	4,812,881	7,080,522	2,325,726	18,954,930	(22,594,850)	(18,693)	(22,613,543)	(13,046,168)	(3,658,613)	337,775,067
Waste management	100,055	5,730,798	54,314	32,254	5,917,422	(5,589,834)	18,182	(5,571,653)	241,019	345,768	4,601,632
Water infrastructure	5,000	6,310,974	51,752	85,540	6,453,266	(4,713,630)	(96,086)	(4,809,716)	1,602,344	1,643,550	56,769,164
Sewerage infrastructure	-	5,259,098	235,561	51,230	5,545,889	(3,631,220)	(77,671)	(3,708,891)	1,627,878	1,836,999	63,681,047
Total Council	14,343,854	42,165,392	7,422,149	2,494,750	66,426,146	(49,952,984)	(3,287,428)	(53,240,412)	6,556,262	13,185,734	639,017,373

**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							
	Grants	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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		255,221,625
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
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
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		64,108,161
Total Council	13,093,250	42,335,217	18,581,407	1,180,620	75,190,493	(47,085,407)	(600,509)	(47,685,916)	8,343,059		27,504,577		546,973,940



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

3 Revenue	AASB 15 \$	AASB 1058 \$
<b>Revenue recognised at a point in time</b>		
Rates, levies and charges (excluding those related to services)	-	31,529,440
Grants, subsidies, donations and contributions	-	13,641,530
Infringements	-	108,345
Fees and charges (excluding infringements)	1,276,636	-
Sale of goods and services	2,257,286	-
Other	2,125,785	244,971
	<u>5,659,707</u>	<u>45,524,286</u>
<b>Revenue recognised over time</b>		
Grants and subsidies	5,000,086	5,619,138
Fees and charges (excluding infringements)	-	-
Sale of goods and services	2,085,900	-
Other	1,552,651	-
	<u>8,638,637</u>	<u>5,619,138</u>
<b>Total revenue</b>	<u>14,298,344</u>	<u>51,143,424</u>

**(a) Rates, levies and charges**

2020 accounting policy: Rates and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 accounting policy: Rates are recognised at the commencement of the rating period.

	2020 \$	2019 \$
General rates	17,887,606	17,621,180
Separate rates	636,238	576,848
Water	3,662,608	3,357,076
Water consumption, rental and sundries	2,431,939	2,252,800
Sewerage	4,999,071	4,817,429
Waste management	3,837,240	3,710,204
Total rates and utility charge revenue	<u>33,454,702</u>	<u>32,335,537</u>
Less: Discounts	(1,536,784)	(1,484,040)
Less: Pensioner remissions	(388,478)	(385,909)
	<u>31,529,440</u>	<u>30,465,588</u>

**(b) Fees and charges**

2020 accounting policy: Revenue arising from fees and charges are recognised when or as performance obligation is completed and the customer receives benefits of the good / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of service or in some cases, the customers required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licenses granted by Council are all either short-term or low value and all revenue from licenses is recognised at the time the license is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

2019 accounting policy: 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.

	2020	2019
	\$	\$
Applications	114,083	179,247
Cemetery services	229,695	298,353
Building/plumbing domestic applications	173,025	198,633
Building/plumbing commercial applications	15,579	24,480
Fines, penalties and infringements	108,345	145,980
Permits, licences and registrations	263,088	280,414
Other fees and charges	481,166	136,889
	<u>1,384,981</u>	<u>1,263,996</u>

**(c) Interest received**

Interest received from Queensland Treasury Corporation	594,104	360,939
Interest received from other sources (including term deposits)	226,052	793,509
Interest from overdue rates and utility charges	164,222	196,159
	<u>984,378</u>	<u>1,350,607</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 based on costs incurred 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	4,343,186	3,982,963
Total sales revenue	<u>4,343,186</u>	<u>3,982,963</u>

**(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.

Waste management	1,383,487	1,631,677
Animal impounding	18,511	32,579
Leases and rental income	1,552,651	1,606,957
Sale of scrap / surplus plant	120,299	237,818
Legal recoveries	85,018	99,614
Sale of goods/materials	43,304	48,146
Fuel rebates	82,049	252,611
Brochure contributions	30,506	11,545
Net revenue from sales of land held for development	466,140	1,087,882
Other sundry revenue	141,442	263,235
	<u>3,923,407</u>	<u>5,272,064</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**4 Grants, subsidies, contributions and donations**

**Grant Income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

**Grant Income under AASB 1058**

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

**Capital Grants**

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

2019 accounting policy: 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 9.

**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. These infrastructure charges are generally within the scope of AASB 1058 since there is no enforceable performance obligations associated with them and therefore the infrastructure charges are recognised as revenue when received.

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). 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 under AASB 1058 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 2020

	Note	2020 \$	2019 \$
(a) <b>Recurrent</b>			
State government subsidies, grants and contributions		6,549,209	5,337,358
Commonwealth government subsidies and grants		7,794,645	7,755,892
		<u>14,343,854</u>	<u>13,093,250</u>

(b) <b>Capital</b>			
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 of new assets. It also included non-cash contributions which are usually infrastructure assets received from developers.			
State government subsidies and grants		3,047,294	14,783,237
Commonwealth government subsidies and grants		4,374,855	3,798,171
Contributions		376,443	1,146,074
Donated assets		2,118,308	34,545
		<u>9,916,900</u>	<u>19,762,027</u>

The impact on initial application of AASB 15 and AASB 1058 at 1 July 2019 has been to recognise additional grant revenue of \$4,516,415 and to defer other grant revenue of \$219,201 at 30 June 2019. In total, \$4,297,214 of grant revenue has been recognised in earlier years with a corresponding contract asset and contract liability recognised at the same date.

(c) <b>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		610,908	1,921,704
Non-reciprocal grants for expenditure on non-capital		363,468	254,350
		<u>974,376</u>	<u>2,176,054</u>

**5 Employee benefits**

Total staff wages and salaries		13,846,369	13,340,050
Councillors' remuneration		505,791	524,358
Annual, sick and long service leave entitlements		3,120,806	3,187,293
Superannuation	23	1,880,582	1,776,128
		<u>19,353,548</u>	<u>18,827,829</u>
Other employee related expenses		128,012	153,750
		<u>19,481,560</u>	<u>18,981,579</u>
Less: Capitalised employee expenses		(1,263,558)	(1,224,196)
		<u>18,218,002</u>	<u>17,757,383</u>

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

	2020 No.	2019 No.
Total Council employees at the reporting date:		
Elected members	7	7
Administration staff	97	97
Depot and outdoors staff	110	114
Total full time equivalent employees	<u>214</u>	<u>218</u>



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>6 Materials and services</b>		
All contractors excluding hire of plant	9,673,730	7,959,350
Audit of annual financial statements by the Auditor-General of Queensland*	199,156	113,455
Bulk water purchase	625,502	613,469
Electricity	1,155,984	1,208,936
Fuels and oils	670,645	716,942
Goods, materials and services	1,143,164	1,243,580
Hire of plant	2,945,544	3,375,179
Insurance	616,970	552,031
Legal	284,002	291,852
Licences, fees, subscriptions and memberships	1,129,180	814,451
Professional/consultancy services	416,266	397,026
Rent, rates and leasing expenses	464,837	437,217
Road materials used for maintenance	385,408	881,230
Total Waste levy payment**	135,240	-
Waste levy refund	(135,240)	-
Write off of bad debts	165,117	86,624
Other materials and services	1,208,654	545,215
	<u>21,084,158</u>	<u>19,236,557</u>

\* The audit costs in 2020 and 2019 reflected in the above table include the amounts invoiced and accrued for in respect of these and earlier years and not the amount payable in the year. The audit fee for 2020 year is \$119,600.

\*\*The State government rebated \$135,240 of the state waste levy to mitigate the direct impacts on households.

<b>7 Finance costs</b>		
Finance costs charged by the Queensland Treasury Corporation	410,361	254,631
Unwinding of discount on provision for restoration	60,172	46,700
Bank charges	67,889	68,293
	<u>538,422</u>	<u>369,624</u>

<b>8 Capital expenses</b>		
<b>Loss on write-off of non-current assets</b>		
Write-off of buildings	11,670	49,624
Proceeds from the sale of property, plant and equipment	(149,405)	(13,273)
Less: book value of property, plant and equipment disposed of	37,783	61,403
Impairment - Land	2,102,188	-
Write-off of roads and bridges	99,935	271,752
Write-off of sewerage	77,670	146,368
Write-off of water	105,268	14,965
Write-off of other infrastructure	1,002,319	69,670
Total capital expenses	<u>3,287,428</u>	<u>600,509</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**9 Cash and cash equivalents**

	2020	2019
	\$	\$
Cash and cash equivalents in the statement of cash flows 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	2,230
Petty cash	1,200	1,200
Cash at bank	2,282,742	1,103,479
Deposits at call	47,787,810	51,646,250
Balance per Statement of Cash Flows	<u>50,073,982</u>	<u>52,753,159</u>

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

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

Unspent government grants and subsidies	974,376	2,176,054
-----------------------------------------	---------	-----------

**Internally imposed expenditure restrictions at the reporting date:**

Waste levy refund received in advance	-	219,830
Constrained works	8,580,139	8,989,623
Future capital works	15,459,168	3,936,016
Future non-capital works	395,618	4,425,755
Total unspent restricted cash	<u>25,409,301</u>	<u>19,747,278</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.

**10 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.

	2020	2019
	\$	\$
Current short term deposits	10,500,000	-
Total short term deposits	<u>10,500,000</u>	<u>-</u>

**11 Trade and other receivables**

Receivables, loans and advances 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 receivables 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 of loans and advances are usually a maximum of five years with interest charged at non-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.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

	2020	2019
	\$	\$
<b>Current</b>		
Rateable revenue and utility charges	2,883,022	1,842,081
Other debtors	1,115,547	4,486,365
Less: impairment	-	-
Contract assets	1,204,485	-
GST recoverable	458,491	673,408
Loans and advances to community organisations	14,775	15,692
Prepayments	759,030	306,678
	<u>6,435,350</u>	<u>7,324,224</u>
<b>Non-current</b>		
Loans and advances to community organisations	39,594	36,785
	<u>39,594</u>	<u>36,785</u>

Interest is charged on outstanding rate (9.83% per annum from 1 July 2019, previously 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.

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. The contract assets have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.

## 12 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 except for land where the cost are allocated to the relevant period.

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.

	2020	2019
	\$	\$
<b>Inventories held for sale</b>		
Miscellaneous saleable items	2,945	2,867
	<u>2,945</u>	<u>2,867</u>
<b>Inventories held for distribution</b>		
Plant and equipment stores	925,112	893,406
	<u>925,112</u>	<u>893,406</u>
<b>Land purchased for development and sale</b>	1,597,339	1,747,300
<b>Total inventories</b>	<u>2,525,396</u>	<u>2,643,573</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**13 Property, plant and equipment**

30 June 2020

Note

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2019

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Depreciation adjustments

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2020

Land	Buildings	Plant and fleet	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
2 & 3	3		3	3	3	3		
\$	\$	\$	\$	\$	\$	\$	\$	\$
13,857,704	63,458,069	5,693,314	278,343,875	63,205,002	71,312,370	22,453,561	33,102,382	551,426,278
-	1,008,419	-	783,941	226,930	99,017	-	24,374,552	26,492,859
(26,014)	(18,610)	(88,391)	(126,711)	(141,854)	(105,315)	(1,508,728)	-	(2,016,623)
(2,489,206)	-	-	92,630,625	-	-	-	-	90,141,419
1,907,735	858,965	306,418	13,481,102	4,111,343	1,042,332	15,885,904	(37,593,799)	-
13,250,219	65,306,843	5,911,341	385,112,832	67,401,421	72,348,404	36,829,737	19,883,135	666,043,934

-	15,477,251	2,974,795	23,122,250	9,360,401	7,204,210	9,883,502	-	68,022,409
-	1,232,434	573,967	4,256,403	1,308,442	1,490,791	1,067,731	-	9,929,768
-	(6,940)	(76,621)	(26,776)	(36,586)	(27,645)	(507,410)	-	(681,978)
-	145,947	-	-	-	-	(145,947)	-	-
-	-	-	19,985,885	-	-	-	-	19,985,885
-	16,848,692	3,472,141	47,337,762	10,632,257	8,667,356	10,297,876	-	97,256,084

Total written down value as at 30 June 2020

Range of estimated useful life in years

13,250,219	48,458,151	2,439,200	337,775,071	56,769,164	63,681,048	26,531,861	19,883,135	568,787,850
Land: Not depreciated	11-185	1 - 16	10 - 130	5 - 150	7 - 200	5-120	WIP: Not depreciated	

Additions comprise:

Renewals

Intangible additions

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,008,419	-	783,941	226,930	99,017	-	12,314,350	14,432,657
-	1,008,419	-	783,941	226,930	99,017	-	24,374,552	26,492,859

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

13 Property, plant and equipment

30 June 2019

Basis of measurement  
Fair value category  
Asset values  
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  
Opening balance as at 1 July 2018  
Depreciation provided in period  
Depreciation on disposals  
Revaluation adjustment to asset revaluation surplus  
Accumulated depreciation as at 30 June 2019

Total written down value as at 30 June 2019  
Range of estimated useful life in years

Note	Land	Buildings		Plant and fleet		Road, drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost		
	2	3			3			3		3		3				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	11,401,732	57,434,538	5,402,749	5,402,749	251,115,097	58,619,475	64,415,334	19,953,378	14,052,718	482,395,022						
	-	-	34,545	34,545	-	-	-	465,343	33,781,570	34,281,459						
	-	(101,670)	(112,047)	(112,047)	(311,065)	(20,479)	(167,480)	(152,977)	-	(865,718)						
	-	5,389,317	-	-	19,781,008	4,208,451	4,578,938	1,657,814	-	35,615,529						
	2,455,972	735,883	368,067	368,067	7,758,835	397,555	2,485,578	530,002	(14,731,906)	(14)						
	13,857,704	63,453,069	5,693,314	5,693,314	278,343,875	63,205,002	71,312,370	22,453,561	33,102,382	551,426,277						
	-	11,691,594	2,477,191	2,477,191	17,656,568	7,449,323	5,288,155	9,168,130	-	53,730,963						
	-	1,531,994	548,247	548,247	3,864,674	1,288,614	1,460,390	708,353	-	9,402,272						
	-	(52,046)	(50,643)	(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	2,974,795	23,122,250	9,360,401	7,204,210	9,883,502	-	66,022,409						
	13,857,704	47,980,818	2,718,519	2,718,519	255,221,626	53,844,601	64,108,160	12,570,058	33,102,382	483,403,870						
	Land: Not depreciated	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 2020

#### 13 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 2020

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 13.

#### (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. 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.

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 14.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**14 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 2020, external consultants Jones Lang Lasalle (JLL) conducted a desktop valuation on the land asset class that reflected an impairment, and also a change from level 2 to level 3 fair value measurement for some of the asset class due to lack of sales evidence. Assets transferred to level 3 within the asset class total \$9,039,900. The adjustments will be applied effective 1 January 2020.

Australis Advisory Group was also engaged to conduct comprehensive revaluations on the Sealed Roads and Minor Culverts asset classes which fall into the Transport Asset Class. The relevant adjustments have been made to the carrying values of those assets, effective 30 June 2020. The carrying values of the remaining assets for the transport asset classes have been analysed using applicable indices, with no material movements effective 30 June 2020.

**(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 was valued on a desktop basis effective 1 January 2020 which reflected an impairment on the asset class. Adjustments will be made by reducing the revaluation increment relevant to each asset first, then further decreases will be recognised directly in the Profit & Loss Statement. Due to a lack of sales evidence Level 2 & Level 3 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.

**(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. The relevant indices were assessed and no changes have been made as of 30 June 2020.

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 2020

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. In 2020, Sealed Roads & Minor Culverts were comprehensively revalued by independent valuer Australis Asset Advisory group and the remaining assets in the respective Transport asset class were analysed with the appropriate indices. There was no material movement, therefore the carrying values as at 30 June 2020 will not be adjusted.

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 current 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 Sealed Roads assets was conducted by Australis Advisory Group effective as at 30 June 2020. Unsealed roads were analysed against the relevant indices for any material movements and no changes were applied as of 30 June 2020.

*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 13.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**Bridges**

A comprehensive revaluation of bridge assets was conducted by Australis Asset Advisory Group effective 30 June 2017. Causeways were included as bridge assets this year as opposed to road assets in prior years. After assessing the relevant indices, no changes were made as at 30 June 2020.

*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 13.

**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. Minor Culverts as a subclass of Drainage were comprehensively revalued, effective 30 June 2020. Relevant indices were assessed and no material movements were identified, so no changes were made to the remaining assets.

*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 13.

**Water and sewerage**

A comprehensive revaluation of water and sewerage assets was conducted by Australis Asset Advisory Group effective 30 June 2017. After assessing the relevant indices, no adjustments were made effective 30 June 2020.

*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 2020

#### *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.

#### **(v) 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 13 Property, Plant and Equipment.

#### **(vi) 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 13(e).

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**15 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.

	2020	2019
	\$	\$
<b>Software and other intangibles</b>		
Gross carrying value at 1 July	2,479,822	2,291,322
Additions	25,506	188,500
Closing gross carrying value	2,505,328	2,479,822
<b>Accumulated amortisation</b>		
Opening balance	1,667,494	1,347,924
Amortisation in the period	182,633	319,570
Closing balance	1,850,127	1,667,494
Net carrying value at 30 June	655,201	812,328

The software has a finite life estimated at 10 years.

Straight line amortisation has been used with no residual value.

**16 Leases**

***Council as a lessee***

Where Council assess that an agreement contains a lease, a further assessment is made on whether a right of use asset is recognised with the lease liability at inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

If in the event that a right of use asset is recognised, it is measured using the costs model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right of use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of asset accounting policy. Council has made an assessment that no right of use assets have been identified in the leases where Council is a lessee.

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

Council has reviewed commitments for expenditure as previously reported and has not identified any commitments required to be recognised under AASB 16 Leases. Refer to Note 21 for commitments for expenditure.

**Leases at significantly below market value - Concessionary / peppercorn leases**

Council has a number of leases at significantly below market value for land and buildings which are used for:

- Visitor Centre
- Community Halls

The leases can range between 10 to 30 year terms and require payments of \$1 per annum if demanded. The use of right of use assets is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that these leases are individually material.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

***Council as a lessor***

When Council is a lessor, the lease is classified as either operating or finance lease at inception date, based on whether substantially all the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components, then the no-lease component are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

***Operating Leases***

When Council retains the risks and rewards relating to a lease, they are classified as operating leases.

Leases as being 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.

**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.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability. Contract liabilities recognised at 30 June 2020 relate to deposits received in advance of services provided. Revenue of \$219,201 was recognised during the current year that was included in the contract liability balance at the beginning of the year. The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.

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.

	2020	2019
	\$	\$
<b>Current</b>		
Creditors and accruals	6,796,308	7,155,277
Contract liabilities	171,399	-
Annual leave	2,225,379	2,135,275
Other trade and payables	608,376	475,448
Waste levy refund received in advance	-	219,830
	<u>9,801,462</u>	<u>9,985,830</u>
<b>Non-current</b>		
Security deposit (capping of landfill) - SUEZ	2,337,580	2,148,086
	<u>2,337,580</u>	<u>2,148,086</u>

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

The Second Waste Disposal Agreement with SUEZ, dated 19 June 2017 provides for Council to charge a security deposit per tonnage. Under that contract, the security deposit is accessible by Council in the event that SUEZ fails to fulfil their landfill capping obligations. The security deposit is to be refunded when SUEZ completes the final capping works in accordance with the contract.

**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.

	2020 \$	2019 \$
<b>Current</b>		
Loans - Queensland Treasury Corporation	369,518	400,007
Loans - Other	23,813	22,088
	<u>393,331</u>	<u>422,095</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	7,612,193	5,400,654
Loans - Other	104,020	127,833
	<u>7,716,213</u>	<u>5,528,487</u>
<b>Loans - Other</b>		
Balance on 1 July	149,921	170,445
Principal repayments	(22,088)	(20,525)
Book value at 30 June	<u>127,833</u>	<u>149,920</u>
<b>Loans - Queensland Treasury</b>		
Balance on 1 July	5,800,662	6,173,006
Loans raised	3,750,000	-
Principal repayments	(1,568,951)	(372,344)
Book value at 30 June	<u>7,981,711</u>	<u>5,800,662</u>

The QTC loan market value at the reporting date was \$8,437,133. 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.

During 2019-20, Council has received approval to enter into a borrowing arrangement with the Queensland Treasury Corporation for an amount of \$3,750,000. The borrowing arrangement is unsecured and is repayable over a term of 20 years.

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 2040. 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 2020

**19 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 2020/21 financial year, however Council is not financially responsible for the capping costs (Note 17), only the ongoing monitoring and maintenance costs.

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.

	2020 \$	2019 \$
<b>Current</b>		
Refuse restoration	106,984	91,810
Long service leave	424,160	398,600
	<u>531,144</u>	<u>490,410</u>
<b>Non-current</b>		
Refuse restoration	2,230,385	2,148,983
Long service leave	1,861,129	1,844,591
	<u>4,091,514</u>	<u>3,993,574</u>

Details of movements in provisions:

**Refuse restoration**

Balance at 1 July	2,240,793	1,721,629
Increase in provision due to unwinding of discount	60,172	46,700
Provisions made during the year	152,037	635,057
Provisions used during the year	(115,633)	(162,593)
Balance at 30 June	<u>2,337,369</u>	<u>2,240,793</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	2,228,316	2,373,269
Long service leave entitlement arising	461,386	404,110
Long service entitlement paid	(404,413)	(549,063)
Balance at 30 June	<u>2,285,289</u>	<u>2,228,316</u>



**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**20 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.

	2020 \$	2019 \$
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	78,197,479	47,792,542
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	-
Buildings	-	3,083,610
Plant & Fleet	-	-
Road, drainage and bridge network	72,644,740	18,140,688
Water	-	3,580,471
Sewerage	-	4,102,162
Other Infrastructure	-	1,567,487
Impairment:		
Land and improvements	(387,018)	-
Buildings	-	-
Water	-	-
	72,257,722	30,474,418
Adjustments		
Reclassification between reserves	-	(69,481)
Movements total	72,257,722	30,404,937
Balance at end of financial year	150,455,201	78,197,479

	2020 \$	2019 \$
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and improvements	-	387,018
Buildings	12,406,239	12,406,239
Plant & Fleet	-	-
Road, drainage and bridge network	107,057,618	34,412,878
Water	12,161,566	12,161,565
Sewerage	14,710,087	14,710,086
Other infrastructure assets	4,119,693	4,119,693
	150,455,203	78,197,479

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**21 Commitments for expenditure**

**Contractual commitments**

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

	2020	2019
	\$	\$
Waste contracts	10,625,473	12,940,865
Cleaning contractors	202,858	541,910
	<u>10,828,331</u>	<u>13,482,775</u>

**22 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 2020 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 2020 in relation to the Local Government Workcare Bank Guarantee is \$272,360.

**23 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 AASB 119 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.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

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.

	Note	2020 \$	2019 \$
Superannuation contributions made to Regional Defined Benefits Fund		118,406	127,933
Other superannuation contributions for employees		1,762,176	1,648,195
Total superannuation contributions paid by Council for employees:	5	1,880,582	1,776,128

		2021 \$
Contributions Council expects to make to the Regional Defined Benefits Fund for 2020-21		121,070

<b>24 Operating lease income</b>		2020 \$	2019 \$
Council has leased facilities to independent operators. The minimum lease receipts are as follows:			
Not later than one year		539,149	507,372
One to five years		1,628,337	2,286,745
Later than five years		2,532,061	5,317,375
		4,699,547	8,111,492

**25 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

	628,338	545,696
	628,338	545,696

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 since Council has no control over the assets.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

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

	2020 \$	2019 \$
Net result	13,185,734	27,504,577
Non-cash items:		
Depreciation and amortisation	10,112,401	9,721,843
Finance costs	60,172	145,298
Bad and doubtful debts expense	165,117	-
Finance income	(55,096)	-
	10,282,594	9,867,141
Investing and development activities (non-cash):		
Net loss on disposal of non-current assets	3,287,428	600,509
Capital grants and contributions	(7,798,592)	(19,727,482)
Donated assets	(2,118,308)	(34,545)
	(6,629,472)	(19,161,518)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	5,295,093	(548,862)
(Increase)/decrease in inventory	118,177	298,198
Increase/(decrease) in payables	(216,707)	4,713,949
Increase/(decrease) in provisions	78,502	389,086
	5,275,065	4,852,371
Net cash inflow from operating activities	22,113,921	23,062,571

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

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

	Note	As at 30 June 2019	Change in Accounting Policy	Cash flows	Non-cash changes (new leases)	As at 30 June 2020
		\$	\$	\$	\$	\$
Loans		5,800,662	-	2,181,049	-	7,981,711
Loans - Other		149,921	-	(22,088)	-	127,833
	18	5,950,583	-	2,158,961	-	8,109,544

**28 Financial instruments**

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 9, 10 and 11.

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 2020

At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2020	2019
	\$	\$
Property charges	2,883,022	1,842,081
GST recoverable	458,490	673,408
Community organisations	54,369	52,477
Other	2,320,033	4,486,365
Total	<u>5,715,914</u>	<u>7,054,331</u>

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.

	2020	2019
	\$	\$
Not past due	2,461,176	4,894,361
Past due 31-60 days	38,949	47,851
Past due 61-90 days	68,720	42,425
More than 90 days	3,147,069	2,069,694
Impaired	-	-
Total gross carrying amount	<u>5,715,914</u>	<u>7,054,331</u>

Refer to Note 11 for further details

Expected credit loss assessment for the reporting period ended 30 June 2020:

	Closing Balance 2020	Historical probability of default	Loss given default	Lifetime Expected Credit Loss
	\$			\$
Rates and Charges	2,883,022	0%	0%	-
Government Receivables	299,571	0%	0%	-
Community Organisations	54,369	0%	100%	-
Other Debtors	2,478,952	0%	100%	-
Total	<u>5,715,914</u>	<u>0%</u>		<u>-</u>

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 2020

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease 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>2020</b>					
Trade and other payables	7,404,684	-	-	7,404,684	7,404,684
Loans - QTC	557,658	2,241,502	7,067,820	9,866,980	7,981,711
Loans - Other	23,813	104,020	-	127,833	127,833
	<u>7,986,155</u>	<u>2,345,522</u>	<u>7,067,820</u>	<u>17,399,497</u>	<u>15,514,228</u>
	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
Loans - Other	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>

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 indices, 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 2020

**29 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
	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$
Revenue for services provided to Council	300,400	53,000	-	63,946	-
Revenue for services provided to external clients	6,330,510	5,325,419	5,447,241	83,454	-
Community service obligations	-	-	-	-	-
	6,630,910	5,378,419	5,447,241	147,400	-
Less: Expenditure	5,014,029	3,684,220	5,332,855	329,995	18,849
Surplus/(deficit)	1,616,881	1,694,199	114,386	(182,595)	(18,849)

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**30 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	2020 \$	2019 \$
Short-term employee benefits	1,315,944	1,287,801
Post-employment benefits	27,635	27,231
Long-term benefits	5,401	14,951
Termination benefits	-	-
<b>Total KMP remuneration</b>	<b>1,348,980</b>	<b>1,329,983</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	2020 \$	2019 \$
Purchase of materials and services from entities controlled by KMP	30(b)(i)	356,213	386,986
Employee expenses for close family members of KMP	30(b)(ii)	142,746	121,039
<b>Total</b>		<b>498,959</b>	<b>508,025</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.

	2020 \$	2019 \$
Waste contract services	303,263	378,068
Plant hire	2,684	5,583
Slashing Services	46,530	-
Minor purchases (magazines and newspapers)	3,736	3,336
	<u>356,213</u>	<u>386,987</u>

(ii) Council employs 214 full time equivalent employees of which 3 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**

There were no commitments in 2019/20.

**Mareeba Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2020

**(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 2020

**Management Certificate**  
**For the year ended 30 June 2020**

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 38, 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.



\_\_\_\_\_  
**Mayor**  
**Angela Topplin**

Date: 21 / 9 / 2020



\_\_\_\_\_  
**Chief Executive Officer**  
**Peter Franks**

Date: 21 / 9 / 2020

## 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 2020, 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 2020, 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 the Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

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

At the date of this auditor's report, the available other information in Mareeba Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.



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

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

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

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

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

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

### **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 2020:

- 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

25 September 2020

Queensland Audit Office  
Brisbane

**Mareeba Shire Council**  
**Current Year Financial Sustainability Statement**  
For the year ended 30 June 2020

**Measures of Financial Sustainability**

Council's performance at 30 June 2020 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)	12%	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)	-79%	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 2020.

**Certificate of Accuracy**  
For the year ended 30 June 2020

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  
Angela Toppin

Date: 21 / 9 / 2020



Chief Executive Officer  
Peter Franks

Date: 21 / 9 / 2020

## 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 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current year financial sustainability statement of Mareeba Shire Council for the year ended 30 June 2020 has been accurately calculated.

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

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

At the date of this auditor's report, the available other information in Mareeba Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



25 September 2020

Sri Narasimhan  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane



**Mareeba Shire Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
 Prepared as at 30 June 2020

**Measures of Financial Sustainability**

Sources of Financial Sustainability	Measure	Target	Actuals at 30 June 2020	Projected for the years ended								
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	11.60%	7.96%	7.97%	8.35%	9.02%	9.37%	9.28%	9.36%	9.33%	9.72%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	128.9%	103.28%	103.25%	97.27%	90.33%	118.39%	125.90%	100.19%	104.05%	91.00%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	-79%	-88.86%	-91.33%	-95.11%	-99.71%	-98.76%	-95.92%	-98.83%	-100.69%	-105.64%

**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.

**Certificate of Accuracy**

**For the long-term financial sustainability statement prepared as at 30 June 2020**

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

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



Mayor  
 Angela Toppin

Date: 21 / 9 / 2020



Chief Executive Officer  
 Peter Franks

Date: 21 / 9 / 2020