



2014/2015 ANNUAL REPORT



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MESSAGE FROM THE MAYOR

The past year has again been a challenging but rewarding year for Aurukun Shire Council which is now in its last year of the current four year term as we head for the quadrennial election in March 2016.

The Sam Kerindun Snr. Business Precinct continues to operate well and we look forward to the Government Hub relocating there during 2015/16. Aurukun is always open for business and we seek to develop employment opportunities and attract business within our Shire.

It has been pleasing to see the redevelopment of Wuungkam Lodge occur. We are only months away from seeing more rooms added and the restaurant and takeaway facilities open. This will be a great social facility that will enable all residents and visitors to interact. The residential management of Wuungkam Lodge and Kooth Pach guest house has lifted the standard of service and thus patronage is increasing.

The Wik and Kugu art centre has been rejuvenated with new management. The participation of local artists has increased dramatically and the street sales has decreased significantly. We look forward to further progress next year.

With mining of the Aurukun bauxite lease back on the agenda, we look forward to seeing how the new State Government will pursue this process. Council remains confident that mining will eventuate but wants to the best deal to be provided to our people. It is important that Aurukun people are receiving relevant training and are becoming work ready for this development which should provide many local employment opportunities.

The need for upgrade of the inadequate telecommunications facilities including internet capacity has never been greater. It must be a partnership of state, federal, local government, community stakeholders and Telstra to achieve the permanent long term rectification of this problem which is prevalent throughout many remote areas across Australia. All parties need to work together and be prepared to make significant financial contributions.

ASC's staff organisation structure was again reviewed in February 2015 and it remains intact with minor adjustment. I am proud of our management team and staff and Council looks forward to their efforts continuing.

Once again Council has achieved an unqualified report from the Queensland Audit Office. This highlights that Council's financial and operational processes continue at a high standard. We will continue to further strengthen our financial position in coming years.

Council continues to operate as the main employer and leading community agency. It endeavours to operate as a strong local government unit that is not controlled by external organisations. Aurukun Shire Council has a strong and visionary agenda through its current corporate plan and we aspire to achieve the goals and objectives of this exciting plan.

Yours in local government,

Cr. Dereck Walpo
Mayor of Aurukun Shire Council

Mayor Dereck Walpo at work in Aurukun



Mayor with Hon. Coralee O'Rourke M.P. at Chivaree Centre Opening



Mayor Unveils ANZAC Centenary Memorial Plaques



Treasurer Curtis Pitt with Mayor at Indigenous Leaders' Forum

AURUKUN SHIRE PROFILE

Legal Status

The Aurukun Shire Council operates under Queensland Government Legislation, namely *The Local Government Act 2009*. Furthermore, two Regulations working hand-in-glove with the Act are the *Financial Planning & Reporting Regulation* and the *Operations Regulation*. Council is constituted by the Councillors who are elected or appointed to the local government under this Act. Councils' **ABN is 32 338 490 426**. Council's GST registration is effective from 1 July, 2000.



Elected Councillors: L to R - Vera Koomeeta, Edgar Kerindun, Angus Kerindun, Ada Woolla, Dereck Walpo

COUNCILLOR PROFILES

Portfolio and Committee Representation

<p>Mayor Cr Dereck Walpo</p>	<p>Portfolio – Health/Sport and Recreation, Business Development Council Representative:</p> <ul style="list-style-type: none"> • Local Government Association of Queensland (LGAQ) • Cape Indigenous Mayors Alliance (CIMA) • Island and Cape Retail Enterprises (ICRE) • Cape York Sustainable Futures (CYSF) • Local Disaster Management Group (LDMG)
<p>Deputy Mayor Cr Angus Kerindun</p>	<p>Served 2008/2012. Elected 2012 to date. Portfolio – Housing Council Representative: Western Cape Communities Coordinating Committee (WCCCA)</p>
<p>Cr Edgar Kerindun</p>	<p>Portfolio – Transport and Infrastructure, Environment Member: Family Responsibilities Commission (FRC)</p>

Cr Ada Woolla	Portfolio – Education Services, Arts, Craft, Culture Member: Family Responsibilities Commission (FRC) Member: Premiers Special Task Force on Domestic and Family Violence
Cr Vera Koomeeta	Portfolio – Community Services, Training, Employment Member: Family Responsibilities Commission (FRC) Council Representative: Western Cape Communities Coordinating Committee (WCCCA)
Cr Doris Poonkamelya	Member: Family Responsibilities Commission (FRC)

OUR SENIOR EXECUTIVE TEAM

Chief Executive Officer	Bernie McCarthy
Director Corporate Services	Ron Fenner
Director Technical Services	Ray Strohfeldt
Director Community Services	Vivien Bull
Chief Accountant	Tomas Ortiz



Aurukun Sunset

Land Tenure: Aurukun Land Transfer Day

On 18 September 2013, Aurukun community saw a long awaited land transfer come to fruition. Following the transfer, the Shire Lease was cancelled and the land became Aboriginal Freehold land with two trustees:

1) Aurukun Shire Council became the trustee of the town area and the reserve land; and

2) Ngan Aak-Kunch Aboriginal Corporation RNTBC was made trustee of the balance of the Shire Lease (except the Peppan lot) and the four State land lots.

Both Trustees will be responsible for managing the land that they hold and making decisions about that land on behalf of the people they hold the land for. However ASC will have some jurisdiction over the whole shire, particularly through the Aurukun Shire Planning Scheme.

Services Available in Aurukun:

Aurukun has the following services available to residents and visitors:

- School - Prep to Gr 7 (Koolkan Campus of the Cape York Australian Aboriginal Academy)
- Airport and Skytrans agency - daily flights (weekdays) from and to Cairns
- Kang Kang Café and Bakery.
- Health Clinic
- RFDS (Emergency Service)
- Wellbeing Centre
- Child Care Centre/CYP Parenting Hub
- Police Services (12 person station)
- SES Unit
- Community Police
- Bendigo Bank
- Post Office
- Library/IKC Services & internet facilities (also the Remote Indigenous Broadcasting Service)
- Cape York Partnerships Opportunity Hub
- Centrelink
- Freight Services:
 - Dry Season Freight (Hawkins and Tuxworth & Woods)
 - Wet Season Freight (Sea Swift Barge Service)
- Police Citizens Youth Club/Activities (Cape PCYC)
- Safer Streets Task Force
- Sports Stadium
- Gymnasium
- Pool (future under review)
- Rugby Field
- Tennis/Basketball Courts
- Art Gallery
- Kooth Pach Guest House Accommodation
- Wuungkam Lodge (Accommodation)
- Supermarket, fast food take-away and fuel sales
- Church
- Three Rivers Community Centre (ex-Tavern)
- Boat ramp for recreational fishing

- Training Centre
- Family Responsibilities Commission
- Community Justice Group
- Local Program Office
- Department of Housing and Public Works
- Cape York Employment (RJCP)
- Aak Puul Ngantam (APN) Office
- Ngan Aak Kunch (NAK) Corporation Office/Depot
- Child Support Services
- Women's Shelter
- Women's Art Centre
- Aged Care Facility (Chivaree Respite Centre)
- Rio Tinto Alcan Office
- Ergon Power Station
- Radio Stations: ABC, Blackstar, Vision
- TV Stations: ABC Regional, SBS, ABC 24 hours News, WIN

Location:

The Aurukun Shire is a very remote area of Queensland which is starkly different to most other Queensland shires. Our community is among the most disadvantaged in Australia but it has outstanding potentials for growth and prosperity. The community of Aurukun is located on the north-west coast of the Cape York Peninsula, 200km (2hrs 30mins) by road south of the mining town of Weipa and 824km (18hr 20min) from Cairns. The community is located within the Aurukun Shire; nearly the entire population (99.6%) lives within the township.

The Shire covers an area of 7500 sq. km. (approximately 192km long and up to 50km wide). It has about 107 km of Gulf of Carpentaria coastline. The Accessibility/Remoteness Index of Australia (ARIA) produced by the Department of Health and Ageing rates Aurukun in the highest category of remoteness.



Flying into Aurukun Township

Socio-Economic Status & Disadvantage:

Socio-economic Indexes for Areas (SEIFA) is a suite of four summary measures that have been created from Census information. The indexes can be used to explore different aspects of socio-economic conditions by geographic areas. For each index, every geographic area in Australia is given a SEIFA number which shows how disadvantaged that area is compared with other areas in Australia. Although Aurukun is rated as a poor community in the SEIFA index and the 34 discrete Indigenous Queensland communities rank below all 123 other Queensland communities, Aurukun Shire Council works very hard indeed to improve its ranking.



Aurukun is a Welfare Reform Community:

Aurukun is one of only four Welfare Reform communities in Queensland. This means that possession of alcohol within the Shire is illegal and that Family Income Management is applied to families who do not satisfy certain criteria related to child care. Low school attendance is an ongoing challenge.

Aurukun has strong potential to grow in prosperity. To do that it will need investment in business infrastructure. It will also need appropriate management able to develop business in a manner that harmonises with the local culture and protects the natural and cultural resources of the Wik and Wik Way people. Opportunities exist in:

- Eco-cultural tourism - supported by the large and pristine areas of the Shire with rare ecological values and the strong traditional culture and arts and crafts industry of the community;
- The development of the Shire through road improvement and transport services;
- Mining - Significant discussions are on-going to investigate the establishment of mining operations. If mining proceeds, there will be benefits in direct employment, in service industries to support mining operations, and in the clearing and rehabilitation of the land mined including plantings that will create sustainable timber-related industries including timber, furniture manufacture and bush tucker supplies;
- "Import replacement" and improved retail and service businesses supporting a higher standard of living in the community;
- Employment in construction - approved and anticipated infrastructure development includes: a large number of new community dwellings and refurbishments; upgrading of the water supply; redevelopment of accommodation facilities and the development of a major art complex. Refurbishment of the sports stadium, as well as the former Tavern building are currently under review.

Aurukun Shire is a restricted area with zero carriage limit. This means that the shire, community (including the airport) is totally dry and no alcohol is allowed.

Additionally local brew is not permitted and heavy fines apply for offenders. For more information please refer to:

<http://www.atsip.qld.gov.au/communities/alcohol-limits/alcohol-reforms/fag.html>

There are serious penalties for breaching the alcohol limits. Police have power to stop and search all vehicles, boats, planes, air passengers, etc. coming into the restricted area.

Safer Streets Strategy

Funding has been provided for this programme to boost security to reduce street crime and violence, which will in turn improve community safety. This is part of a national campaign and Council participates actively in the local Safer Streets task-force which also includes police and State Government agencies. Council has also been approved for grant funding to install CCTV cameras in early 2016. The use of CCTV cameras has found to be effective in other communities



Collecting pandanus

Corporate Vision

Our Community Vision and Council Mission

OUR VISION: Our Vision for our community is based on our core community values. Our vision focuses on our community, our future leaders and the importance of respect in our community.

**Aurukun – Growing
Community, Growing
Respect and Growing
Leaders**

OUR MISSION: As a Council it is important to understand our role and purpose. We exist to both lead and serve our community.

**Aurukun Shire Council –
Strong leadership and
excellence in service to our
community**



LGAQ Members' Update

Shire History

Cape Keerweer, on the Gulf of Carpentaria coast, was the site of the first attempted European settlement in Australia. In 1605 the Dutch ship Duyfken, under Captain Willem Janszoon, sailed down the west coast of Cape York Peninsula and made the first recorded Dutch landing in Australia at Cape Keerweer, south of Aurukun. Janszoon planned to build a city at the site. However, after exploitative actions by the crew, fighting broke out with the local people, several sailors were killed and the Duyfken departed.

Aurukun was established as a Presbyterian mission (formerly known as the Archer River Mission Station) in 1904. Aboriginal people were relocated from large surrounding areas to the mission settlement over several decades. Today's township is on the site of the original mission.

On 22 May 1978 the Local Government (Aboriginal Lands) Act came into force, constituting the Aurukun Shire Council. The Act granted a 50-year lease to the Council over most of the land in the original Reserve, a large part of the traditional lands of the Aurukun people.

However, on 18 September 2013, Aurukun saw a long awaited land transfer come to fruition. The Shire Lease was cancelled and the land became Aboriginal Freehold land with two trustees:

- 1) Aurukun Shire Council- is the trustee of the town area and the reserve land; and
- 2) Ngan Aak-Kunch Aboriginal Corporation RNTBC- is trustee of the balance of the Shire Lease (except the Peppan lot) and the four State land lots.

Both Trustees are responsible for managing the land that they hold and make decisions about that land on behalf of the people they hold the land for. The Council retains Local Government responsibility for all the land, including land that the Council and NAK are trustee for.

Challenges We Face

- Size - The Shire comprises some 7,500 square kilometres.
- Isolation - The isolation of Aurukun limits its ability to attract skilled workers. The cost of materials and services is high due to freight costs and the distance from regional centres.
- Wet Season - The climate creates special challenges. Roads outside of the community are impassable during the wet season. This greatly increases freight costs - which flow through and raise the cost of just about everything. Extreme isolation for nearly half of the year also causes social and community stresses.

Housing

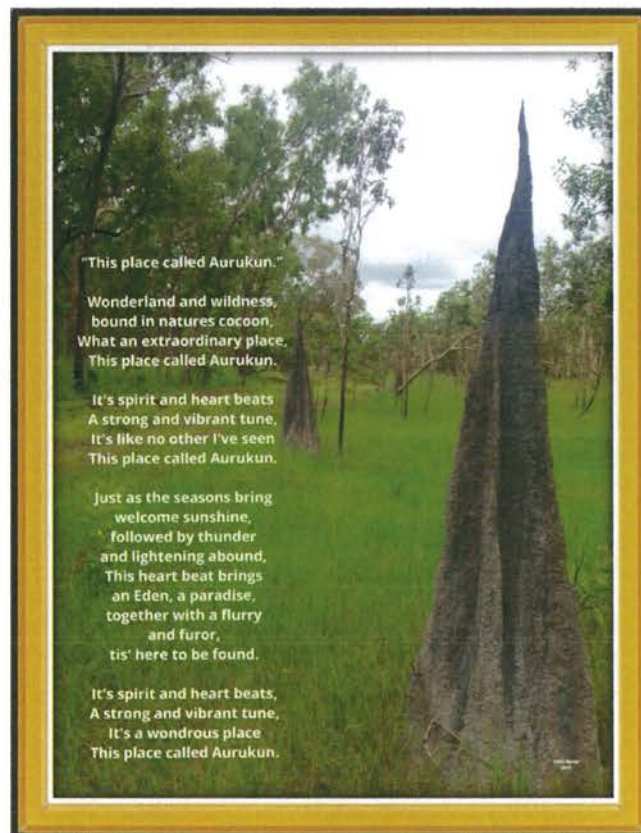
Council provides the following housing services within Aurukun:

- Management and maintenance of 45 staff and agency houses.
-

- Contracting for the construction of ten community houses for the Department of Housing and Public Works
- Providing subcontract maintenance services to the Department of Housing and Public Works on a stock of 215 community houses
- It is projected that there will be 247 houses refurbished in the next ten years
- Houses are closed by the relatives for cultural reasons upon the passing of a resident. After a Council-prescribed period of three months an Opening Ceremony is held. The five clan groups come together at the opening to celebrate this event with traditional dancing and a smoking ceremony. After this ceremony the family returns to reside within the house.



House under construction



This place called Aurukun by Chris Byrne

Our Environment

Wik, Wik Way & Kugu Country - Almost the whole Shire is comprised in five areas of high conservation significance. The majority of the Shire is very high quality wilderness. There are several areas that demonstrate the geology of the region and the geological processes that formed most of the Gulf coastline. Landform and vegetation types are varied and many vegetation types are among the best of their class. Large, powerful and ancient species like the saltwater crocodile are not the only natural treasures in the Aurukun Shire.

The Spotted Cuscus and the Palm Cockatoo are two other important species. Freshwater Anchovies and the River Garfish have their only known habitats on Cape York Peninsula in the Archer and Embley Rivers respectively. The vulnerable Northern Crimson Finch has important habitat in the coastal section of the Holroyd Wilderness. The Aurukun Wetlands has important breeding sites for Magpie Geese - a culturally important species.

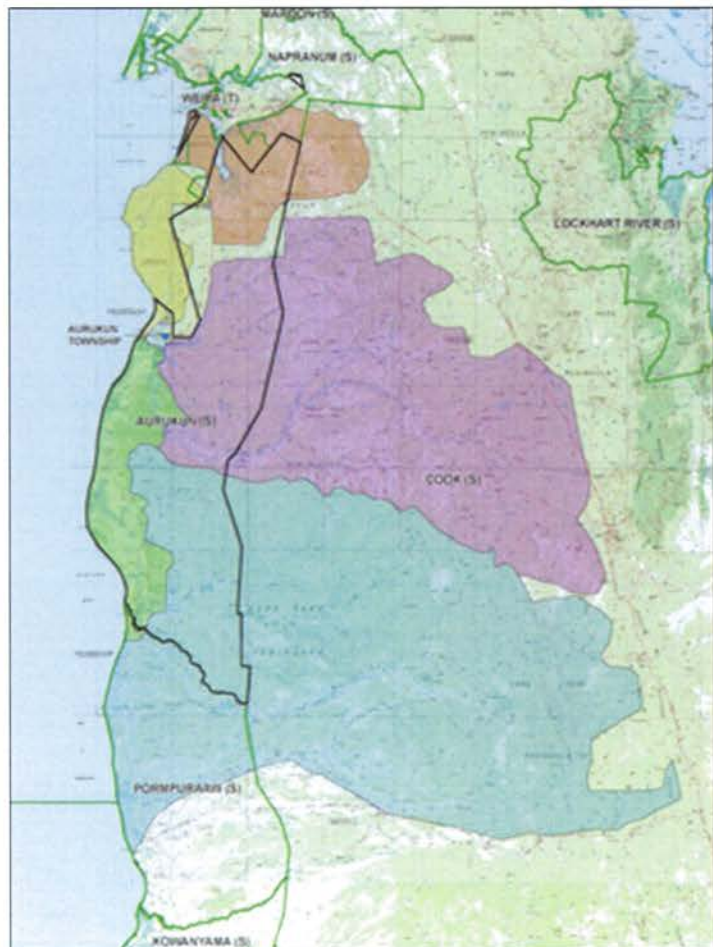
Rich in barramundi, mud crabs and numerous other species including some that are rare and threatened the lands and waters of the Aurukun Shire benefit from having had little commercial exploitation. Many areas have large shell middens left by the ancient Aboriginal populations. These contain valuable scientific evidence of past climatic conditions, plant populations and cultural artifacts.

The traditional culture and heritage of the Wik and Wik Way people is vibrant. Most Aboriginal people in Aurukun still speak their native tongue. The Traditional Owners' association with land and water is deeply significant.

The Aurukun Wetlands comprise high quality coastal wetland habitats. About 25% of their extent is of very high wilderness quality. They may be the most important dry season refuge for water birds on Cape York Peninsula. They include major breeding colonies for Magpie Geese and other water birds and two wader roost sites of over 5,000 birds. The area is a biodiversity hotspot.

The Shire boundaries are shown black in the map shown. Areas of natural conservation significance located partly or wholly within the Shire are colour-coded by conservation area:

- Hey-Embley Rivers Area
- Pera Head Area
- Aurukun Wetlands
- Archer – Coen Area
- Holroyd Wilderness



For Visitors

Access to Country

Requests should be made directly with Traditional Owners or by application 6 weeks in advance through Ngan Aak-Kunch (NAK):
c/o Post Office Aurukun, Qld 4892

Meals and Supplies in Aurukun

Accommodation in Aurukun is currently provided on a self-catering basis. You will need to purchase food to cook your own meals. However, there is a takeaway food bar at the Supermarket which is usually open to 5:00 p.m. on weekdays serving a variety of takeaway meals. Island & Cape Supermarket carries a large range of foodstuffs including groceries, milk, meat and fruit and vegetables. Its hours are 8:30 a.m. to 12:30 p.m. and 1:30 p.m. to 5:00 p.m. weekdays, Saturday and Sunday 8:00 am to 12 noon. If you are arriving in the community late in the afternoon you might not be able to purchase food before the General Store closes. It is worthwhile to consider bringing some food with you.

The Kang Kang Café and bakery operate out of the Sam Keridun Snr Business Precinct Building. This operates 8:00 am to 8:00 pm Monday to Friday, 8:00 am to 4:00 pm Saturday and Public Holidays, and closed on Sunday. The gift shop is open 9.00 am to 4.00 pm Monday to Friday, 9.00am to 12.00pm Saturday and closed Public Holidays. In late 2014, Aurukun Shire Council began upgrading its accommodation facilities and a restaurant is to be established at Wuungkam Lodge to open late November, 2015. Breakfast, lunch and dinner will be available and the restaurant will be open to the public. Wuungkam Lodge also has a small range of convenience items for sale at reception.

Travel & Transport to Aurukun - By Road

Aurukun is approximately 752 km by road from Mareeba and 824 km from Cairns. Sealed from Cairns, the road is mainly good standard gravel surface from Lakeland (564 km) with many short sealed sections. During the wet season (variable - but often from December or January to May or June) road access is closed due to flooding.

Road condition reports can be obtained from Department of Transport & Main Roads (Phone: 131940), the RACQ website (http://www.racq.com.au/travel/drive_travel/road_conditions) and (in relation to the Aurukun Access Road, the last 105 km of the trip), from the Aurukun Police (Phone: 07 4083 4999).

Fuel can be purchased at Mareeba, Lakeland, Musgrave, Coen and Archer River Roadhouse. Freight transport to Aurukun, when accessible by road, is provided by Hawkins Transport (Qld) Pty Ltd for the Council's purposes. Hawkins can be found at: <http://www.hawkinsqld.com.au> Phone: 0427 028 966.

Tuxworth & Woods Carriers also services the community – their telephone contact is 07 4035 4022

By Air

Passenger and freight transport to Aurukun is available on daily weekday scheduled flights operated by Skytrans. Visit their website at <http://www.skytrans.com.au/> for schedules and bookings. Phone: 1300 SKYTRANS (1300 759 872)

Skytrans flights may also be booked through Aurukun Shire Council at the Post Office.

Freight is consigned through Toll Priority in Cairns - Phone: 13 15 31.

By Sea

The shipping company Seaswift provides barge transport to the Torres Strait and Weipa. During the wet season it is the most economical freight service for bulky and heavy items to be transported to Aurukun. Freight items may be transhipped at Weipa for delivery to Aurukun. This service operates weekly and does the trip around Cape York Peninsula in about four days, leaving on a Tuesday and arriving in Weipa on Friday. Seaswift can be contacted on 07 4035 1234.



Koolkan Woyan Childcare Centre



Aurukun Clean-up Day



Airport Mural



Mayor and CEO at NDS

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Now in my third year as Chief Executive Officer I am continuing to enjoy the challenge and progress that is being achieved within Aurukun Shire and the local community. Council's four senior managers continue to work effectively from our Aurukun office. The Cairns based staff have visited more frequently and they provide great support.

Council's community and stakeholder's communications have been greatly enhanced by the implementation of the ASC Facebook page and Wik Kath newsletter. Both are proving extremely popular with local and external people and agencies. The appointment of our Cairns based Media Officer has been an excellent initiative to put out the many Council and community's positive stories.

The recent introduction of a new logo now provides Council with a new look, which represents all the elements of the Aurukun community, including the waterlily, three rivers and Indigenous marking to represent the five local clans.

Our Council corporate plan is an exciting document which Council and management are pursuing over the next four years. With Traditional Owners holding the lease of land outside the township area, Council has a much greater emphasis on servicing township residents with services and facilities.

The financial statements for 2014/15 demonstrate that Council is in strong financial position. However with diminishing government funding, Council will continue to stringently monitor its budget and ensure that there is a focus on core business activities.

Council will continue to pursue business development opportunities to hopefully see local economy grow stronger and more employment and training opportunities be provided for local Indigenous people. Also external investment opportunities for ASC resources are currently being explored.

Other key priorities are community safety and security improvements, better infrastructure, community harmony, customer service, respect for community assets, stronger and transparent governance, and effective service delivery.

During the following year Council seeks your ongoing support and positive engagement as we all strive to improve the quality of life for all Aurukun residents.

Bernie McCarthy
Chief Executive Officer

Corporate Services Overview



Ron Fenner

Summary

The financial year ending 30 June 2015 was another busy year for Corporate Services. High staff turnover in most areas of Corporate Services remain a challenge. Towards the end of the year councils management appointed PIB and Tom Ortiz as the Chief Accountant until council could recruit a permanent person to the position.

Council had three HR managers during the financial year and two payroll clerks. This made it challenging for implementation of the new Local Government Industry Award which commenced on 1 January, 2015.

In 2015, Council also implemented the new EPOS system at the Post Office which will bring Aurukun into line with other Cape communities who also have this system.

Council continued to expand its wireless network in Aurukun. However we continued to have connectivity issues due to the low bandwidth associated with existing Telstra technology.

On 1 January after years of negotiation, the Queensland Industrial Relations Commission finally brought into effect the Queensland Local Government Industry Award covering all council employees.

Arts Centre

A new Arts Centre Manager was appointed and commenced work in February 2015. The Arts Centre profile improved and so did participation and production in the later part of the year.

There have been major exhibitions held in Woolloongabba, Cairns Tanks Arts Centre, Cairns Indigenous Art Fair and the Darwin Arts Festival. Laurie Ngallamatta submitted works to the Telstra Art Awards.

Customer Service

Council now has two bank tellers in the Bendigo Bank to better service the community as the bank and EFTPOS transactions keep growing and there are currently at 2,500 transactions per month.

The other big improvement for the year was the introduction of a full EPOS at the post office whereby now customers have a full range of bill paying and Australia Post services.

The Bendigo Bank agency still has issues with internet dropouts and slow receptions on a daily basis. It is improving slightly depending on the day. This is an on-going issue with Telstra.

We have had a Bendigo Bank Operational Review in May and achieved a positive outcome.

Cash surplus and deficiency has improved since the beginning of the year. Procedures were put in place for Cash Handling with the Administration Manager overseeing the procedures. Overall, cash management from Bank to Treasury has improved by 95%.

Staff Housing

As staff requirements rise to service the community growth, this places more strain on council staff housing. \$400,000 was spent on staff housing during the year ended 30 June 2015. Central to this expenditure were major renovations and security concerns, in the later part of the financial year council spent over \$30,000 on alarm systems and containers to secure employee's vehicles.

Information Technology

The focus for the last 12 months has been to improve the connectivity and reliability of the IT Environment at the Aurukun office and the Finance Office in Cairns. There is a limitation to what can be achieved within the current parameters of capped bandwidth, limited funding and remote location. Working within these parameters the projects below were successfully implemented. They produced outcomes which gave an increase in the quality of service, reliability and connectivity for all council staff. Council continues to actively lobby for improved telecommunications for the entire community.

Projects completed:

- Network-Radio Bridge
- Video Conferencing
- Wi-Fi to accommodation facilities
- UPS Backup Redundancy
- Network Monitoring
- Managed Internet Gateway implementation
- Desktop Refresh
- Migration to Office 365 and Exchange Online

The focus on the next financial year will be to improve/upgrade applications and processes which are currently in place:

- Migration of Practical to the cloud
- Document Management System

Finance

Council again achieved an unqualified Audit and remained in a strong cash position at years end. Sustainability in the long term still remains an issue with council being heavily dependent on government grants to replace major public infrastructure.

Revenue from council leasing continues to increase. Council has invested heavily in infrastructure refurbishment as well as staffing in order to better service the community which has had an obvious effect on council's cash-flow.

Aurukun Shire Council had numerous milestone of events that have transpired in 2014/15 in the Finance area. The Local Government Industry Award will provide a safety net of fair terms and conditions to supplement the legislated minimum requirements in the Industrial Relations Act 1999.

Council has also completed a full revaluation of all its infrastructure assets to ensure infrastructure assets values are up to date and Council is compliant with new requirements of the Australian Accounting Standards Board. The asset revaluation was performed by APV Valuers and Asset Management, a registered valuation company based in Brisbane, Queensland.

During the year, Council completed major capital projects to ensure continuous service improvement in the community. The projects that were completed and recognised in the asset register of the council in 2014/15 financial year are as follows:

- ISIP funded water and sewerage infrastructure upgrade costing \$13.7M.
- 3 house refurbishments costing \$120,000
- Regional Aviation Access Program funded Airport upgrade costing \$911,000
- Royalties to Region funded upgrade of Barge Landing Road costing \$211,000

Human Resources

The last 12 months has been a busy time in the Human Recourses section.

The Local Government Industry Award came into effect on 1 January 2015 and this has meant not only changes for all employees but also a major task for both the Human Resources team and payroll. By year's end there was still work to be done on transitioning employees under this new award.

The other continuing issue has been the high staff turnover of council. This has been ongoing for a number of years and places a great strain on council's finances and the Human Resources team.

Council's focus on local employment assists in developing the skills and confidence of local community members to carry out a range of tasks within their community. The Council provides this type of development by offering apprenticeships and traineeships in both the technical and administrative fields to new and existing staff and by offering specific on the job training in the use of a variety of plant and equipment.

A strategic approach to human resource management has seen the introduction and review of procedures relating to staff retention and management. These have focused on a holistic approach, building improved working relationships with management and a more consistent work environment.

Workplace Health and Safety

There is a strong safety culture continuing to strengthen across all aspects of the Council workforce, as council continues to work towards a system of Workplace Health and Safety.

Identification and improvement of specific areas of concern continue to be a focus with all personnel actively engaging. Controls and documentation are constantly reviewed in keeping with the focus of both State and Federal initiatives.

Training

Structured training is an ongoing emphasis with identified personnel having both legislative and enterprise needs addressed. This has enabled Council to ensure personal development is realised with a strong focus on ensuring longer term employees are able to develop knowledge and skill for both current and future employment opportunities.

Identification of training needs is always based on the operational requirements of Council as well as ensuring that appropriate personnel are targeted with the requirements of their individual roles.

Business Development and Grants

The 2014/15 year has seen significant progress in the business development and grants areas.

The accommodation upgrade strategy to kick-start tourism in Aurukun was implemented with the addition of new rooms, substantial refurbishment of existing rooms, landscaping carried out and the installation of full-time, on-site accommodation managers. The two main facilities have been re-named in local language to "Wuungkam Lodge" and the "Kooth Pach Guesthouse." Council is very pleased to note that customer feedback has been excellent. To increase amenity to guests and also for the general community, a restaurant is being established and is projected to open in late 2015. It will service guests and public alike, as well as provide revenue to council.

Council is committed to economic development in Aurukun and encourages the set-up of new businesses especially where there is an emphasis on local employment or local equity. The Business Development/Grants Officer has been tasked to assist any prospective new businesses to establish in the community. There are business opportunities in food supply, small engine repairs, appliance sales and service, on-country tours, bird-watching and fishing tours amongst others. It should be noted that the Aurukun Wetlands are larger than Kakadu in NT!

Grants still provide the bulk of operational funding for the Council. State and Federal funding continue to support our main activities in providing services to our local residents. Some innovative grants will provide the installation of CCTV security cameras around the township and special activities to promote Aurukun's world-class art.

Records Management

Council appointed a Records Manager for a period of nine months in April to attend to a backlog in filing and also to centralise the filing in one area.

Ron Fenner
Director of Corporate Services



Bank Customer Service



Post Office Customer Service



Aurukun Shire Council Staff

Community Services Overview



Due to changes in Aurukun Shire Council's organisational structure, the Community Services Department is relatively new within Council. The Department continues to steadily build capacity and meet identified challenges in this important area of council function.

The portfolio now includes Community Police and Security, Koolkan Early Childhood Centre and Family Support Hub, Chivaree Home and Community Care Centre, Indigenous Knowledge Centre incorporating Remote Indigenous Broadcasting Service, Funerals and Community Events. The portfolio has just taken over the function of Animal Control and Environmental Health Services and will be building capacity in this area in the upcoming year.

Security and Community Police

Aurukun continues to face challenges in the area of security and community policing. Aurukun Shire Council continues to allocate significant funding to this area. The Community Police Officers are going from strength to strength, with some of the more senior officers providing much needed guidance to the newcomers in the team.

Koolkan Early Childhood Centre and Family Support Hub

Significant staffing changes in the centre provided challenges but also new ideas and innovation in service delivery. Children continue to access the Centre for long Day Care, while parents come to receive support in many different areas. The Mobile Playgroup has had to be creative in their service delivery due to transport issues but has operated out of various locations across community.

Koolkan is on the way to completing the update of their operational policies as well as reviewing the entire service delivery.

Staffing turnover remains a challenge but existing staff have been able to increase their qualifications and invest in training and development. The centre has a renewed focus on increasing local knowledge and is investigating ongoing development opportunities for staff in the coming year.

Acknowledgement and thanks must go to the Department of Prime Minister and Cabinet, Department of Education and Training and Department of Social Services for ongoing financial and advisory support.

Chivaree Home and Community Care Service

There have been a number of significant developments during this financial year. The intensive work to make the new building more homely and the grounds green and productive is starting to pay off, making the Chivaree Centre a true oasis. Some of the edibles planted last year are starting to flower and produce fruit, much to the delight of clients and staff alike. The herb and vegetable patch is allowing consumers to be involved in some light garden duties within their own abilities. Some of the produce is even used as highly coveted bingo prizes. These activities add a holistic and educational dimension to the care of younger clients and their carers, and are proof that consistency and hard work pay off over time.

A small group of clients with artistic skills were involved with the painting of a mural on the facade at the main entrance, which is colourful and welcoming to everyone approaching the centre.

Due to the much improved facilities Allied Health Professionals are now able to offer services directly at the Centre. Regular clinics for clients include:

- nutritional and podiatry services by Apunipima staff;
- hearing tests and aids through the Australian Hearing Services;
- occupational therapy and incontinence advice through Queensland Health;
- stroke physiotherapy.

The Centre provides services for about 56 clients who are currently receiving Home and Community Care and Home Care Package services.

The program provides the following services to clients:

- Domestic Assistance
- Social Support
- Personal Care
- Meals
- Centre-based Day Care
- Respite Care
- Transport
- Home Maintenance and
- Client Care Coordination

The Centre currently employs up to ten staff. Staff receive training through the TAFE Queensland, Aboriginal & Torres Strait Islander Rural & Remote Aged Care Training Project. Staff also have access to further training through Aurukun Shire Council such as First Aid, Work & Safety, and IT.

Acknowledgement and thanks must go to the Department of Social Services, Medicare, and the Department of Communities, Child Safety and Disability Services for their on-going financial support for Aurukun seniors and younger people with disabilities and their carers.

Indigenous Knowledge Centre and Remote Indigenous Broadcasting Service

The Aurukun IKC has had its challenges in the past and remained unoperational during this financial year. Plans are now underway for a complete refurbishment inside and outside which will allow for an up-to-date, modern approach to knowledge sharing and technology access. This will include an active radio broadcasting service for young and old, as well as positive community messaging, technology lessons for seniors, library services and vacation care activities.

Community Events

Aurukun Shire Council has provided a number of highly successful events during this financial year, with the highlight being the Wik Rock Concert in June. The night was spectacular and much positive feedback was received. Over 1000 people attended to see the headline act, the wonderful Christine Anu.

Events will continue to feature on the ASC annual plan, however there is much need for stakeholders and community to come together and jointly plan these as no one organisation can do this in isolation.

Funerals and Cemetery Management

The new cemetery is almost completed but is not yet in use. Council will carry out further consultation with community about the layout and use, as well as possible review of land size. Funerals have continued to be provided with the financial assistance of WCCCA through grant funding.

Vivien Bull

Director Community Services



Community Police

TECHNICAL SERVICES OVERVIEW



The Technical Services Department provides services in the following areas:

- Civil Construction and Maintenance
- Building Construction and Maintenance
- Water and Sewerage
- Workshop Operations
- Environmental Health including Animal Control
- Airport Operations
- Disaster Management

Civil Construction and Maintenance:

Maintenance and further development of the Aurukun Access Road has continued on the 70 kilometre section of the Aurukun Access Road which is maintained by Council. This is undertaken using a delivery model which partners with the Department of Transport and Main Roads and employs additional construction personnel from the community. Council relies on funding from external sources to complete major maintenance and capital works. This year Council was successful in funding from NDRRA (Natural Disaster Relief and Recovery Arrangements), TIDS (Transport Infrastructure Development Scheme), and R2R (Roads to Recovery).

In addition the following work was completed:

1. Completion of the new cemetery.
2. Completion of the Airport to Barge Ramp Road.
3. Completion of stage two of the new housing subdivision by DATSIMA on Archewald Cr. and Ian Peinkinna St.

Building Construction and Maintenance:

Council has partnered with the Department of Housing – Building and Asset Services (BAS) to continue minor maintenance and major refurbishments on community housing. The system allows community members to phone in maintenance requests to the Department of Housing, which are then entered as work orders to Council. Works may consist of carpentry and carpentry and cabinet making, plumbing, or electrical works. Major refurbishments are awarded to Council as the principal contractor, using a panel of pre-qualified subcontractors to complete the works.

In addition, a community housing construction project has been undertaken by Aurukun Shire Council in partnership with Department of Housing and Public Works and MiHaven Pty Ltd. This project provided increased community benefits in employment and training opportunities using an intensive mentoring and training model. It is part of a program to provide an additional 24 community houses between 2014 and 2016. MiHaven completed five houses this financial year. The remaining 19 houses have been contracted to Strategic Builders.

Other building projects included:

1. Upgrade of Wuungkam Lodge to provide improved accommodation (25 rooms available for rent) and contribute to Council's own sourced revenue. A new kitchen and dining room are also under construction.
2. Ongoing maintenance of staff housing.

Water Supply and Sewerage Operations:

Ongoing upgrade of the water supply and sewerage infrastructure has been completed including commissioning of new water mains, a new service reservoir and telemetry system for both water supply and sewerage systems. The water chlorination has been upgraded to a gas chlorination system, and a fluoridation system installed with funding from the Department of State Development, Infrastructure and Planning.

Workshop Operations:

Maintenance and repair services were provided by the workshop for Council plant and also provided a limited service to community members and allowed employment of trainees / apprentices who were supervised by the workshop tradesmen.

Environmental Health and Animal Control:

Activities have included:

1. Regular maintenance of the solid waste facility.
2. Three animal treatment and control programs staged in consultation with a visiting vet from Cairns and Animal Control Officers from Napranum and Mapoon.
3. Periodic food outlet inspections were conducted in conjunction with Department of Health Staff.

Airport Operations:

Ongoing operation and maintenance of the Aurukun Airport was undertaken by Council staff including refuelling operations for Skytrans. In addition support was provided to the Royal Flying Doctor Service. This was an eventful year with the demise of Skytrans early 2015; West Wing Aviation services on a temporary basis; then Skytrans back under new ownership.

Disaster Management:

During the year Council acted as the coordinator for emergency services in the community and provided support to the operation of individual emergency services including Volunteer Marine Rescue, Queensland Rural Fire Service and State Emergency Service.

A new fire appliance was supplied by QRFS to improve emergency response ability.

The Aurukun Local Disaster Management Plan was reviewed by the Local Disaster Management Group, with an updated Plan to be circulated in late 2015.



Mower Crew



Aurukun Careers Expo

Organisation Chart as at 30th June 2015

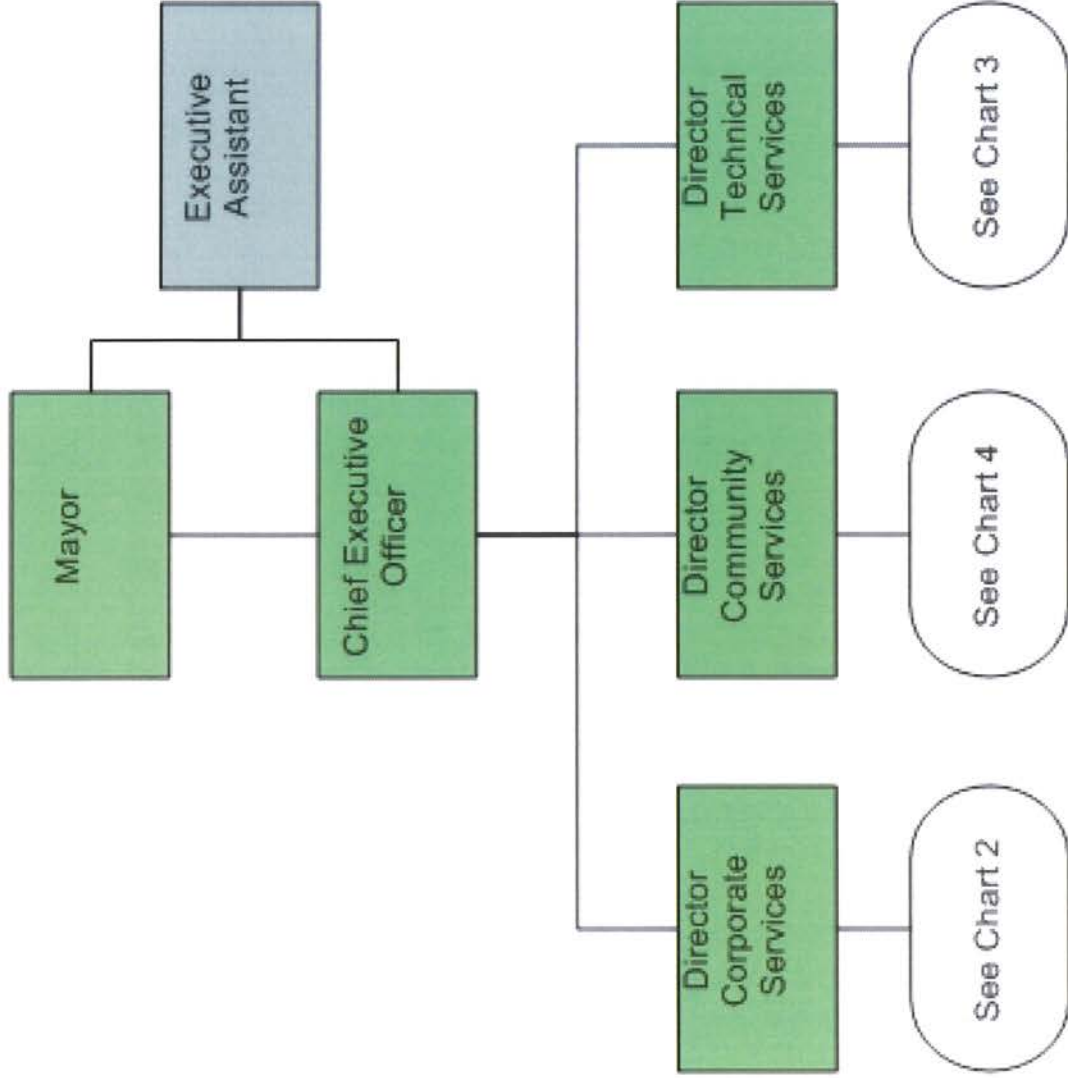


Chart 2

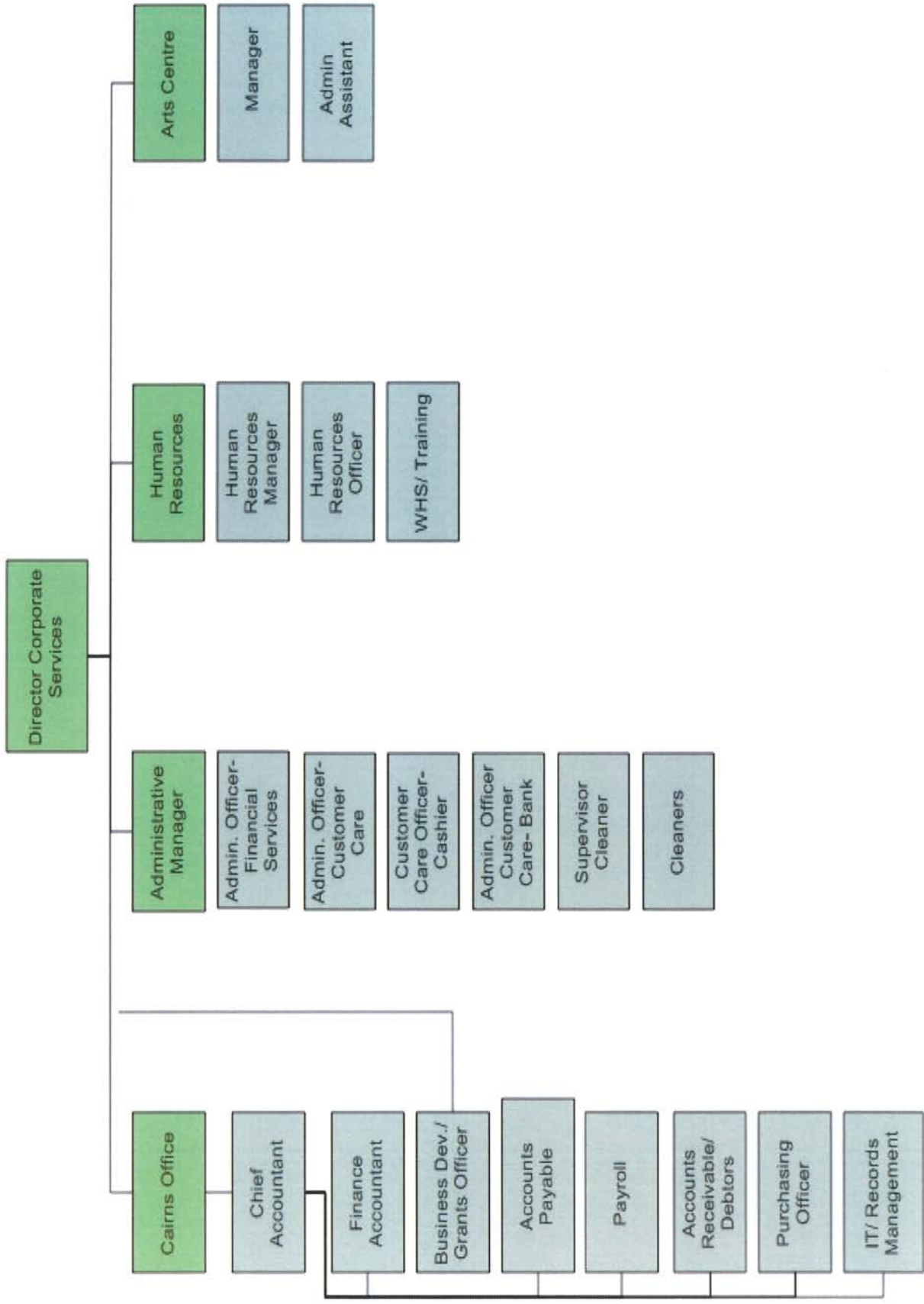


Chart 3

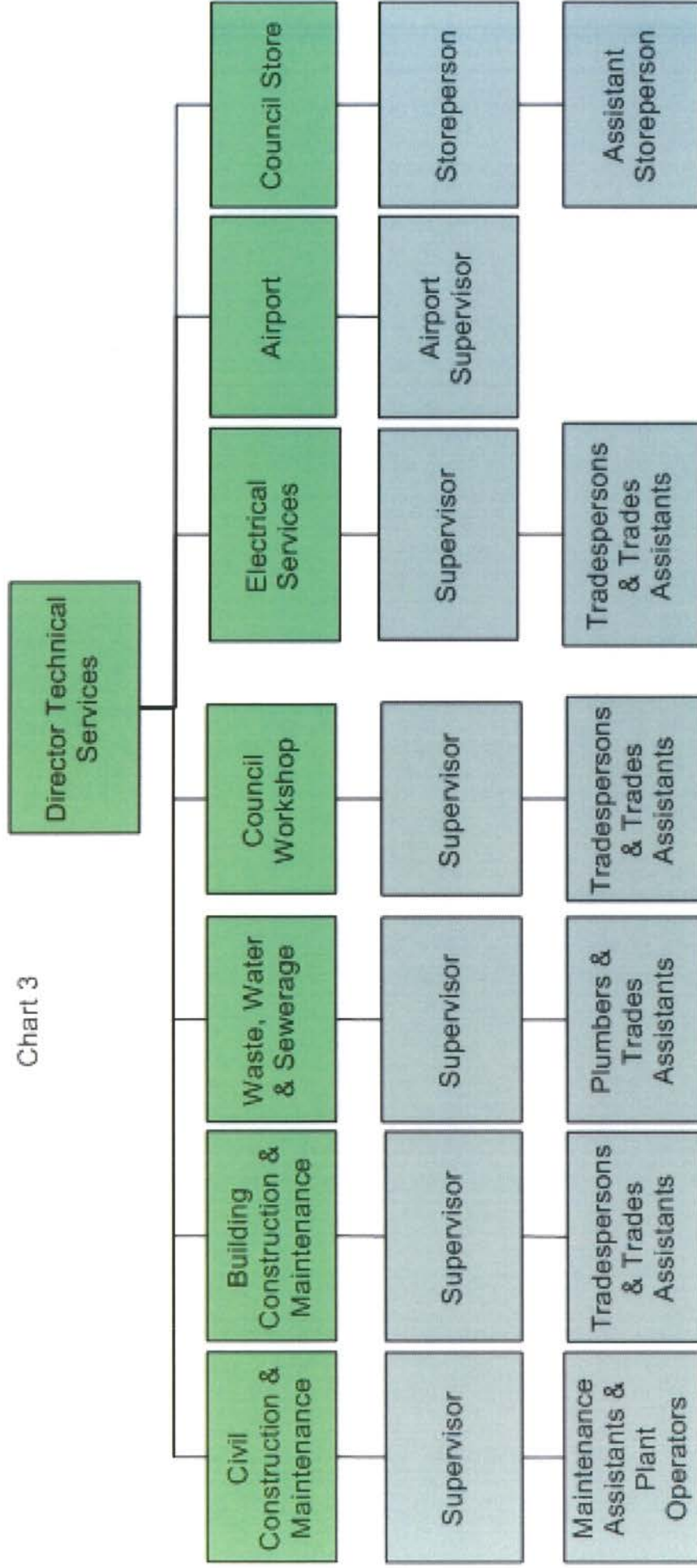
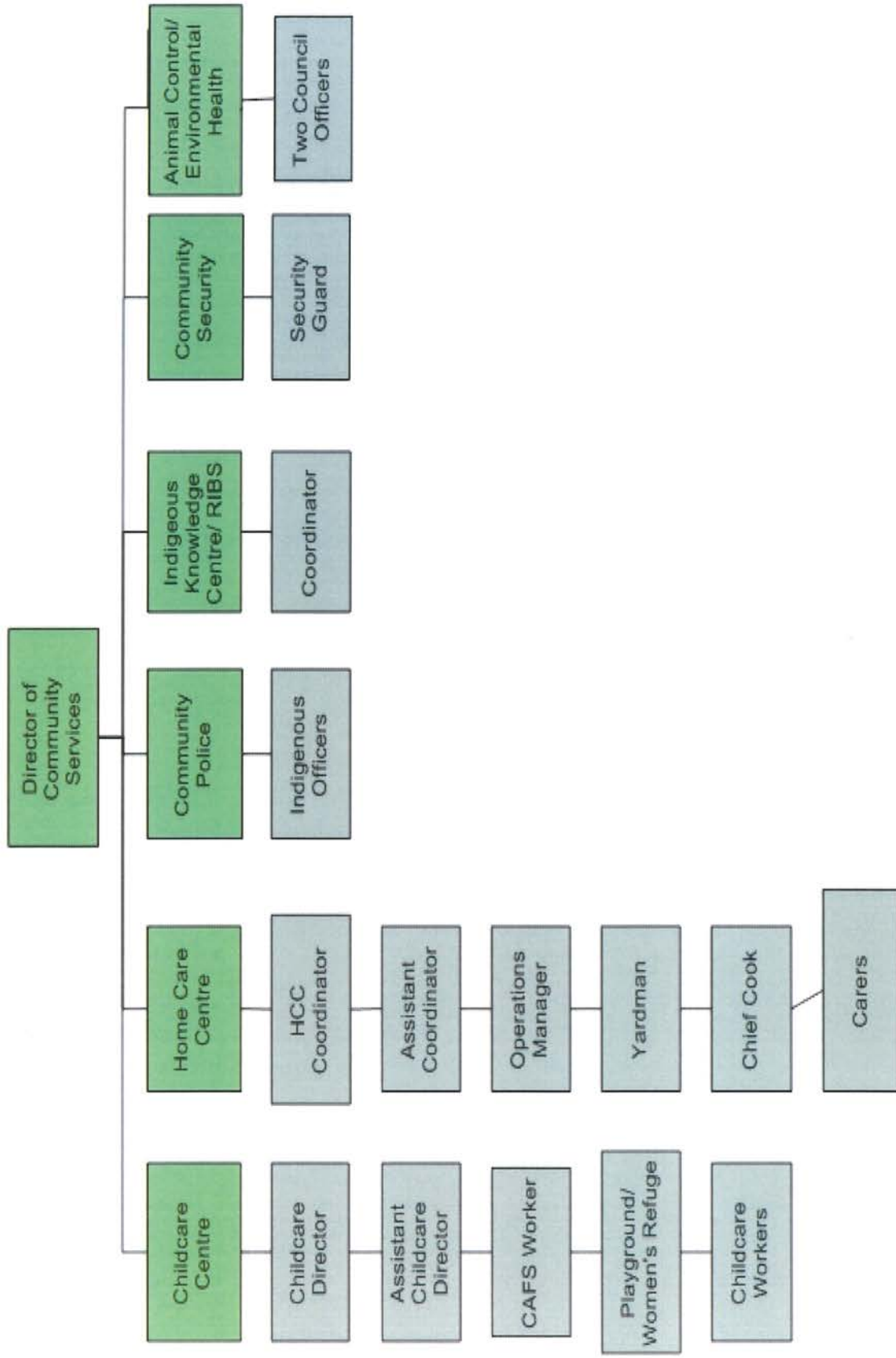
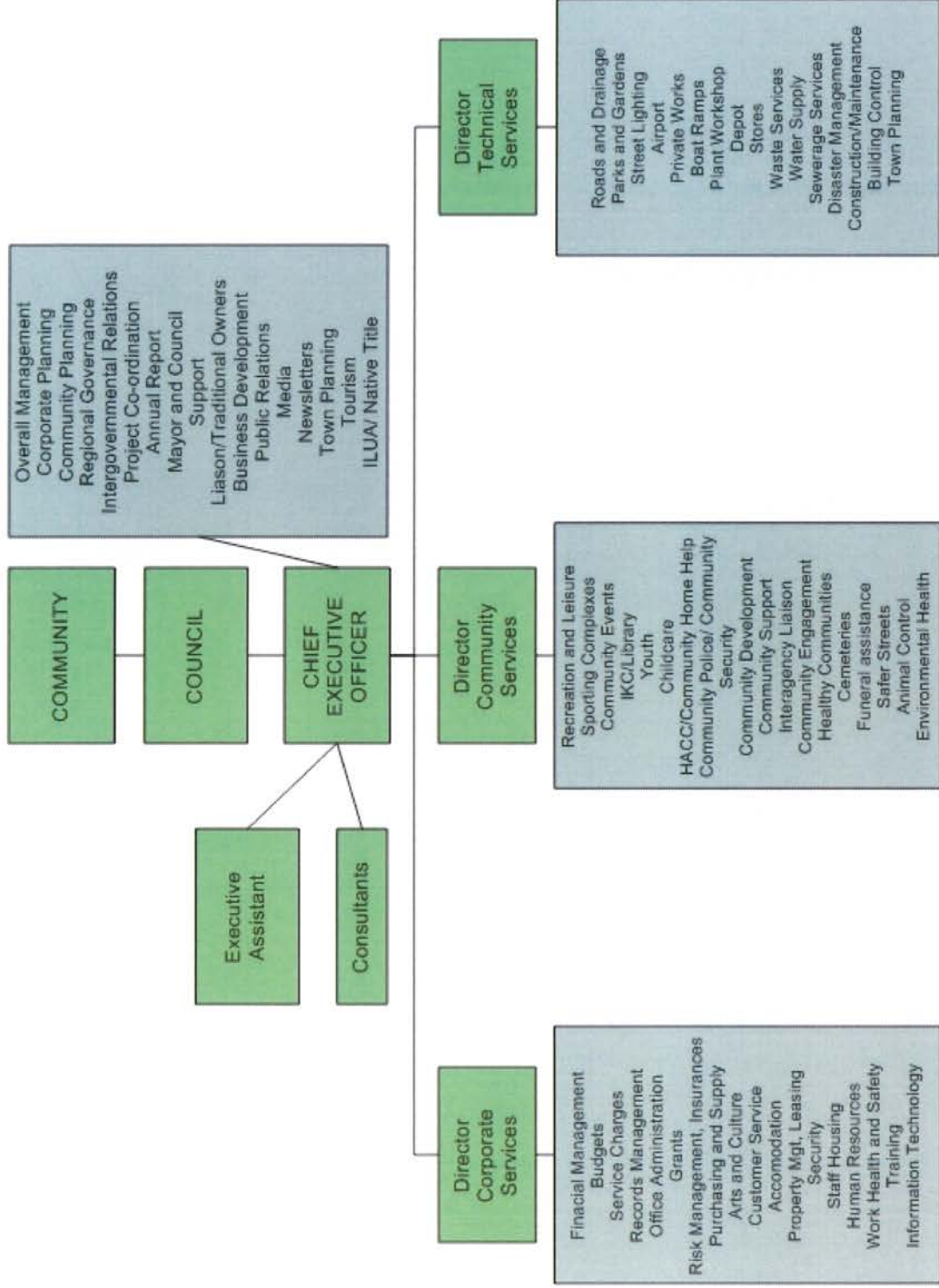


Chart 4



Aurukun Shire Council Functional Chart



COMMUNITY FINANCIAL REPORT

The Community Financial Report gives an outline of council's financial performance and position over the 2014-15 financial year. With the use of graphs and tables, the report aims to provide financial information that is understandable to the general public.

Financial Statements

The formal records of council's financial performance and position are contained in four sets of financial statements:

- 1. Statement of Comprehensive Income**
- 2. Statement of Financial Position**
- 3. Statement of Changes in Equity**
- 4. Statement of Cash Flows**

A full set of 2014-15 Financial Statements, including Notes to the Financial Statements, is included in this Annual Report.

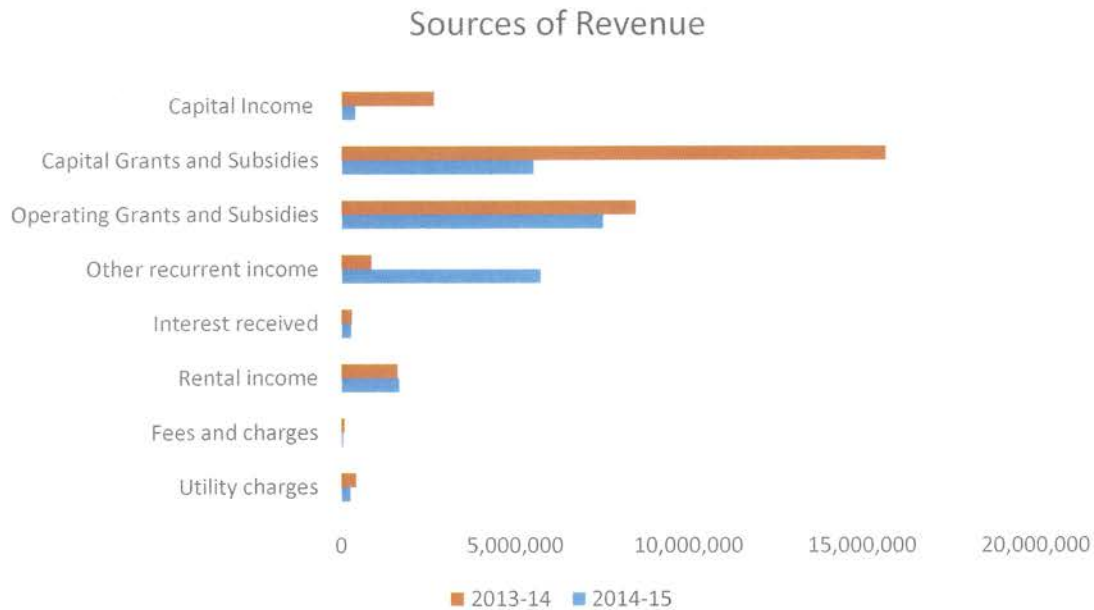
1. Statement of Comprehensive Income

Shows all the revenue Council has earned and the expenses incurred for the financial year

Statement of Comprehensive Income	2014-15	2013-14
Total Revenue	21,627,558	30,341,239
Total Expenses	20,260,805	24,064,614
Net Result	1,366,753	6,276,625
Decrease in asset revaluation surplus	(8,198,512)	(1,582,448)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(6,831,759)	4,694,177

Sources of Revenue – Where our money comes from

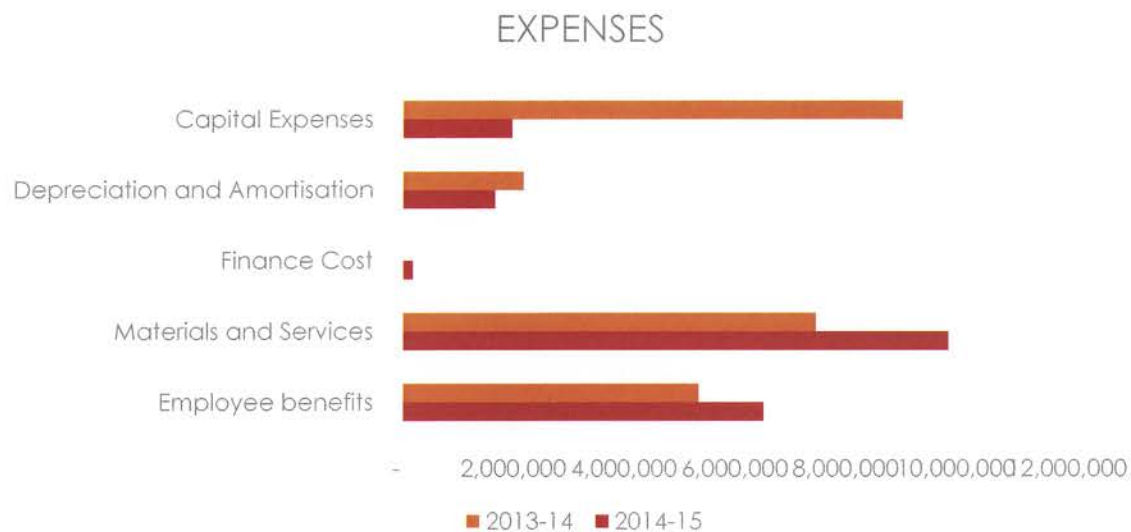
Council derived 60.6% of its revenue from grants and subsidies. Other sources are private works and rental income. One of the priorities in Council's 5-year Corporate Plan is to diversify Council's revenue stream by assisting in the development of local businesses and pursuing growth in its business enterprises.



In 2014-15, there was a substantial decrease in both capital and operating grants. This was partially offset by new private works.

Revenue	2014-15	2013-14	(Decrease)/ Increase
Utility charges	293,367	467,254	(173,887)
Fees and charges	79,932	124,271	(44,339)
Rental income	1,668,341	1,625,603	42,738
Interest received	306,559	336,547	(29,988)
Other recurrent income	5,754,238	894,237	4,860,001
Operating Grants and Subsidies	7,561,028	8,510,879	(949,851)
Capital Grants and Subsidies	5,548,224	15,695,595	(10,147,371)
Capital Income	415,869	2,686,853	(2,270,984)
TOTAL	21,627,558	30,341,239	(8,713,681)

Expenses – Where our money goes



Expenses	2014-15	2013-14	(Decrease)/ Increase
Employee benefits	6,524,139	5,351,467	1,172,672
Materials and Services	9,876,468	7,472,121	2,404,347
Finance Cost	195,814		195,814
Depreciation and Amortisation	1,677,131	2,194,945	(517,814)
Capital Expenses	1,987,254	9,046,081	(7,058,827)
Total	20,260,806	24,064,614	(3,803,808)

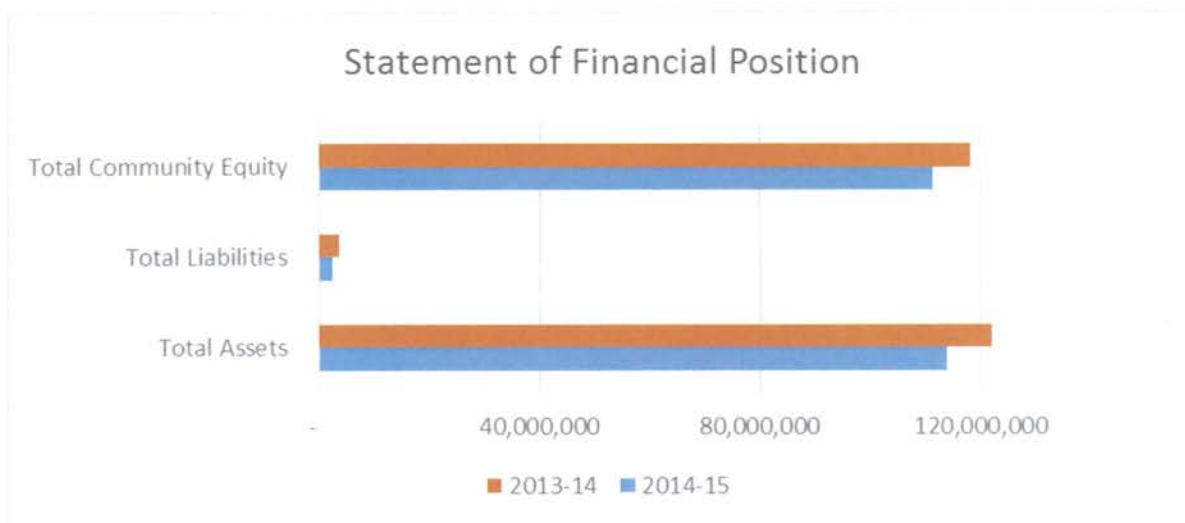
Additional staff were employed in 2014-15 in all areas of Council to support the strategic aims of Council, hence the increase in employee costs. The rise in Materials and Services expenditure is due to new private works performed by Council.

In 2013-14 Council transferred \$9,406.81 of assets located in the land handed over to Ngan Aak-Kunch Aboriginal Corporation RNTBC.

2. STATEMENT OF FINANCIAL POSITION

Shows the assets and liabilities of Council. The difference makes up the community equity.

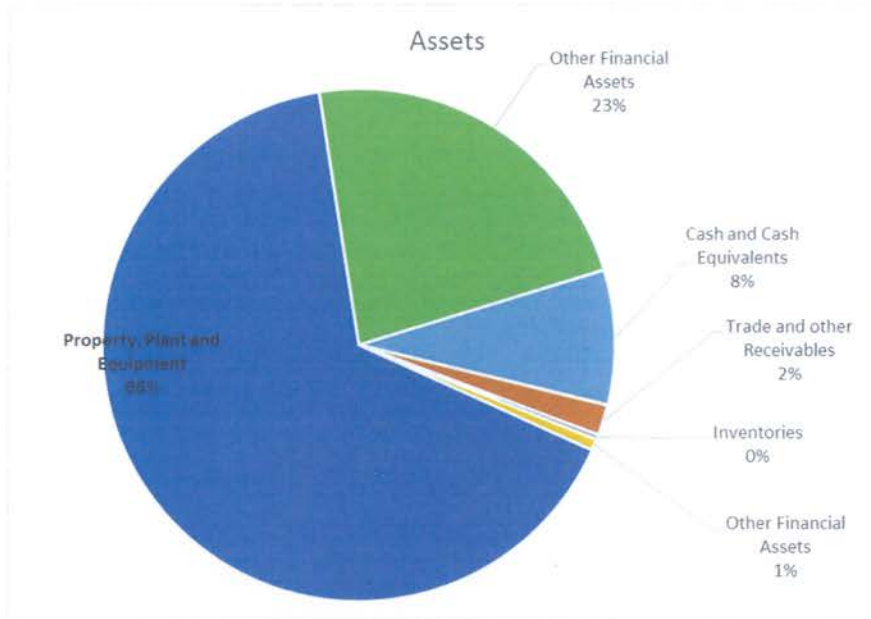
Statement of Financial Position	2014-15	2013-14
Current Assets	13,054,154	15,836,867
Non-current Assets	100,961,505	106,230,839
Total Assets	114,015,659	122,067,706
Less:		
Current Liabilities	1,881,998	3,812,216
Non-current Liabilities	737,076	27,143
Total Liabilities	2,619,074	3,839,359
Net Community Assets	111,396,585	118,228,347
Asset Revaluation Surplus	106,338,363	114,536,875
Retained Surplus	5,058,223	3,691,471
Total Community Equity	111,396,586	118,228,346



Assets – What Council owns

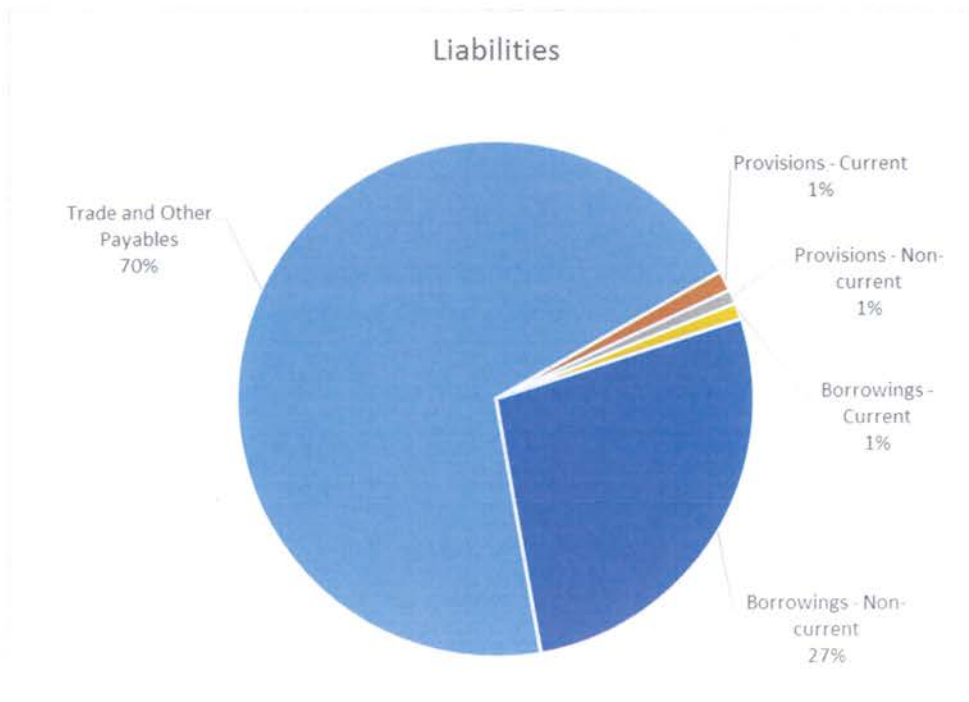
Council owned \$114,015,659 of assets as at 30 June 2015, of which Plant and Equipment is 66%. The 40-year leases on social housing comprise 23% of total assets.

Major categories of assets are:



Liabilities – What Council owes

In 2014-15 Council borrowed from Queensland Treasury Corporation to fund the development of Wuungkam Lodge to provide short-term accommodation to staff of various agencies servicing the Aurukun community. Trade and other payables represent amounts owing to suppliers, and provisions are amounts owing to employees for their leave entitlements.



3. Statement of Changes in Equity

Shows the change in value of Council's net worth for the financial year

Community equity is the value of what Council is worth. It is measured as assets (what Council owns) less liabilities (what Council owes). Council's total community equity as at 30 June 2015 was \$111,396,586.

The Asset

Statement of Changes in Equity	2014-15	2013-14
Asset Revaluation Surplus	106,338,363	114,536,875
Retained Surplus	5,058,223	3,691,471
Total Changes in Equity	111,396,586	118,228,346

4. Statement of Cash Flows

Shows the cash inflows and outflows of Council during the financial year

As at 30 June 2015, Council held \$9,683,357 in cash. Most of this is invested in term deposits to maximise interest earned. The decrease in cash held from 2013-14 financial year was due to capital works started in 2013-14 and completed in 2014-15.

Council is in a strong cash position and has the ability to pay its obligations when they fall due.

Statement of Cash Flows	2014-15	2013-14
Cash at the beginning of the year	12,444,873	14,020,341
Less Decrease in cash from operating activities	(2,788,538)	(97,510)
Less Decrease in cash from investing activities	(712,978)	(1,477,957)
Plus Increase in cash from financing activities	740,000	0
Cash at the end of the financial year	9,683,357	12,444,874

Financial Sustainability Ratios

	2014-15	2013-14	Target	Analysis
Operating surplus ratio				
Indicates the extent to which operating revenues cover operational expenses only or are available for capital purposes	-17%	-3%	Between 0% and 10%	The negative ratio indicates that Council was not able to generate sufficient revenue to cover operating expenses or fund capital expenditure.
Asset sustainability ratio				
Indicates the extent to which a Council is replacing its assets as they reach the end of their useful lives	212%	387%	Greater than 90%	For both 2014 and 2015 financial years, Councils asset sustainability ratios were well above the
Net financial liabilities ratio				
Indicates the extent to which the net financial liabilities of a Council can be serviced by its operating revenues	-67%	-82%	not greater than 60%	Council has the capacity to fund its financial obligations and may have the capacity to increase its loan borrowings if required

Statutory Reporting Requirements

This annual report has been prepared in accordance with Chapter 5, Part 3 of the Local Government Regulation 2012.

1. Councillors and Councillor Remuneration

Councillors are elected for a four year term to represent the Shire and the community of Aurukun.

Councillors must:

- Attend Council meetings regularly and all other meetings as required from time to time;
- Vote on matters requiring a decision;
- Perform their duties and responsibilities in a transparent, impartial and faithful manner at all times.

Meetings:

The following table displays the Councillors' attendance at meetings for 2013/2014:

2014/2015	Ordinary Meetings	Special Meetings
Cr Dereck Walpo	12	6
Cr Angus Kerindun	11	4
Cr Edgar Kerindun	11	6
Cr Vera Koomeeta	8	5
Cr Ada Woolla	12	6

The following table displays the total Councillors' remuneration for the year:

Councillor	Gross \$	Superannuation \$	Total \$
Cr Dereck Walpo	95,424	9,065	104,489
Cr Angus Kerindun	56,396	5,357	61,753
Cr Edgar Kerindun	47,712	5,725	53,437
Cr Vera Koomeeta	47,712	5,725	53,437
Cr Ada Woolla	47,712	5,725	53,437

Resolution – Councillors Remuneration

At an Ordinary Meeting of Council held on 15th July, 2014, the following resolution was passed:

Resolution 14.4453

THAT Council adopts the Councillor Remuneration Policy as attached as Appendix "A" to the Minutes.

This policy applies to all members of the Aurukun Shire Council unless expressly excluded.

Amount of Remuneration to be paid to Councillors

Maximum remuneration payable to Councillors effective from 1 July 2014, as determined by the Tribunal, is in accordance with the following table:

Description	Remuneration Payable
Mayor	\$95,488
Deputy Mayor	\$55,089
Councillors	\$47,744

Councillor Expenses

Councillors travel and accommodation expenses 2014/2015	
Cr Dereck Walpo	18,768
Cr Angus Kerindun	3,374
Cr Vera Koomeeta	700
Cr Ada Woolla	196
Total	\$23,038

2. Councillors' code of conduct

In accordance with sections 186 of the Local Government Regulation 2012, the annual report must provide the following information:

Item	Result
Section 186 (d)	
(i) The total number of the orders and recommendations made under section 180 (2) or (4) of the Act.	Nil
(ii) Orders made under section 181 of the Act.	Nil
Section 186 (e)	
(i) The name of each councillor in relation for whom an order or recommendation was made under section 180 of the Act or as order was made under section 181 of the Act.	Section 180 – Not applicable Section 181 – Not applicable
(ii) A description of the misconduct or inappropriate conduct engaged in by each of the Councillors.	Nil
(iii) A summary of the order or recommendation made for each Councillor.	Not applicable

Section 186 (f)	
(i) Complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 176C (2) of the Act.	Nil
(ii) Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act.	Nil
(iii) Complaints referred to the Mayor under section 176(3)(a)(ii) or (b) (i) of the Act.	Nil
(iv) Complaints referred to the department's Chief Executive under section 176C(4)(a) of the Act.	Nil
(v) Complaints assessed by Chief Executive Officer as being about official misconduct.	Not applicable
(vi) Complaints heard by a conduct review panel.	Not applicable
(vii) Complaints heard by the tribunal.	Not applicable
(viii) Complaints to which section 176C(6) of the Act applied.	Nil

3. Complaints Management

The Council has a complaints management process in place and is committed to dealing fairly with administrative complaints. The complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision. The complaints management process will be made available to the public on Council's website. During 2013/14, there was one complaint lodged with Council under the complaints management process.

4. Senior Contract Employees

At 30 June 2015 Aurukun Shire Council employed five senior contract employees. Details of the total remuneration packages for the senior contract employees are as follows:

- 1 senior contract employee with a total remuneration package in the range of \$150,000 to \$199,999.
- 2 senior contract employees with a total remuneration package in the range of \$120,000 to \$149,999.
- 2 senior contract employees with a total remuneration package in the range of \$100,000 to \$119,000.

5. Overseas travel

No Council staff or Councillors undertook any overseas travel on Council business during the 2014/15 financial year.

6. Grants to Community Organisations

Concessions were not paid for the waiver of:

- Hire or rental fees associated with council facilities
- Airport landing charges

During the 2014/15 financial year no grants were paid to community organisations.

7. Reserves and Controlled Roads

No land that is a reserve under the Land Act or roads that are not owned by the Council were under the control of the Council at any time during the financial year.

8. Assessment of Performance in Implementing Corporate, Operational and Community Plans

Corporate Plan

The Council adopted its corporate plan for the five years ending 30 June 2019 at its meeting held on 4 February 2014. The corporate plan sets out the strategic direction of the Council's operations and activities for the abovementioned period. A review of this corporate Plan was conducted in 2015 and a Council Resolution was passed on 23 June 2015 to approve this review.

Operational Plan

The operational plan has been developed annually and is linked to the objectives in the new corporate plan. The operational plan sets out the projects and services Council will deliver in the financial year.

9. Invitations to Tenderers to Change Tenders

There were nil instances during 2014/15 where persons who had submitted a tender to Council were invited to change their tenders.

10. Registers kept by Council

The following registers are held by Aurukun Shire Council and are available for viewing by members of the public on request:

- Minutes of Council meetings

- Register of Personal interest of Councillors
- Register of Personal interest of Chief Executive Officer/ and Senior Executive Managers
- Road Register/Road Map
- Schedule of Fees and Charges
- Register of Local Laws and Subordinate Local Laws
- Registers of Burials
- Register of Regulatory Fees
- Register of Delegations
- Register of Council Policies
- Register of Contact by Lobbyists

11. Summary of Service Charges

Utility charges for water, sewerage and cleansing are levied on all Government and Private Enterprises yearly.

Rates, Charges and Service Levy are charged in accordance with the fees and charges schedule approved during the 2014/15 Budget and Council did not grant any concessions for the above charges.

Airport Landing fee is charged for all commercial, chartered and private flights. Council grants an exemption of this fee to the Royal Flying Doctors.

12. Internal Audit

Pacifica Chartered Accountants were appointed as internal auditors for three years from 2014/15 until 2016/17. The internal auditors work with management to identify and recommend improvements in Council's operations, systems and processes.

Council will be seeking compliance with the changes to the Local Government Regulation 2012 provisions concerning internal audit in the year 2015/16. Helen Wilkes from Grant Thornton has been appointed by council as the internal audit committee's financial advisor for the same term as Pacifica

13. Equal Employment Opportunity

Aurukun Shire Council is an equal opportunity employer and does not discriminate against any individual or members of groups. The Council is committed and dedicated throughout its management and operations in recruiting and retaining the best available staff to:

- Improve the Council's efficiency and productivity, and
- Ensure effective and efficient service delivery to the community of Aurukun, and
- Meet and fulfil its obligations of equity and fairness.

Council's EEO Management Plan is aimed at ensuring all employees and applicants for employment are treated fairly, basing selection and promotion only on factors relevant to the job, such as skills, qualification, abilities and aptitude.

14. Capital Project Works

Council completed the following works program during the period 1 July 2014 to 30 June 2015.

- Aged Care Facility additions: skillion roof and patio roof
- Residential subdivision
- Wuungkam Lodge accommodation upgrade (part completion) and restaurant

15. Consultants

A list of services rendered by category:

Consultants Appointed	Purpose	Expenditure for the Year
Future Computers	I.T.	\$65,236
Anne Leon Designs	Art Centre training	\$27,496
Aurecon Group	Engineers + Project Managers	\$45,274
Lew Rohjan	Management Consulting	\$23,475
APV Valuers and Asset Management	Asset Valuations	\$28,463

16. Advertising

Advertising for the year was \$16,707.



Sunset near Aurukun



Aurukun Community in Action

Annual Financial Statements (QAO audited)

**AURUKUN SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015

AURUKUN SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

AURUKUN SHIRE COUNCIL
Financial statements
For the year ended 30 June 2015

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- 5 Employee benefits
- 6 Materials and services
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Independent Auditor's Report

AURUKUN SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Income			
Revenue			
Recurrent revenue			
Utility charges	3	293,367	467,254
Fees and charges		79,932	124,271
Rental income	3	1,668,341	1,625,603
Interest received		306,559	336,547
Other recurrent income	3	5,754,238	894,237
Grants, subsidies, contributions and donations	4	7,561,028	8,510,879
Total recurrent revenue		<u>15,663,465</u>	<u>11,958,791</u>
Capital revenue			
Grants, subsidies, contributions and donations	4	5,548,224	15,695,595
Total capital revenue		<u>5,548,224</u>	<u>15,695,595</u>
Total revenue		<u>21,211,689</u>	<u>27,654,386</u>
Capital income	11	415,869	2,686,853
Total Income		<u>21,627,558</u>	<u>30,341,239</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(6,524,139)	(5,351,467)
Materials and services	6	(9,876,468)	(7,472,121)
Finance Cost		(195,814)	0
Depreciation and amortisation		(1,677,131)	(2,194,945)
Total recurrent expenses		<u>(18,273,552)</u>	<u>(15,018,533)</u>
Capital expenses	7	(1,987,254)	(9,046,081)
Total expenses		<u>(20,260,805)</u>	<u>(24,064,614)</u>
Net result		<u>1,366,753</u>	<u>6,276,625</u>
Other comprehensive Income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	17	(8,198,512)	(1,582,448)
Total other comprehensive income for the year		<u>(8,198,512)</u>	<u>(1,582,448)</u>
Total comprehensive income for the year		<u>(6,831,759)</u>	<u>4,694,177</u>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

AURUKUN SHIRE COUNCIL
Statement of Financial Position
as at 30 June 2015

	Notes	2015	2014
		\$	\$
Current assets			
Cash and cash equivalents	8	9,683,355	12,444,873
Trade and other receivables	9	2,197,038	2,105,013
Inventories	10	382,300	579,032
Other financial assets	11	791,461	707,949
Total current assets		<u>13,054,154</u>	<u>15,836,867</u>
Non-current assets			
Property, plant and equipment	12	74,935,682	82,503,134
Other financial assets	11	26,025,823	23,727,705
Total non-current assets		<u>100,961,505</u>	<u>106,230,839</u>
Total assets		<u>114,015,659</u>	<u>122,067,706</u>
Current liabilities			
Trade and other payables	14	1,822,001	3,753,780
Provisions	15	33,556	58,436
Borrowings	16	26,441	0
Total current liabilities		<u>1,881,998</u>	<u>3,812,216</u>
Non-current liabilities			
Provisions	15	23,517	27,143
Borrowings	16	713,559	0
Total non-current liabilities		<u>737,076</u>	<u>27,143</u>
Total liabilities		<u>2,619,074</u>	<u>3,839,359</u>
Net community assets		<u>111,396,586</u>	<u>118,228,347</u>
Community equity			
Asset revaluation surplus	17	106,338,363	114,536,875
Retained surplus		5,058,223	3,691,471
Total community equity		<u>111,396,586</u>	<u>118,228,347</u>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

AURUKUN SHIRE COUNCIL
Statement of Changes in Equity
For the year ended 30 June 2015

	Asset revaluation surplus Note 17		Retained surplus		Total
	2015	2014	2015	2014	
Balance as at 1 July	\$ 114,536,875	\$ 116,119,323	\$ 3,691,471	\$ (2,585,154)	\$ 118,228,347
Other comprehensive income for the year Increase/(decrease) in asset revaluation surplus	(8,198,512)	(1,582,448)	0	0	(8,198,512)
Net income recognised directly in equity Net result	(8,198,512)	(1,582,448)	1,366,753	6,276,625	(8,198,512)
Total comprehensive income for the year	(8,198,512)	(1,582,448)	1,366,753	6,276,625	(6,831,759)
Balance as at 30 June	<u>106,338,363</u>	<u>114,536,875</u>	<u>5,058,221</u>	<u>3,691,471</u>	<u>111,396,586</u>
					<u>118,228,347</u>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

AURUKUN SHIRE COUNCIL
Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities:			
Receipts from customers		6,226,268	1,202,721
Payments to suppliers and employees		<u>(18,550,734)</u>	<u>(11,743,978)</u>
		(12,324,466)	(10,541,257)
Interest received		306,559	336,547
Rental income		1,668,341	1,596,321
Non capital grants and contributions	4	<u>7,561,028</u>	<u>8,510,879</u>
Net cash inflow (outflow) from operating activities	21	<u>(2,788,538)</u>	<u>(97,510)</u>
Cash flows from investing activities:			
Payments for property, plant and equipment	12	(4,419,532)	(4,340,413)
Proceeds from sale of property, plant and equipment	7	124,091	4,200
Finance lease receipts	11	707,949	686,414
Grants, subsidies, contributions and donations	4	<u>2,874,514</u>	<u>2,171,842</u>
Net cash inflow (outflow) from investing activities		<u>(712,978)</u>	<u>(1,477,957)</u>
Cash flows from financing activities:			
Proceeds from borrowings	16	<u>740,000</u>	<u>0</u>
Net cash inflow (outflow) from financing activities		<u>740,000</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalent held		(2,761,517)	(1,575,468)
Cash and cash equivalents at beginning of the financial year		<u>12,444,873</u>	<u>14,020,341</u>
Cash and cash equivalents at end of the financial year	8	<u>9,683,355</u>	<u>12,444,873</u>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board.

Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain current and non-current assets.

The Council uses the Australian Dollar as its functional currency, its presentation currency and rounds to the nearest dollar.

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 State Government.

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 investment property, property, plant and equipment and other financial assets.

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

1.02 Constitution

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

1.03 Date of authorisation

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

1.04 Adoption of new and revised Accounting Standards

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

Aurukun Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.04 Adoption of new and revised Accounting Standards (continued)

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments (December 2010)</i>	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2018
AASB 2014-4 <i>Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 January 2017
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 January 2018
AASB 2014-8 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)- Application of AASB 9 (December 2009) and AASB 9 (December 2010)</i>	1 January 2015
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</i> [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	1 January 2016
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> [AASB 7, AASB 101, AASB 134 & AASB 1049]	1 January 2016
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	1 July 2016
AASB2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> Part D - 1 January 2016; Part E - 1 January 2018	
AASB 2015-7 <i>Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>	1 July 2016

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

1.05 Critical accounting judgement and key sources of estimation uncertainty

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

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.05 Critical accounting judgement and key sources of estimation uncertainty (continued)

Valuation and depreciation of property, plant and equipment - Note 1.11, Note 12 and Note 13
Provisions - Note 1.15 and Note 15
Valuation of finance leases Note 1.13 and Note 13
Contingent liabilities - Note 18

1.06 Revenue

Grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

(i) Utility charges

Where community levies are received prior to the commencement of the levy period, the amount is recognised as revenue in the period in which they are received.

(ii) Grants, subsidies, contributions and donations

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Restrictions that have been placed on Council's cash and cash equivalents due to funding agreements are disclosed in Note 8.

(iii) Non-cash contributions

Non-cash contributions with a fair value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

(iv) Rental income

Rental revenue from property is recognised as income on a periodic straight line basis over the lease term.

(v) Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The Council generates revenues from a number of services including child care, motor vehicle repairs and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

(vi) Other recurrent income

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

1.07 Financial assets and financial liabilities

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

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.07 Financial assets and financial liabilities (continued)

Financial assets

Cash and cash equivalents (Note 1.08)

Receivables - measured at amortised cost (Note 1.09)

Other financial assets (finance leases) - measured at fair value (Note 1.13)

Financial liabilities

Payables - measured at amortised cost (Note 1.14)

Borrowings - measured at amortised cost (Note 1.16)

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost. For other financial assets (finance leases), refer to note 1.13.

Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position except for other financial assets (finance leases).

1.08 Cash and cash equivalents

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

Council's cash and cash equivalents are subject to a number restrictions that limit the amount that is available for discretionary or future use. Restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 8.

1.09 Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price/contract price. Settlement of these amounts is required within 30 days from invoice date.

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

The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

1.10 Inventories

Plant and equipment stores and miscellaneous saleable items are held for distribution and valued at cost, adjusted when applicable for any loss of service potential.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.11 Property, plant and equipment

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 \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Office equipment	Aerodrome
Plant and equipment	Sewerage
Buildings and other structures	Water
Road, drainage, and bridge network	Capital works in progress

(i) Acquisition of assets

Acquisitions of assets are initially recorded at cost. 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.

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. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

(ii) Capital and operating expenditure

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

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

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

(iii) Valuation

Buildings and all infrastructure asset classes are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. Office Equipment, Plant and equipment 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 3 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.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.11 Property, plant and equipment (continued)

(iii) Valuation (continued)

In the intervening years, Council engages independent, professionally qualified valuers to perform a 'desktop' valuation. A desktop valuation involves management providing updated information to the valuers 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 the non-current assets measured at fair value.

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.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Details of valuers and methods of valuations are disclosed in Note 13.

(iv) Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

(v) Depreciation

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 the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the 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 written down 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 12.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.11 Property, plant and equipment (continued)

(vi) Leasehold land

The Aurukun Shire Council is located on land assigned to it under the Aboriginal Lands Lease No 1 granted to the Council pursuant to the provisions of the Local Government (Aboriginal Lands) Act 1978. In September 2013, the Queensland Government granted Aboriginal freehold title for lands constrained within the Aurukun Shire Council lease under the Deed of Grant of Land over an area of 286.1425 hectares described in Title References 40066957 and 4066958.

The land is administered through the provisions of the aforementioned legislation and the Council has restricted use of this land for the benefit of shire inhabitants. The grant was made to secure, for the benefit of the Aborigines who reside on the land, preservation of their traditional rights, use and occupancy of the land enjoyed by them as at 6 April 1978. The freehold land has not been taken up in the Council's assets as it cannot be reliably measured.

1.12 Impairment of non-current assets

Each non-current physical asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.13 Leases

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

(i) Finance leases as lessee

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.13 Leases (continued)

(ii) Finance leases as lessor

Council has leased 267 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,824. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains or loss on revaluation of finance lease assets are recognised as Capital Income or Expense.

(iii) Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.14 Payables

Trade 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.

1.15 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date.

(i) 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 includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wages and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 14 as a payable.

As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

(ii) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 20.

(iii) 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 the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 15 as a provision.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

1.15 Liabilities - employee benefits (continued)

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

1.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the Local Government Regulation 2012, Council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

1.17 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in the carrying values 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 this surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of asset 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.

1.18 Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. The monies are disclosed in Note 19 to the financial statements for information purposes only.

1.19 Taxation

Local authorities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Taxation Office or payable to the Australian Taxation Office is shown as an asset or liability respectively.

The Council is not required to pay payroll tax to the Queensland Government.

Note 2: Analysis of results by function

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

Year ended 30 June 2015 Functions	Gross program income			Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital					
	Grants	Other	Grants	2015	2015	2015	2015	2015	2015	2015	2015
Corporate services	3,348,117	643,004	0	4,008,990	4,214,248	1,987,254	0	6,201,502	(223,127)	(1,794,512)	13,249,634
Engineering services	685,951	5,474,740	1,868,424	8,029,115	7,964,357	0	0	7,964,357	(1,803,666)	64,758	15,573,238
Environmental services	166,254	4	0	166,258	307,191	0	0	307,191	(140,933)	(140,933)	78,977
Welfare & social services	1,812,029	23,255	35,880	1,871,164	1,776,995	0	0	1,776,995	58,269	94,169	8,208,401
Community & cultural services	465,478	184,023	13,610	663,111	1,524,560	0	0	1,524,560	(875,059)	(861,449)	11,682,422
Housing	415,500	364,599	2,673,710	3,453,809	538,512	0	0	538,512	241,587	2,915,297	36,812,468
Public amenities & utilities	0	357,265	774,000	1,131,265	879,488	0	0	879,488	(522,223)	251,777	21,214,748
Enterprises	667,700	1,055,546	182,600	1,905,846	1,068,200	0	0	1,068,200	655,046	837,646	7,195,771
Total	7,561,029	8,102,436	5,548,224	21,627,558	18,273,551	1,987,254	0	20,260,805	(2,610,086)	1,366,753	114,015,659

Year ended 30 June 2014 Functions	Gross program income			Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital					
	Grants	Other	Grants	2014	2014	2014	2014	2014	2014	2014	2014
Corporate services	2,592,284	3,323,175	0	5,915,459	3,431,234	9,046,081	(6,359,228)	6,118,087	8,843,453	(202,628)	17,021,791
Engineering services	3,015,432	457,380	0	3,472,812	5,627,917	0	1,179	5,629,096	(2,156,284)	(2,156,284)	11,936,393
Environmental services	160,065	0	5,785	165,850	215,684	0	0	215,684	(55,619)	(49,834)	408,735
Welfare & social services	1,723,078	59,231	510,000	2,292,309	1,845,768	0	0	1,845,768	(63,469)	446,541	10,969,519
Community & cultural services	352,320	82,408	700,000	1,134,728	1,346,967	0	9,044,902	10,391,869	(9,357,141)	(9,257,141)	10,522,261
Housing	0	245,432	77,501	322,933	633,265	0	(2,686,853)	(2,053,588)	2,299,020	2,376,521	32,752,370
Public amenities & utilities	0	586,111	14,120,776	14,706,887	998,873	0	0	998,873	(412,762)	13,708,014	24,347,338
Enterprises	667,700	1,381,028	291,533	2,330,261	918,826	0	0	918,826	1,129,902	1,411,435	14,109,309
Total	8,510,879	6,134,765	15,695,595	30,341,239	15,018,534	9,046,081	0	24,064,615	(372,890)	6,276,624	122,067,706

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 2(b): Components of Council functions

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

Corporate services

The objective of corporate services is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function comprises the support for the mayor and councillors, Council and committee meetings and administration.

Also included are financial and information services that provides professional finance and information services across all of council. This includes internal audit, budget support, financial accounting, the taxation unit, marketing and communication and information technology services. The objective is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Engineering services

This function facilitates the shires growth and prosperity through well planned and quality development. The objective of engineering services is to ensure the Aurukun Shire is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the Shire. This function includes construction and maintenance of Shire roads, operation and maintenance of plant and equipment, and provision of support for other Council activities.

Environmental services

The goal of environmental services is to support a healthy, safe community through the operation and planning of the management of animal control, emergency services and health inspections.

Welfare and social services

The core function of welfare and social services is to protect the vulnerable, supporting independent living and providing improved life outcomes for the children and elder citizens of the Shire. This includes the provision of:

- Child care services
- Family and parenting programs
- Aged care program
- Home and community care program

Community and cultural services

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

This function includes:

- Libraries
- Cemeteries
- Youth programs
- Training programs
- Traditional arts and crafts

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 2(b): Components of Council functions (continued)

Housing

The objective of the housing function is to promote community wellbeing through better provision of housing that is compatible with community needs. This includes the provision of community housing and housing for Council employees.

Public amenities and utilities

The goal of this program is to protect and support our community and natural environment by sustainably managing the provision of cleansing, water and sewerage services. This function also includes the operation of the aerodrome and management of the barge landing.

Enterprises

The function of enterprises is to move towards Aurukun's vision of self-sustainability and utilise the opportunities arising from the resources of the our region. This includes provision of visitor accommodation, general store, Bendigo Bank agency, Australia Post agency, the undertaking of private works etc.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

	Notes	2015	2014
		\$	\$
Note 3: Revenue analysis			
(a) Utility charges			
Community charges		51,948	76,211
Water		92,725	121,420
Sewerage		101,215	179,034
Garbage charges		47,480	90,589
		<u>293,367</u>	<u>467,254</u>
(b) Rental income			
Housing, building and land rental		1,171,679	1,113,914
Operating lease income	23	496,662	511,689
		<u>1,668,341</u>	<u>1,625,603</u>
(d) Interest received			
Interest received from term deposits		306,559	336,547
(c) Other recurrent income			
Private works		5,358,623	444,460
Art work sales		90,927	82,408
Agency commissions		133,899	146,141
Other income		170,788	221,228
		<u>5,754,238</u>	<u>894,237</u>

Note 4: Grants, subsidies, contributions and donations

(a) Recurrent			
General purpose grants		2,981,248	2,386,780
State Government specific and special purpose grants		2,767,527	4,290,043
Commonwealth Government specific and special purpose grants		1,502,656	1,715,655
Contributions, donations and other grants		309,596	118,401
		<u>7,561,028</u>	<u>8,510,879</u>
(b) Capital			
State Government capital grants		5,169,504	1,553,092
Commonwealth Government capital grants		378,720	1,318,750
Contributions, donations and other grants		0	12,823,753
		<u>5,548,224</u>	<u>15,695,595</u>

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

	Notes	2015	2014
		\$	\$
Note 5: Employee benefits			
Total staff wages and salaries		4,837,279	3,977,337
Councillors' remuneration		294,938	285,539
Annual, sick and long service leave entitlements		727,767	503,466
Superannuation	20	547,580	475,457
		<u>6,407,564</u>	<u>5,241,799</u>
Other employee related expenses		182,795	189,327
		<u>6,590,359</u>	<u>5,431,126</u>
Less: capitalised employee expenses		(66,220)	(79,659)
		<u>6,524,139</u>	<u>5,351,467</u>

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

Total Council employees at the reporting date:

Elected members	5	5
Administrative staff	47	50
Depot and outdoors staff	51	54
Total full time equivalent employees	<u>103</u>	<u>109</u>

Note 6: Materials and services

Administration expenses	1,194,344	1,023,592
Aged care	454,628	397,246
Arts centre	287,099	310,160
Audit services	37,292	65,123
Child care	379,665	298,966
Other material and services	681,645	945,391
Plant operations	318,365	357,136
Private works	3,914,316	335,505
Property, building and housing	994,819	790,670
Road works	760,365	2,405,128
Technical services	413,438	537,928
Write-down of inventories	440,492	5,278
	<u>9,876,468</u>	<u>7,472,121</u>

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

<u>Notes</u>	<u>2015</u>	<u>2014</u>
	\$	\$
Note 7: Capital expenses		
Loss on the disposal of non-current assets		
Book value of property, plant and equipment disposed	2,111,344	5,378
Less: proceeds from the sale of property, plant and equipment	<u>(124,091)</u>	<u>(4,200)</u>
	<u><u>1,987,254</u></u>	<u><u>1,178</u></u>
Loss on the transfer of assets via land transfer		
Book value of property, plant and equipment disposed	0	9,044,902
Less: proceeds from the transfer of property, plant and equipment	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>9,044,902</u></u>
	<u><u>1,987,254</u></u>	<u><u>9,046,081</u></u>

Included in Council's property, plant and equipment at 30 June 2013 were certain buildings and other structures on outstations outside of the town area. The land on which these outstations are located has not been recognised as a Council asset (Note 1.11(vi)). Although these outstation assets were transferred to Council some years ago, Council has undertaken no operations as such on, or in respect of, these outstations which have been managed by the traditional owners. In September 2013, the land on which the Council is located was granted Aboriginal freehold title with title to the land outside the town area being awarded to the Ngan Aak-Kunch Aboriginal Corporation RNTBC ("NAK"). Accordingly, the outstation assets on the land which had become NAK freehold land are now under the control of NAK from September 2013 and Council derecognised these assets at that date (for nil consideration).

The net effects for Council of this 'transfer' of the outstation assets to NAK from September 2013 are the removal of the outstation assets amounting to \$9m from Council's property, plant and equipment and the consequent cessation of future depreciation expense (approximately \$170,000 pa) in respect of these assets. There is no effect on other Council revenues or expenses.

Note 8: Cash and cash equivalents

Cash at bank and on hand	2,602,236	4,503,985
Term deposits - 3 months or less	<u>7,081,119</u>	<u>7,940,888</u>
Balance per Statement of Cash Flows	<u><u>9,683,355</u></u>	<u><u>12,444,873</u></u>

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

*Externally imposed expenditure restrictions at the reporting date:

Constrained works	573,099	568,181
Future recurrent expenditure	<u>674,891</u>	<u>1,162,107</u>
Total unspent restricted cash	<u><u>1,247,990</u></u>	<u><u>1,730,288</u></u>

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

	Notes	2015	2014
		\$	\$
Note 9: Trade and other receivables			
Service charge debtors		18,307	431,141
Rent debtors		257,882	475,434
Other debtors		2,014,769	1,237,960
GST receivable		0	5,972
Less: impairment		(93,920)	(45,494)
		<u>2,197,038</u>	<u>2,105,013</u>

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July 2014	(45,494)	(95,903)
Additional impairments recognised	(48,426)	0
Impairments reversed	0	50,409
Closing Balance at 30 June 2015	<u>(93,920)</u>	<u>(45,494)</u>

The following table represents an analysis of the age of the Council's receivables that are either fully performing, past due or impaired:

30-Jun-15	Fully performing	Past due 30-60 days	Past due 61-90 days	Past due 90+ days	Total
Receivables	968,867	966,301	137,268	218,522	2,290,958
Less impairment	0	0	0	(93,920)	(93,920)
GST receivable	0	0	0	0	0
Net receivables	968,867	966,301	137,268	124,602	2,197,038

30-Jun-14	Fully Performing	Past due 30-60 days	Past due 61-90 days	Past due 90+ days	Total
	\$	\$	\$	\$	\$
Receivables	1,574,950	65,458	70,663	433,464	2,144,535
Less impairment	0	0	0	(45,494)	(45,494)
GST receivable	5,972	0	0	0	5,972
Net receivables	1,580,921	65,458	70,663	387,970	2,105,013

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Notes	2015	2014
	\$	\$
Note 10: Inventories		
Inventories for sale:		
Miscellaneous saleable items	13,532	6,725
Total inventories for sale	13,532	6,725
Inventories for consumption:		
Plant and equipment stores	378,769	582,307
Less: Provision for slow moving and obsolete materials	(10,000)	(10,000)
Total inventories for consumption	368,769	572,307
Total inventories	382,300	579,032

Notes	2015	2014
	\$	\$
Note 11: Other financial assets		
Current		
Finance leases on social housing	791,461	707,949
	791,461	707,949
Noncurrent		
Finance leases on social housing	26,025,823	23,727,705
	26,025,823	23,727,705

A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:

Gross minimum lease payments receivable:		
Not later than one year	791,461	707,949
Later than one year but not later than five years	3,957,307	2,831,795
Later than five years	24,481,031	23,140,873
	29,229,799	26,680,617
Add: Estimated contingent rent	17,938,760	16,827,737
Less: Present value adjustment	(20,351,274)	(19,072,700)
Fair value of lease payments	26,817,285	24,435,654

The fair value of lease payments are receivable as follows:

Not later than one year	791,461	707,949
Later than one year but not later than five years	3,127,611	2,797,595
Later than five years	22,898,212	20,930,110
	26,817,285	24,435,654

Movements in finance leases were as follows:

Opening balance	24,435,653	22,435,214
Add: Initial recognition of new leases	2,673,710	0
Less: Lease receipts	(707,949)	(686,414)
Plus: Gain on revaluation	415,870	2,686,853
Closing balance	26,817,285	24,435,653

The calculation of fair value has included an estimate of average annual CPI increases of 2.50% per annum (2014: 2.5%) and a discount rate of 3.00% per annum (2014: 3.00%).

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 12(a): Property, plant and equipment
For the year ended 30 June 2015

Basis of measurement	Note	Office equipment	Plant & equipment	Buildings and Other Structures	Road, drainage and bridge network	Aerodrome	Sewerage	Water	Capital works in progress	TOTAL
Asset values										
Opening gross value at cost as at 1 July 2014		400,261	5,692,468	0	0	0	0	0	14,695,718	20,788,447
Opening gross value at valuation as at 1 July 2014		0	0	57,079,191	11,693,784	3,651,823	7,791,701	3,160,978	0	83,377,476
Additions at cost		0	0	0	0	0	0	0	4,419,532	4,419,532
Disposals	7	0	(694,695)	(2,200,631)	0	0	0	0	0	(2,895,325)
Transfers to/from		0	241,230	1,891,949	3,525,308	911,083	2,796,859	6,119,968	(15,486,397)	0
Revaluation adjustment to asset revaluation surplus	17	0	0	(1,475,925)	2,227,194	(931,075)	98,877	(1,671,740)	0	(1,752,669)
Closing gross value as at 30 June 2015		400,261	5,249,004	55,294,583	17,446,285	3,631,831	10,687,437	7,609,207	3,628,853	103,947,461
Accumulated depreciation										
Opening balance as at 1 July 2014		226,833	4,767,946	7,775,252	3,414,011	1,315,272	1,916,028	2,247,447	0	21,662,790
Depreciation provided in period		41,102	193,849	582,976	398,974	236,434	183,787	40,008	0	1,677,131
Disposals	7	0	(661,250)	(112,731)	0	0	0	0	0	(773,981)
Revaluation adjustment to asset revaluation surplus	17	0	0	6,214,352	4,217,938	(1,420,696)	(746,815)	(1,818,941)	0	6,445,838
Accumulated depreciation as at 30 June 2015		267,935	4,300,545	14,459,848	8,030,923	131,012	1,353,000	468,514	0	29,011,778
Book value as at 30 June 2015		132,326	948,458	40,834,735	9,415,361	3,500,819	9,334,437	7,140,692	3,628,853	74,935,682
Residual value		0	110,674	0	0	0	0	0	0	110,674
Range of estimated useful life in years		3-10	1-25	21-172	12-indefinite	15 - 115	13.75-150	21.75-120		
Additions comprise:										
Infrastructure Renewals		0	0	0	0	0	0	0	3,550,018	3,550,018
Other additions		0	0	0	0	0	0	0	869,514	869,514
Total additions		0	0	0	0	0	0	0	4,419,532	4,419,532

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 12(b): Property, plant and equipment (continued)
For the year ended 30 June 2014

Basis of measurement	Note	Office equipment	Plant & equipment	Buildings	Road, drainage and bridge network	Aerodrome	Sewerage	Water	Capital works in progress	TOTAL
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset values										
Opening gross value at cost as at 1 July 2013		449,394	5,649,654	0	0	0	0	0	7,585,174	13,684,222
Opening gross value at valuation as at 1 July 2013		0	0	60,259,008	14,774,120	3,615,667	7,683,047	3,117,953	0	89,449,795
Additions at cost		0	269,577	0	0	0	0	0	17,594,589	17,864,166
Disposals	7	(49,133)	(226,763)	(13,592,230)	0	0	0	0	0	(13,868,126)
Transfers to/from		0	0	10,484,045	0	0	0	0	(10,484,045)	0
Revaluation adjustment to asset revaluation surplus	17	0	0	(71,631)	(3,080,335)	36,156	108,654	43,025	0	(2,964,131)
Closing gross value as at 30 June 2014		400,261	5,692,468	57,079,191	11,693,784	3,651,823	7,791,701	3,160,978	14,695,718	104,165,925
Accumulated depreciation										
Opening balance as at 1 July 2013		234,864	4,755,965	11,379,451	4,345,078	1,131,560	1,680,427	2,140,028	0	25,667,374
Depreciation provided in period		41,102	233,365	882,375	665,650	174,121	126,709	71,623	0	2,194,945
Depreciation on disposals	7	(49,133)	(221,384)	(4,547,328)	0	0	0	0	0	(4,817,845)
Revaluation adjustment to asset revaluation surplus	17	0	0	60,756	(1,596,717)	9,590	108,892	35,796	0	(1,381,683)
Accumulated depreciation as at 30 June 2014		226,833	4,767,946	7,775,252	3,414,011	1,315,272	1,916,028	2,247,447	0	21,662,790
Book value as at 30 June 2014		173,428	924,523	49,303,938	8,279,772	2,336,550	5,875,672	913,532	14,695,718	82,503,134
Residual value		0	118,990	26,790,722	1,860,766	950,267	1,473,233	189,795	0	31,383,762
Range of estimated useful life in years		2 - 8	2 - 33	15 - 100	15 - 100	15 - 100	20 - 50	10 - 50		

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair Value Measurements

(i) Recognised fair value measurements

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

- | | |
|-------------------------------------|---------------------------|
| Property, plant and equipment | |
| - Buildings and other structures | - Aerodrome |
| - Road, drainage and bridge network | - Sewerage Infrastructure |
| - Other financial assets | - Water Infrastructure |

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

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

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

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

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

The following table categorises fair value measurements as 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 or level 2.

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.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

Council	Note	Level 2		Level 3		Total	
		2015	2014	2015	2014	2015	2014
At 30 June 2015		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
Recurring fair value measurements							
Buildings and other structures	12	0	0	40,834,735	49,303,938	40,834,735	49,303,938
Road, drainage and bridge network	12	0	0	9,415,361	8,279,772	9,415,361	8,279,772
Aerodrome	12	0	0	3,500,819	2,336,550	3,500,819	2,336,550
Sewerage	12	0	0	9,334,437	5,875,672	9,334,437	5,875,672
Water	12	0	0	7,140,692	913,532	7,140,692	913,532
Other financial assets	11	0	0	26,817,285	24,435,654	26,817,285	24,435,654
		0	0	97,043,330	91,145,119	97,043,330	91,145,119

There were no transfers between levels during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

(ii) Valuation techniques used to derive fair values for level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Recurring fair value measurements

There were no assets valued where it was assumed that the highest and best use was other than its current use.

The last comprehensive valuation for buildings and infrastructure assets was performed 30 June 2015 by APV Valuers and Assets Management.

Buildings (level 3)

The fair value of buildings were determined by valuer, Daniel Atherton, Registered Valuer No. 2962 of APV Valuers and Asset Management. In undertaking the valuations, the valuer has made reference to the following:

Valuation techniques to derive fair value

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc). Excluded from this report are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

Level 2 valuation inputs

Market (Direct Comparison) – This is the common way that investment and residential properties are valued. The location and characteristics of Aurukun make it impossible for any of the buildings in the locality to be valued this way. As such all buildings have been valued using the below described method of depreciated replacement cost.

Level 3 valuation inputs

Cost (Depreciated) – This includes all the specialised buildings and the residences as they are located in an isolated location where there is no evidence to support a market approach. These buildings were valued using the cost approach using professionally qualified Registered Valuers. Under this approach the cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as the pattern of consumption of the future economic benefit.

The components and associated range of Residual Value assumptions were -

Component	Description
Sub Structure	Includes the floor structure - including foundations, entrance steps, ramps and their finishes; upper floors and stairs
Super Structure	Incorporates the external and all weight bearing walls as well as external windows and
Floor Coverings	Includes coverings such as carpet, vinyl, tiles, etc.
Fit-Out & Fittings	Includes all internal non-weight bearing walls, partitions, ceilings, and specialised areas such as kitchens and amenities.
Roof	Includes the roof structure (such as trusses) and cladding
Electrical Services	Includes all electrical light and power, power outlets and light fittings, including main distribution board
Hydraulic Services	Includes plumbing fit out (Water Supply and Waste removal)
Mechanical Services	Includes Air-conditioning and other ventilation or heating systems.
Fire Services	Includes sprinkler systems, alarms and miscellaneous fire or security related systems
Transport Services	Including lifts, hoists and conveyor systems such as escalators
Security Services	Including alarm systems

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. The unobservable inputs (such as pattern of consumption and (based on the asset consumption score) its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Aurukun Shire Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Aurukun Shire Council's own understanding of the assets and the level of remaining service potential.

Score	Description	% Remaining Service Potential of Depreciable Amount	
		Straight-Line	
0	New or very good condition – very high level of remaining service potential.	100%	
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	10%	
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	
6	Theoretical end of life.	Fully Written Off	

Fair Value Sensitivity to Unobservable Inputs

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

The valuation's sensitivity to these inputs is summarised below.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
Specialised Buildings (Cost)	Relationship between asset consumption rating scale and the level of consumed service potential	(2.50) %	2.50%	-\$957,976	\$957,976
Other Structures (Cost)	Relationship between asset consumption rating scale and the level of consumed service potential	(2.50) %	2.50%	-\$31,719	\$31,719

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

Buildings (level 3) (continued)

Comparison to Previous Valuation

The following table provides a summary of changes between the values reported in the previous financial statements and this valuation. The results have been analysed and confirm that the valuation results are reasonable and within our expectations. This is based on –

- There are a number of assets that have been removed from the asset register. This includes residences at 204, 205 and 207 Bowenda Drive and additional building assets including the Church, the Parenting Hub, the Opportunity Hub and the Laundromat.
- The swimming pool assets are still listed on the register but have had their Written Down Values and corresponding Depreciation Expense written down to zero.
- Australian Accounting Standards Board has brought out new guidelines and requirements for valuations of specialised buildings and assets.
- All depreciation is to be assessed utilising a straight line basis as opposed to the curved patterns of consumption that were previously utilised to value council's assets. The impact from the change in accounting estimate is not considered material.
- It has been determined that except in rare circumstances the Residual Value is nil for all asset components.
- The new practise of splitting components into a long life and short life apportionments.
- Long life portions of Aurukun Shire's assets have not previously had condition assessments conducted on them. This is the first time they have been assessed and depreciated.

The building valuations incorporate a Gross Current Value and Net Current Value for each asset. The methodology used to determine each of these values is as follows:

AASB 13 Fair Value

This introduced the new definition for Fair Value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"

The valuation has been undertaken taking into account the requirements of AASB 13 Fair Value Measurement. This included establishing the nature of the asset, characteristics important to market participants, the appropriate market and the valuation premise. Having maximized the level of valuation input the appropriate valuation technique was adopted to determine Fair Value.

The following approaches were deemed appropriate –

- Specialised assets including other structures and non-saleable land (cost approach)

Residual Values

Except in rare circumstances it has been assumed that the Residual Value is nil.

Long-Life and Short-Life Parts of the Component

Typically assets the service potential of assets are restored through regular renewal. The split between the short-life and long-life parts is based on an assessment of the costs that would be involved to restore the asset back to "as new" if it were ever to reach the "unacceptable level of service" phase due to physical deterioration.

Sources of Data

By nature the valuation process requires the capture of a range of data, research regarding a range of assumptions and the exercise of significant professional judgement. Each valuation is slightly different to others depending upon the quality of the asset register and data (including asset management data) provided by the entity, geographical or environmental factors, and depth of market to support market based assumptions.

In determining the valuations data was sourced from the following –

Indicators of Obsolescence or other high level factors

APV's proposal stipulated that council is responsible for ensuring all relevant information is provided to the valuer and that being external party to the council the valuer is not in a position to know or understand all council policies, politics or intimate details of the future strategic direction of the council. The proposal requests a range of information including and details of -

- Obsolescence and impairment
- Processes used to validate the completeness and accuracy of the asset register
- Confirmation of Methodology and Data

During the valuation the valuer requested both verbal and where possible documentation regarding these aspects. Where assets were identified as possibly being subject to obsolescence further enquiries were made with council to ascertain the level and likelihood of such events.

Where relevant appropriate comments were recorded in the valuation spreadsheet against the relevant asset.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

Replacement cost (Including indices) where cost approach was used

We use a range of sources (in order of priority) including–

- Actual construction or purchase prices for recent projects paid by the specific entity. This may include further enquiries with the supplier to ensure we have adjusted for any recent price movements. Depending on the complexity of the project it may also involve disaggregating the overall cost into greater detail.
- Appropriate APV database where we record details of actual cost from recent projects that we source directly from our clients. Preference is provided to nearby locations.
- Rawlinson's Construction Guide or similar guides (such as Cordells)
- Development of costs using first principles, to assist in this process we have developed a number of models for specific asset types (such as fencing)
- Benchmarking against other valuations As per AASB13 allowance was then made to adjust for condition and comparability.

Condition assessment and confirmation of attributes

The physical inspection of the asset is a critical aspect of the process. Apart from confirming condition the process also involves validation of key attributes such as material type, dimensions, etc. For assets valued using the cost approach all were physically inspected. This included validation of physical dimensions and characteristics.

Relationship between consumption score and level of consumed service potential

The valuation methodology employed is detailed in the previous page. Essentially it includes development of a consumption profile. The consumption profile provides an objective mechanism to translate the assessed consumption score to an estimate of the depreciated replacement costs taking into account the typical asset lifecycle phases and estimated pattern of consumption of the future economic benefit. As such they involve a level of professional judgement and represent unobservable market evidence (level 3 inputs).

The profiles were originally developed in 2006 following extensive workshops to develop methodologies for a range of local governments throughout Australia. This included two day workshops with the finance and engineering staff covering a wide range of asset classes to assess aspects such as typical asset lifecycle, asset management treatments, potential costs and factors that drive the consumption of the asset's service potential. The result of these workshops indicated very similar profiles across all local governments involved.

As a result, the unique profiles designed for each asset class were adapted into a range of five default profiles which were then documented as a set of default profiles. Since 2006 APV has discussed the default profiles with a range of councils as part of asset management planning workshops and based on the feedback received the profiles have undergone enhancement to closer reflect the asset lifecycles. Where Council does not have its own profiles we provide the default patterns and request the council to review and confirm, or make appropriate changes to them based on their understanding of how their assets actually behave and the most likely asset management treatments that they are likely to adopt to renew the assets in the future.

Infrastructure assets (level 3)

The fair value of infrastructure assets including water, sewerage, aerodrome, road, drainage and bridge network were independently determined by Bryce McLaren, Technical Trade Qualifications, P & E Valuer on behalf of APV Valuers and Asset Management, effective 30 June 2015.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

Valuation techniques to derive fair value

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements.

Road and Water Infrastructure

All road network infrastructure assets were valued using level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 we have adopted a policy that all road network infrastructure assets are deemed to be valued at level 3.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are as follows:

Score	Description	% RSP of Depreciable Amount				
		Straight-Line	Low	Mod	High	Extreme
0	New or very good condition – very high level of remaining service potential.	100%	100%	100%	100%	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	92%	94%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	50%	85%	99%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	40%	54%	70%	90%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	10%	20%	34%	45%	70%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%	0%	0%
6	Theoretical end of life.	Fully Written Off				

(ii) Non-recurring fair value measurements

No assets were valued as a non-recurring valuation.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 13 Fair value measurements (continued)

Infrastructure assets (level 3) (continued)

The valuation's sensitivity to these inputs is summarised below.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
Infrastructure (Cost)	Condition of the asset where based on condition as supplied by client	5%	5%	-\$1,665,325	\$1,665,325
Infrastructure (Cost)	Relationship between asset consumption rating scale and the level of consumed service potential	5%	5%	-\$1,665,325	\$1,665,325

Finance lease (level 3)

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). The calculation of the present value of the expected future lease income included an estimate of average annual Consumer Price Index increases of 2.5% and a discount rate of 3.00%.

The estimates of Consumer Price Index and discount rate comprise of unobservable inputs (level 3)

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Consumer Price Index (All Groups) Brisbane	RBA's stated inflation target range of 2% -3%	The higher the indexation percentage, the higher the fair value
Long-term average discount rate	2.4% - 3.6%	The higher the discount rate percentage, the lower the fair value

(iii) 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 11 (other financial assets) and Note 12 (property, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

(iv) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Chief Accountant, Director of Corporate Services and Director of Technical Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1.11. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

<u>Notes</u>	<u>2015</u>	<u>2014</u>
	\$	\$
Note 14: Trade and other payables		
Current		
Creditors and accruals	1,562,140	3,517,491
GST payable	0	0
Annual leave payable	259,861	236,289
	<u>1,822,001</u>	<u>3,753,780</u>

Note 15: Provisions

Current		
Long service leave	33,556	58,436
	<u>33,556</u>	<u>58,436</u>
Non-current		
Long service leave	23,517	27,143
	<u>23,517</u>	<u>27,143</u>
Long service leave		
Balance at beginning of financial year	85,579	124,447
Long service leave entitlement arising	31,952	12,992
Long service leave entitlement extinguished	(20,775)	(15,483)
Long service leave entitlement paid	(39,683)	(36,377)
Balance at end of financial year	<u>57,073</u>	<u>85,579</u>

Note 16: Borrowings

Current		
Loans - Queensland Treasury Corporation	26,441	0
Non-current		
Loans - Queensland Treasury Corporation	713,559	0
	<u>740,000</u>	<u>0</u>
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	0	0
Loans raised	740,000	0
Principal repayments	0	0
Book value at end of financial year	<u>740,000</u>	<u>0</u>

The QTC loan market value at the reporting date was \$744,414,81. 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. The contracted undiscounted cashflow at balance date is shown below.

	0 to 1 year	1 - 5 Years	Over 5 years	Total
	2015	2015	2015	2015
	\$	\$	\$	\$
Loans -				
QTC	56,804	214,265	803,817	1,074,885
Total	56,804	214,265	803,817	1,074,885

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

<u>Notes</u>	<u>2015</u>	<u>2014</u>
	\$	\$
Note 17: Asset revaluation surplus		
Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	114,536,875	116,119,323
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings	(7,690,277)	(132,387)
Road, drainage and bridge network	(1,990,747)	(1,483,618)
Aerodrome	489,619	26,566
Sewerage	845,691	(238)
Water	147,202	7,229
Balance at end of financial year	<u>106,338,363</u>	<u>114,536,875</u>

Asset revaluation surplus analysis

The closing balance of the asset revaluation reserve is comprised of the following asset categories:

Buildings	85,511,173	93,201,450
Road, drainage and bridge network	11,976,570	13,967,317
Aerodrome	2,409,600	1,919,981
Sewerage	4,976,005	4,130,314
Water	1,465,015	1,317,813
	<u>106,338,363</u>	<u>114,536,875</u>

Note 18: Contingent liabilities

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

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being 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 of any year that a deficit arises.

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme, the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$106,127.62.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

<u>Notes</u>	<u>2015</u>	<u>2014</u>
	\$	\$
Note 19: 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	413,404	413,404
Security deposits	49,428	49,428
Mission account	<u>641</u>	<u>641</u>
	<u>463,473</u>	<u>463,473</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements. These funds are kept and maintained in a separate bank account by Council.

Note 20: Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation fund for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had 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.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 20: Superannuation (continued)

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Aurukun Shire Council made less than 4% of the total contributions to the plan in the 2014-15 financial year.

The next actuarial investigation will be conducted as at 1 July 2015.

The amount of superannuation contributions paid by the Aurukun Shire Council to the superannuation scheme in this period for the benefit of employees was:

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		\$	\$
Contributions	5	547,580	475,457

Note 21: Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		\$	\$
Net result		1,366,753	6,276,625
Non-cash operating items:			
Depreciation and amortisation		1,677,131	2,194,945
		<u>1,677,131</u>	<u>2,194,945</u>
Investing and development activities:			
Net (profit) loss on disposal of non-current assets	7	1,987,254	1,179
Loss on the transfer of assets to PBC via land transfer	7	0	9,044,902
(Gain) loss on revaluation of finance leases	7	(415,870)	(2,686,853)
Capital grants and contributions	4	(5,548,224)	(15,695,595)
		<u>(3,976,841)</u>	<u>(9,336,367)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables	9	(92,030)	(312,325)
(Increase)/decrease in other operating assets		196,734	(223,062)
Increase/(decrease) in payables	14	(1,931,779)	1,341,542
Increase/(decrease) in other provisions	15	(28,506)	(38,868)
		<u>(1,855,582)</u>	<u>767,287</u>
Net cash inflow/(outflow) from operating activities		<u>(2,788,539)</u>	<u>(97,510)</u>

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 22: Operating lease income (Council is lessor)

The Council has leased the Aurukun General Store to an operator until the 2 September 2015 with a five-year option. The lease receipts are based on 6% of gross sales calculated for each two month period.

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Lease receipts		\$ 496,662	\$ 511,689

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 23: Tied grants by project

Source of funds and/or projects	Balance 1/07/2014 \$	Revenue \$	Expense \$	Balance 30/06/2015 \$
General purpose grants				
Grants for the whole of Council:				
State government financial aid	0	1,082,092	1,082,092	0
Financial assistance grant	0	1,899,156	1,899,156	0
	0	2,981,248	2,981,248	0
Specific purpose grants				
Indigenous local government sustainability program	0	115,267	115,267	0
SGFA - Service delivery fund 2014/15	0	168,750	187,500	(18,750)
Business development plan	20,544	30,843	51,388	0
Natural disaster relief & recovery	(507,318)	2,169,559	2,923,186	(1,260,945)
TIDS	177,073	0	97,388	79,685
Royalties to Region	0	378,720	218,013	160,707
Aboriginal and Torres Strait Islander public health	17,637	150,309	167,946	0
Environmental health officer	79,032	0	79,032	0
Land & Sea Indigenous Rangers	17,306	0	17,306	0
Family income management	66,044	0	0	66,044
Get ready resilience initiative	0	3,390	3,390	0
Wik Rock workshop	0	4,544	4,544	0
WCCT - Aurukun swimming pool upgrade	27,273	0	0	27,273
HACC community care services (younger clients - recurrent)	0	75,914	75,914	0
HACC Aurukun community home help project (older clients - recurrent)	0	433,574	433,574	0
HACC - DCCSDS capital program	0	35,880	35,880	0
HACC - transitions (IT)	16,997	0	0	16,997
HACC - transitions no.2	35,566	0	35,566	0
Aged care package	367,433	0	62,471	304,963
Aged care Cape York jobs package	0	95,160	95,160	0
Home care packages - recurrent	0	265,338	171,967	93,371
Broadband for seniors	2,360	360	2,720	0
Healthy communities initiative - healthy lifestyles	93,531	0	51,082	42,449
Healthy communities initiative - woyan to country	69	0	69	0
Indigenous economic development	0	80,000	80,000	0
Aurukun sports & recreation opportunities	19,557	0	19,557	0
Indigenous knowledge centre	1,239	0	0	1,239
GraffitiSTOP	0	1,960	1,960	0
GraffitiSTOP cleanup	1,151	0	1,151	0
Volunteer grants	8,486	0	8,486	0
Child care centre - child care & family support -CC HUB	68,946	81,162	150,108	0
Child care centre - child care - Long Day Care	248	239,497	239,745	0
Child care centre - federal funded program	3,741	434,053	437,793	0
Child care centre - federal funded program variation	0	26,000	26,000	0
Child care centre - child and family support	8,522	0	8,522	0
Child care centre - vacation care	3,130	14,422	17,552	0
Locational supported playgroup	20,116	106,500	58,531	68,085
Koolkan Woyan Min HUB Program - Small Assets	0	38,000	24,572	13,428
	548,683	4,949,202	5,903,338	(405,453)
	548,683	7,930,450	8,884,586	(405,453)

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2015

Note 23: Tied grants by project (continued)

Source of funds and/or projects	Balance 1/07/2014 \$	Revenue \$	Expense \$	Balance 30/06/2015 \$
Specific purpose grants - continued				
Barge landing upgrade	181,360	0	0	181,360
Upgrade of Wuungkam Lodge	0	182,600	182,600	0
Tavern - revenue replacement program	0	667,700	667,700	0
Water infrastructure project	(12,219)	774,000	761,781	0
Aurukun Training House	0	157,500	157,500	0
Remote airstrip upgrade (Dept of Infrastructure and	75,303	0	0	75,303
Remote airstrip upgrade (Dept of Transport and Main	69,714	0	0	69,714
Queensland anzac centenary program	0	13,610	19,162	(5,553)
Aurukun community upgrades (cemetery, memorial and	185,685	0	185,685	0
Indigenous broadcasting program	6,650	15,000	9,768	11,882
Municipal services - outstations and homelands	0	0	105,730	(105,730)
National job creation municipal positions	0	94,528	94,528	0
Backing indigenous arts & CIAF (Arts Qld)	62,910	10,000	72,910	0
Ltd edition aluminium casting (Arts Qld)	1,762	0	1,762	0
Building skills and opportunities - ceramics workshop (Arts	3,005	300	3,305	0
Weaving fishing nets (Arts Qld)	0	9,500	9,500	0
WCCT - arts and cultural activities	18,112	0	8,121	9,992
RADF (Arts Qld)	14,596	12,000	26,596	0
IAC professional development fund	0	10,000	7,826	2,174
Arts and craft centre - IVAIS	6,360	150,000	156,360	0
Arts and craft centre (capital)	3,556	0	3,556	0
Arts and craft centre - Cape York job transition in arts	23,306	32,144	46,256	9,194
Art camps	654	0	654	0
Language camps	21,312	0	7,183	14,129
	662,068	2,128,882	2,528,484	262,466
Add back negative grants	519,537			1,390,977
	1,730,288			1,247,990
Unspent grant revenue				
			2015	2014
			\$	\$
Summary of grants unexpended				
			1,247,990	1,730,288
	8		1,247,990	1,730,288

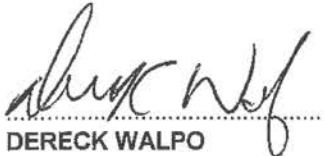
AURUKUN SHIRE COUNCIL
Financial Statements
For the year ended 30 June 2015

Management Certificate
For the year ended 30 June 2015

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

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

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 39, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



DERECK WALPO
Mayor

Date: 2/11/2015



BERNIE MCCARTHY
Chief Executive Officer

Date: 2/11/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Aurukun Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Aurukun Shire Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Aurukun Shire Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
FINANCIAL SUSTAINABILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

AURUKUN SHIRE COUNCIL
Financial Statements
For the year ended 30 June 2015

Current year financial sustainability statement

Long-term financial sustainability statement

Certificate of Accuracy for the current year financial sustainability statement

Certificate of Accuracy for the long-term financial sustainability statement

Independent Auditor's Report

**AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2015**

Measures of Financial Sustainability

Council's performance at 30 June 2015 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)	-17%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	212%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-67%	not greater than 60%

Note 1 - Basis of Preparation

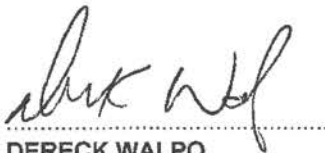
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2015

AURUKUN SHIRE COUNCIL
Certificate of Accuracy for the current year financial sustainability statement
For the year ended 30 June 2015

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.



DERECK WALPO
Mayor

Date: 2/11/2015



BERNIE MCCARTHY
Chief Executive Officer

Date: 2/11/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Aurukun Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Aurukun Shire Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

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

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Aurukun Shire Council, for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
Long-Term Financial Sustainability
Prepared as at 30 June 2015

Measures of Financial Sustainability

Council

Measure	Target	Actuals at 30 June 2015	Projected for the years ended									
			30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	31 June 2024	
Operating surplus ratio	Between 0% and 10%	-17%	-8%	-8%	-8%	-8%	-7%	-7%	-7%	-7%	-7%	-6%
Asset sustainability ratio	greater than 80%	212%	147%	96%	96%	97%	98%	98%	99%	100%	100%	100%
Net financial liabilities ratio	not greater than 60%	-67%	-55%	-59%	-56%	-57%	-56%	-55%	-54%	-54%	-54%	-53%

Aurukun Shire Council's Financial Management

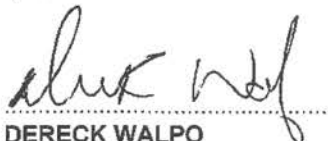
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2015

Certificate of Accuracy for the long-term financial sustainability statement

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.



DERECK WALPO
Mayor

Date: 2/11/2015



BERNIE MCCARTHY
Chief Executive Officer

Date: 2/11/2015

Aurukun Shire Council

Providing an improved quality of lifestyle for all Aurukun residents



Alcohol Management Plan

Aurukun Shire is a restricted area with zero carriage limit. This means that the shire, community (including the airport) is totally dry and no alcohol is allowed. Additionally local brew is not permitted and heavy fines apply for offenders. For more information please refer to:

<http://www.atsip.qld.gov.au/communities/alcohol-limits/alcohol-reforms/fag.html>

There are serious penalties for breaching the alcohol limits. Police have power to stop and search all vehicles, boats, planes, air passengers, etc. coming into the restricted area.

Feedback

Aurukun Shire Council aims to make this Annual Report transparent and easy to read. Council welcomes your feedback and suggestions for improvement. If you have comments you wish to share, please direct them to the Chief Executive Officer by phoning 07 4060 6800 or emailing ceo@aurukun.qld.gov.au

Photographs

Special acknowledgement for contributions from: Chris Byrne, Kerry Trapnell, Bernie McCarthy, Zuzana Orme, Ian Davis, Graham Poon.

For next year's annual report, Council is looking for photographs which truly represent the heart of the Shire and its people. Aurukun Shire has many unique features and young and old photographers are encouraged to contribute images of its people at play and work plus our beautiful scenery. Any chosen photos will be acknowledged in the report.

Contact Details

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E-mail address: council@aurukun.qld.gov.au

ABN: 32 338 490 426

GST Registered: Yes (01/07/2000)

Website: www.aurukun.qld.gov

Facebook: <https://www.facebook.com/AurukunShireCouncil>



CIAF 2015 at Tanks Cairns: Aurukun Artists