

# AURUKUN SHIRE COUNCIL



## 2012/2013 ANNUAL REPORT





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## MESSAGE FROM THE MAYOR



The past year has certainly been challenging for Aurukun Shire Council.

The new council has done extremely well to develop into a positive working team and the efforts of all Councillors will continue to improve with more training and continued commitment.

Aurukun Shire continues to be faced with the challenge of undertaking all the requirements of legislation and provision of community services whilst having its government funding reduced.

However Council has again achieved an unqualified audit report from the Queensland Audit Office indicating that Council's financial and operational processes are to a high standard.

The past year has seen Council fully preoccupied with discussions with mining proponents, mining advisors and government personnel for the Aurukun bauxite mining lease. The meeting process will be completed by late August before the remaining proponents lodge their lease application with State Government. We then look forward to a positive outcome for the Aurukun Shire, township and Traditional Owners when the State Government's decision is announced in December 2013.

The future for our people is extremely encouraging with increased employment and training opportunities on the horizon. We must grasp this chance and get away from welfare dependency.

The infrastructure of the township continues to be enhanced with the completion of the Aurukun "Sam Kerindun Snr" Business Precinct and training centre. The other projects to be completed before end of 2013 include barge ramp, new cemetery, and community housing.

Finally with our new staff organisation structure based here in Aurukun, Council looks forward to working with a stronger and more proactive management team.

**Cr. Dereck Walpo**  
**Mayor of Aurukun Shire Council**

# 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 - Ada Woolla, Edgar Kerindun, Angus Kerindun, Dereck Walpo, Vera Koomeeta** Photo - Lisa Gottani, KIS Photography

## COUNCILLOR PROFILES

<b>Mayor Cr Dereck Walpo</b>	Served 1994/97; 2004/08. Elected 2012 to date. Portfolio – Health/Sport and Recreation, Business Development Council Representative: <ul style="list-style-type: none"> <li>Local Government Association of Queensland (LGAQ)</li> <li>Region Organisation Council Cape York (ROCCY)</li> <li>Cape York Sustainable Futures (CYSF)</li> </ul>
<b>Deputy Mayor Cr Angus Kerindun</b>	Served 2008/2012. Elected 2012 to date. Portfolio – Housing Council Representative: <ul style="list-style-type: none"> <li>Western Cape Communities Coordinating Committee (WCCCA)</li> </ul>
<b>Cr Edgar Kerindun</b>	Elected 2012 to date. Portfolio – Transport and Infrastructure, Environment Member: Family Responsibilities Commission
<b>Cr Ada Woolla</b>	Served 1991/1994; Elected 2012 to date. Portfolio – Education Services, Arts, Craft, Culture Member: Family Responsibilities Commission
<b>Cr Vera Koomeeta</b>	Elected 2012 to date. Portfolio – Community Services, Training, Employment Member: Family Responsibilities Commission

## OUR SENIOR EXECUTIVE TEAM

<b>Chief Executive Officer</b>	Bernie McCarthy
<b>Director Corporate and Community Services</b>	Ron Fenner
<b>Director Technical Services</b>	Robert Love
<b>Chief Accountant</b>	Felicia Yeow

### Land Tenure

The Council is responsible for land assigned to it under a Lease granted to the Council pursuant to the provisions of the Local Government (Aboriginal Lands) Act 1978 over an area of about 750,000 hectares described as Lot 1 on Plan SC211. The term of the Lease has been extended to November 3, 2059.

This will change on 18 September, 2013 with a land handover ceremony for the transfer of Aurukun Shire Lease land and unallocated State land to Ngan Aak-Kunch Aboriginal Corporation RNTBC and Aurukun Shire Lease land and reserve land to Aurukun Shire Council. This ceremony will include delivery of deeds of grant to Ngan Aak-Kunch Aboriginal Corporation RNTBC and Aurukun Shire Council.

### 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, Bakery & Laundromat.
- 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 (Tuxworth & Woods; Hawkins)
  - Wet Season (Sea Swift Barge Service)
- Police Citizens Youth Club/Activities (Cape PCYC)
- Sports Stadium
- Gymnasium
- Skate ramp
- Pool (to be repaired)
- Rugby Field

- Tennis/Basketball Court
- Art Gallery
- Guest Houses
- Accommodation Units
- Supermarket and fast food take-away (with fuel sales)
- Churches
- Australian Christian Churches
- Kids Club
- Old Tavern (possible Community Centre)
- Fuel outlet
- Boat ramp for recreational fishing
- Training Centre
- Family Responsibilities Commission
- Community Justice Group
- Local Program Office
- Department of Housing
- Cape York Employment (CDEP)
- Aak Puul Ngantam (APN) Office
- Ngan Aak Kunch (NAK) Office/Depot
- Child Support Services
- Women's Shelter
- HACC Facility (aged care respite centre)
- Rio Tinto Alcan Office
- Ergon Power Station
- Radio Stations: ABC, Blackstar, Vision
- TV Stations: ABC Regional, SBS, AABC 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 790km (11hrs) 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. Aurukun is rated as: 5. Very Remote (ARIA score >9.08 - 12) - very little accessibility of goods, services and opportunities for social interaction.

### 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. Aurukun is rated in the poorest 5% of communities Australia-wide. The 34 discrete Indigenous Queensland communities rank below all 123 other Queensland communities and Aurukun is the 11th lowest ranking among them.



### 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. Since 2007/08 (when the average rate of school attendance was recorded as 37.9%) the rate of attendance as at August 2013 is 64%.

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 - 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 in the next two years includes: a large number of new community dwellings and refurbishments; upgrading of the water supply; the development of a major art complex. The HACC Respite Centre is also due for completion soon as well. Refurbishment of the swimming pool and recreation hall; and refurbishment of the former Tavern building, are all planned for the future.

## 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: [www.datsima.qld.gov.au/atsis/government/programs-and-initiatives/alcohol-reforms/community-alcohol-limits/aurukun-alcohol-limits](http://www.datsima.qld.gov.au/atsis/government/programs-and-initiatives/alcohol-reforms/community-alcohol-limits/aurukun-alcohol-limits)

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.

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### **Corporate Vision**

*(extracted from ASC's Corporate Plan)*

#### Community

Aurukun will continue to strive to be the leading Cape York Aboriginal Community providing a safe and healthy living environment for its people.

#### Employment

Increased employment opportunities for local Indigenous people will continue to be the focus of all community programs and projects.

#### Education and Training

People will have access to appropriate education and training programs aimed specifically at improving their employment opportunities.

#### Economy

Support and encourage employment of local people by development of economic opportunities through both local and joint venture initiatives.

#### Land and Sea

Implementation of management programs to support traditional owners to preserve and manage their land and sea resources for the benefit of the current and future generations.

## 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.

## 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 - The Council provides housing within Aurukun with a stock of 182 community houses and 16 staff houses. The new federally funded 10 year housing programme commenced this year. The Federal Government has allocated money to the Queensland State Government to build 91 houses and complete 247 refurbishments over the next 10 years in Aurukun. This will have a significant impact on the current level of overcrowding in community housing. The Remote Indigenous Land and Infrastructure Program Office assists in removing impediments that may impact on the program. This program will relieve overcrowding and facilitate social and economic development in Aurukun. 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.

## Our Environment

Wik, Wik Way & Kugu Country - Almost the whole Shire is comprised in 5 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.

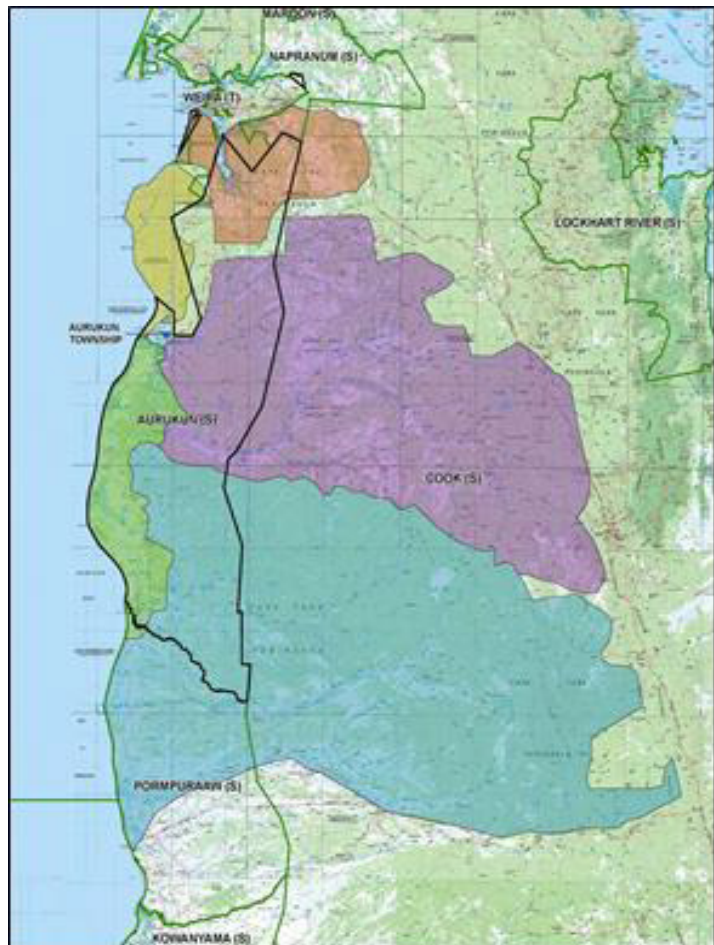
Rich in barramundi, mud crabs and numerous other species including some that are rare and threatened the lands and waters of the Aurukun Shire benefit from having had little commercial exploitation. Many areas have large shell middens left by the ancient Aboriginal populations. These contain valuable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

### Fishing & Wetlands Charters

Aurukun Wetlands Charters conduct eco-cultural charter tours and fishing tours in the Aurukun Wetlands and adjacent waters.

### Access to country

Unless booking through Aurukun Wetland Charters, specific approval is required for those who wish to camp, hunt or fish within the Shire. Requests for approval should be made 6 weeks in advance and should be:

- posted to the CEO, PO Box 887N, North Cairns QLD
- faxed to 07 4060 6191; or
- emailed to [admin@aurukun.qld.gov.au](mailto:admin@aurukun.qld.gov.au).

### Meals and Supplies in Aurukun

Accommodation in Aurukun is provided on a self-catering basis. You will need to purchase and cook your own meals. However, there is a takeaway food bar at the General Store which is usually open to 5:00 p.m. on weekdays serving a variety of takeaway meals. The General Store carries a range of foodstuffs including groceries, milk, meat and fruit and vegetables. The hours of the General Store are 8:00 a.m. to 12:30 p.m. and 1:30 p.m. to 5:30 p.m. weekdays. The General Store also opens on Saturday mornings. 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.

A new café and bakery operate out of the Sam Keridun Snr Business Precinct Building in Kang Kang Street. These outlets operate 6 days per week - 8:00 am to 6:00 pm daily.

### Travel & Transport to Aurukun - By Road

Aurukun is approximately 752 km by road from Mareeba and 815 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](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 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 759 872. 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 4 days, leaving on a Tuesday and arriving in Weipa on Friday. Seaswift can be contacted on 07 4035 1234.



**Barge Landing Project** *(now completed)*



**Mechanical workshop guys**



**Stores fuel attendant**

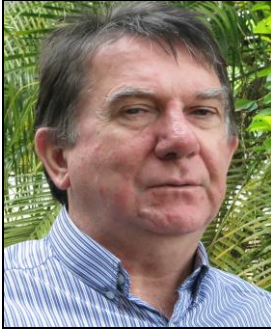


**Office grounds staff**



**Cleaning team**

## MESSAGE FROM THE CEO



I thank Council for appointing me to the position of Chief Executive Officer in February 2013.

There certainly have been many challenges to implement a new organisation structure after this was adopted in March 2013. There is now a stronger focus on Aurukun community with all three senior managers working from the Aurukun office.

The completion of the Aurukun Business Precinct has been a major achievement and it is pleasing to see that Council's two major customer service units have been relocated there from Council's administration office. A redeveloped Council office is now planned and this will be completed during the forthcoming year.

A stronger emphasis on Council's communications to the community has been introduced with enhanced notification of Council's deliberations and activities plus a redeveloped website.

We have many challenges in the forthcoming year including the adoption of a new corporate plan, completion of the draft community plan, final adoption of the town planning scheme and implementation of local laws.

The financial statements for 2012/13 reflect improvements in Council's financial position. In order to bring Council to a stronger financial position, Council will continue to stringently monitor its budget and to concentrate on core business activities.

Council continues to face many challenges operating in an environment of increased community expectations in relation to financial sustainability and the governance standards required by all tiers of Government. A high level of commitment and leadership from Council and management is needed to meet these ongoing challenges.

Asset management continues to need major emphasis. Our infrastructure assets such as local roads, water, sewerage, waste disposal, public buildings and recreational facilities, provide our community with vital services. But these assets are expensive to maintain and require periodic replacement due to wear and tear. The implementation of an improved asset management process will enable better decision making and sustainability.

Our key priorities for 2013/14 and beyond are improved and affordable infrastructure, water reticulation, community well-being and harmony, respect for community assets, employment for local residents, governance, managing Council's finances and effective service delivery.

Your support and positive engagement is needed to improve the quality of life for Aurukun residents.

**Bernie McCarthy**  
**Chief Executive Officer**

## Report from Director Corporate and Community Services



**Ron Fenner**

The financial year ending 30 June 2013 experienced much change.

Two new departments were formed in April of which Corporate and Community Services was one.

The department covers all Community services provided such as HACC, Childcare, Arts, Healthy Communities and Community Policing; while in the Corporate Services area Grants, Finance, IT, HR, Customer Service such as the Bank and Post Office and Records.

It also marked my return to Aurukun after 20 years in the public and the private sector to permanently take over the reins of the new department.

### Community Services

#### **Arts Centre**

Dev Lengel was appointed as the new manager in January. He has been active in promoting and selling Aurukun art as well as encouraging younger school children to be involved in learning art from the more established artists. Funding for a new women's art centre as part of the centre upgrade has been secured and the work should commence in the current financial year.



Art Centre Gallery



Indigenous Knowledge Centre



Kids at Child Care

#### **Home and Community Care (HACC)**

Zuzana Orme was welcomed in June 2013 as the new centre manager after the departure of Christine and Robert Friend.

Work is continuing on the new HACC centre which will offer day respite and should be opened in mid 2012/13 financial year.

Funding has also been successful in regard to transitional funding for the changes required by the government departments such as Department of Communities, Department of Health and Aging and Disability Services to the HACC programs

The program provides services to about 60 clients who receive the HACC and Community Aged Care Package (CACP) services. The services provided include:

- Domestic Assistance
- Social Support
- Personal Care
- Meals
- Centre Based Care
- Respite Care
- Transport
- Home Maintenance
- Client Care Coordination

### **Childcare Centre**

The centre's kitchen has been refurbished as well as offices and play areas in 2012. A replacement second hand bus is planned to be purchased for the centre in the new financial year. The locational playgroup has been operating throughout this period and funding has been secured for a Family Support Hub Coordinator in 2013. Staff has been helped in their training through the learning workshop. The Wik Inana newsletter has been produced from the centre for the last 4 months with the help of Monica Haynes from the IKC

A thank you to Brenda, our new employee Marlene and her team for providing such a vital service to some of the youngest members of the community.

### **Healthy Communities Program**

The program was a critical plank in improving the health of the community residents. For most of the year this role was taken by Rodney Wright until his departure in May. The gym is very well supported by members of the community.

### **Community Police**

The community police continue to provide an important service to the community and are held in high regards by the Qld Police Service. The large operational cost is of major concern and it is hoped that the State Government will provide funding to enable this program to continue.

### **Indigenous Knowledge Centre (IKC) and Radio Broadcasting Services**

Achievements for the year have included:

- Increased patronage from just over 200 in first month of opening to over 600 at end-of-financial-year.
- Worked with Council and QRAM to have radio studio fixed, resulting in community radio getting back up and running. Interviews, community notices, and station call signs have been broadcast in English and Wik Mungkan.
- Provided work experience training to disengaged youth, in the radio studio, and the newspaper, which resulted in one student being successful in a paid Council role as the RIBS Trainee.
- Re-established the production of the community newsletter, the Wik Inana, a much-loved community asset, and have been publishing on a monthly basis since April 2013. It is now seeing contributions written by community members themselves.
- Established a weekly interactive reading and borrowing session with Koolkan Childcare to improve literacy through increased exposure.
- Ongoing collaboration to prepare reading materials in Wik Mungkan. Of those produced in the IKC, one is at press-ready stage at time of writing, and two more are works-in-progress.

- Aurukun Multimedia Project, funded by DATSIMA, will be run through the IKC. Necessary equipment, software and webhosting has been purchased and installed in IKC, with training due to be rolled out next financial year.

### **Sport and Recreation**

In 2013/14 council's role partnering PCYC will be expanded with use of council facilities by PCYC to run sporting and recreation programs.

### **Corporate Services**

#### **Customer Service**

The major achievement was implementing the operation of the council's post office and bank operations in the new Aurukun Business Precinct. The shift was a credit to Office Manager, Kylie Van De Velde. These new premises are a huge improvement over the old ones and offer modern facilities which would be found in not many other small towns.



Australia Post trainer Chris Juniper and Fiona Kelinda (Customer Service Officer) in the old Post Office

#### **Staff Housing**

2012-13 marked the first full year since the handover of community housing back to the state agency. This meant a major refocusing of housing back to staff housing.

#### **Information Technology**

IT is an essential service supplied to internal council users and the service was upgraded late in the year to include a new server in Aurukun and the greater bandwidth on the Telstra service which should have reduced the slow connectivity issue

#### **Finance**

This is an ever increasing and changing function within council. This year saw completion of the first stage of the asset management plan. Council also received an unqualified audit so credit needs to go to the finance team for this achievement.

The format of monthly finance reports to council have been changed in order to provide more meaningful management reports on a regular basis as well as meet statutory obligations.

### **Human Resources**

This section has also seen much change during the year with the introduction of new policies covering important processes to support the employees and set standards for appropriate behaviour. Council is looking at introducing more contemporary procedures in the new financial year.

### **Business Development /Grants**

Bill Watson has worked on numerous grants and has successfully applied for funding in the following areas:

Community Safety Plan(Qld. Dept. of Aboriginal & Torres Strait Islander and Multicultural Affairs)	\$ 7,500
Arts Centre (Office for the Arts - Department of Regional Australia, Local Government, Arts and Sport)	\$456,117
Art Centre Operations Western Cape Communities Trust	\$ 33,450

### **Records Management**

This is another area where council is currently attempting to secure funding for a review of the existing system

A big thank you to all my managers and we look forward to 2013-14 to continue to work together for the betterment of Aurukun and its residents.

### **Ron Fenner**

#### **Director Corporate and Community Services**



**Bendigo Bank Agency**

## **Report from Director Technical Services**



**Rob Love**

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

### **1. Civil Construction and Maintenance**

#### **a. Roads**

The shire roads include approximately 18 km sealed road within the community, and 59 km of largely unsealed rural road. Minor maintenance of community streets is undertaken on an ongoing basis whilst a targeted maintenance program occurs once per year for rural sections

#### **b. New Cemetery**

A new cemetery is planned for the community and is scheduled to be complete by December 2013.

The site is located to the west of the Airport and will be accessed by the road leading to Oban. It will include car parking, shelter sheds and will be fenced to protect against animal intrusion.

#### **c. Barge Ramp**

Construction of the barge ramp is has commenced and is scheduled for completion by late August. The facility will be available for community use when barges are not in port. For safety and amenity reasons, a side access track has been included for community use during times when barges are using the main ramp. The facility will provide a useful asset improving service for both recreational and commercial use.

#### **d. Sports Oval Upgrade**

Upgrades to the football field are to commence shortly including improvement of the playing surface, line marking and repairs to fencing. Work is scheduled for completion by December 2013.

### **2. Building Construction and Maintenance**

#### **a. Housing Maintenance.**

Ongoing maintenance of community and staff housing has been undertaken in conjunction with Building and Asset Services and the Community Services Department of Council. In addition an ongoing maintenance program for staff housing has been developed for 2013/2014 financial year.

b. **Women's Art Centre**

Tenders for the Women's Arts Centre have been called by Department of Housing and Public Works with a decision on the successful contractor yet to be announced.

**3. Water and Sewerage Maintenance**

Water supply for Aurukun is drawn from five bores located throughout the town. Whilst naturally low in pH, treatment at the Council operated treatment ensures an abundant supply of high quality drinking water.

Aurukun is seweraged with four pump stations including in the infrastructure which pump effluent to treatment ponds on the western side of the community. This plant is also operated by Council staff. Upgrades of water supply and sewerage infrastructure are largely complete and about to become operational pending commissioning of new water supply reservoir, completion of house connections and commissioning of telemetry in conjunction with the Department of Local Government.

**4. Workshop Operations**

Plant and light vehicle repairs are undertaken at the Council run workshop. This facility also offers a limited repair service to community members.

Depot upgrades are planned for 2013/2014 including relocation and upgrades to the tyre bay and additional plant storage facilities.

**5. Environmental Health and Animal Control**

Aurukun Shire Council provides an Environmental Health Service covering solid waste collection and disposal, animal management (including education aspects) , food safety inspection program in conjunction with Queensland Health and ongoing monitoring for any disease outbreaks within the community.

**6. Airport Operations**

Council maintains and operates the Aurukun Airport which boasts a 1240 metre sealed runway. The runway is lit and is suitable for night use. Aviation fuel is stored at the airport and is available to aircraft using the airport. Recent upgrades to the Airport have included resealing of the runway, installation of emergency generator, upgrade to communication systems and purchase of dedicated tractor and slasher for airport maintenance. A regular passenger service from Aurukun to Cairns is operated by Skytrans five days per week. In addition, the airport is used regularly by the Royal Flying Doctor Service and regular charter services from both Weipa and Cairns.

**7. Disaster Management**

Council also assists with provision of services during emergencies such as storms and cyclones, bushfires, epidemics, medical evacuations, motor vehicle accidents, aircraft accidents and infrastructure failure.

In particular, Council works provides the following support to community organisations:

- a. Works in conjunction with Qld Fire Service providing and maintaining a fire appliance plus staff support.
- b. Supports Volunteer Marine Rescue with equipment storage and staff support.
- c. Works in cooperation with Queensland Police to provide services during storms and cyclone events.

**Robert Love**

**Director Technical Services.**

# Organisation Chart (as at June 30th 2013)

## Chart 1

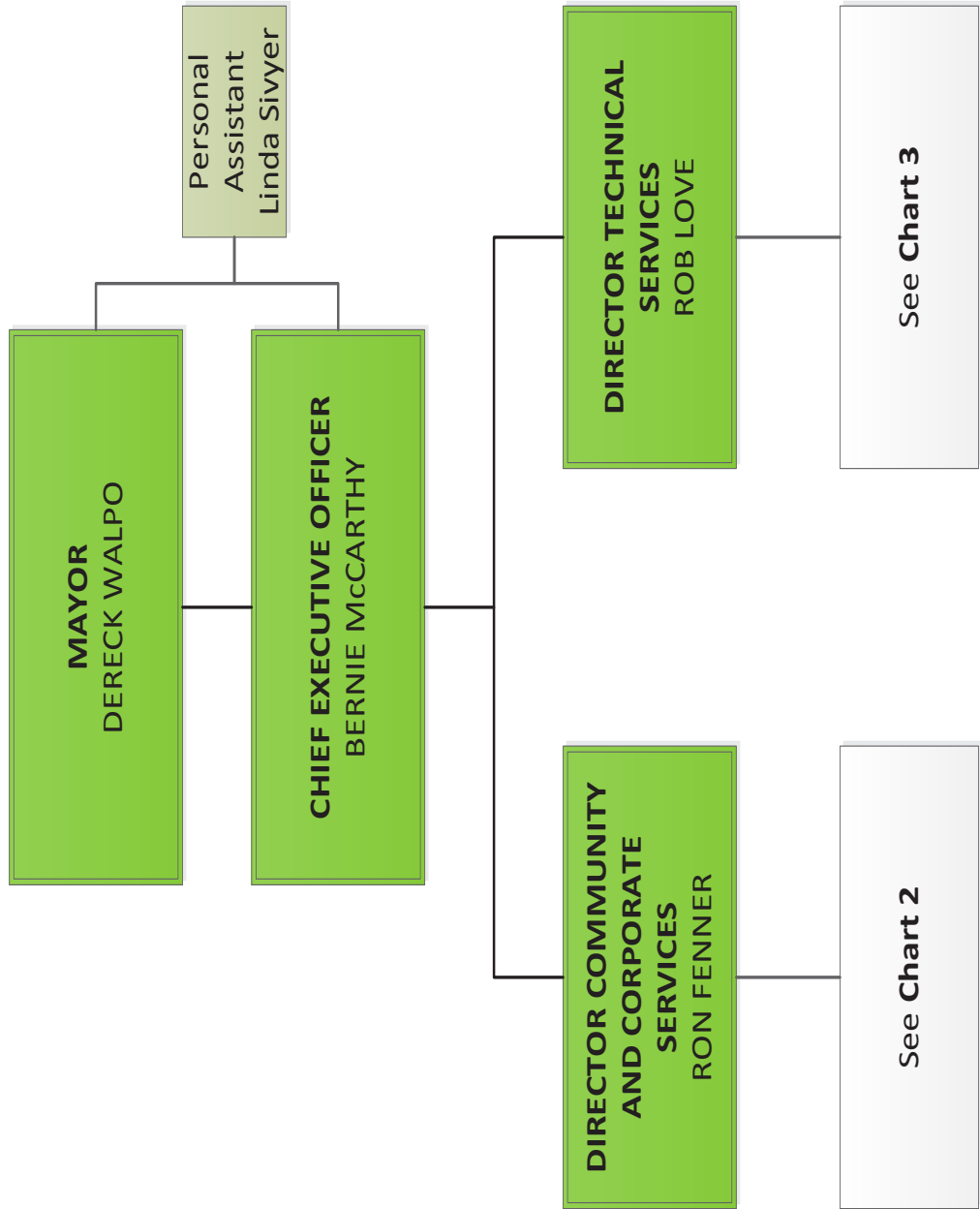
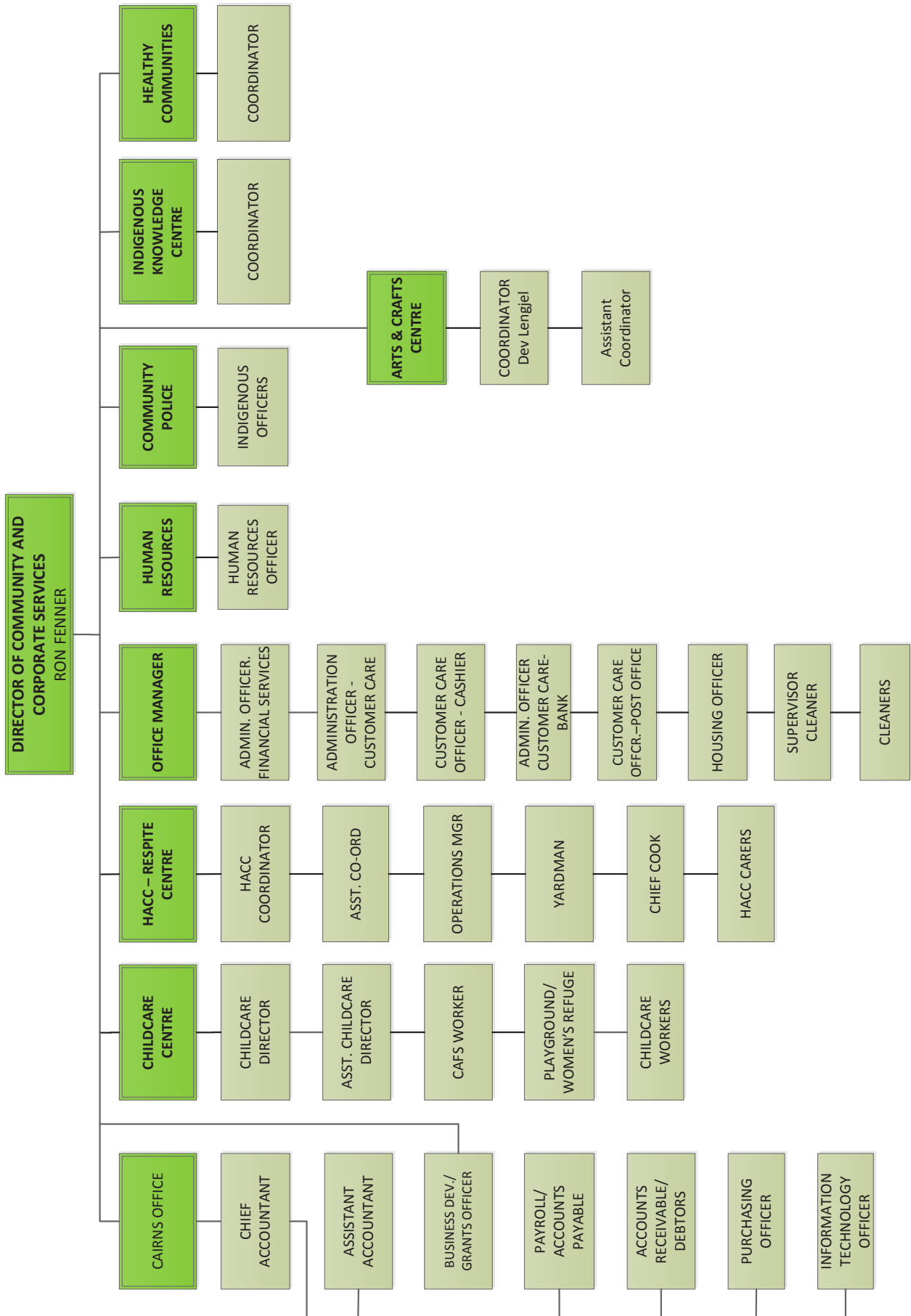
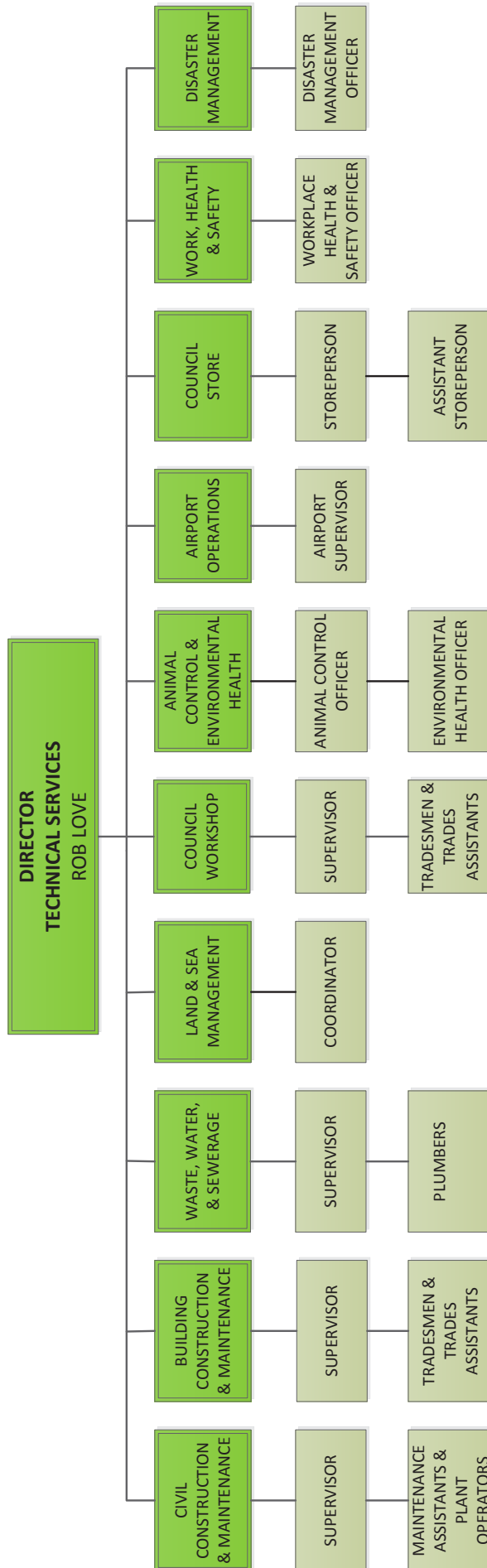


Chart 2



**Chart 3**



## Community Financial Report

This community financial report shows a summary of the Financial Statements with the aim of providing understandable information to the members of our community. The use of graphs allows readers to easily evaluate Council's financial performance and financial position. The Council continues to work hard to ensure it remains in strong financial position to provide services to the Aurukun community through sound financial management using the budget, corporate plan and operational plan.

The financial statements in this report cover the period 1 July 2012 to 30 June 2013. The financial statements contained in this report include:

- **Statement of Comprehensive Income** – displays Council's revenue and expenses. The profit or loss of the Council for the year is the difference between the revenue and expenses and is also referred to as the net result attributable to Council.
- **Statement of Financial Position** – displays the assets (what Council owns), liabilities (what Council owes) and community equity (total assets less total liabilities). Community equity is also an indication of how healthy the position of Council is at a given point in time.
- **Statement of Changes in equity** – presents a summary of transfers to and from equity accounts including asset revaluation surplus, retained surplus and other reserves.
- **Statement of Cash Flows** – reports how revenue received and expenses paid impact on the cash balances of Council. Refer to the Financial Statements for more detail.
- **Notes to the Financial Statements** – provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.



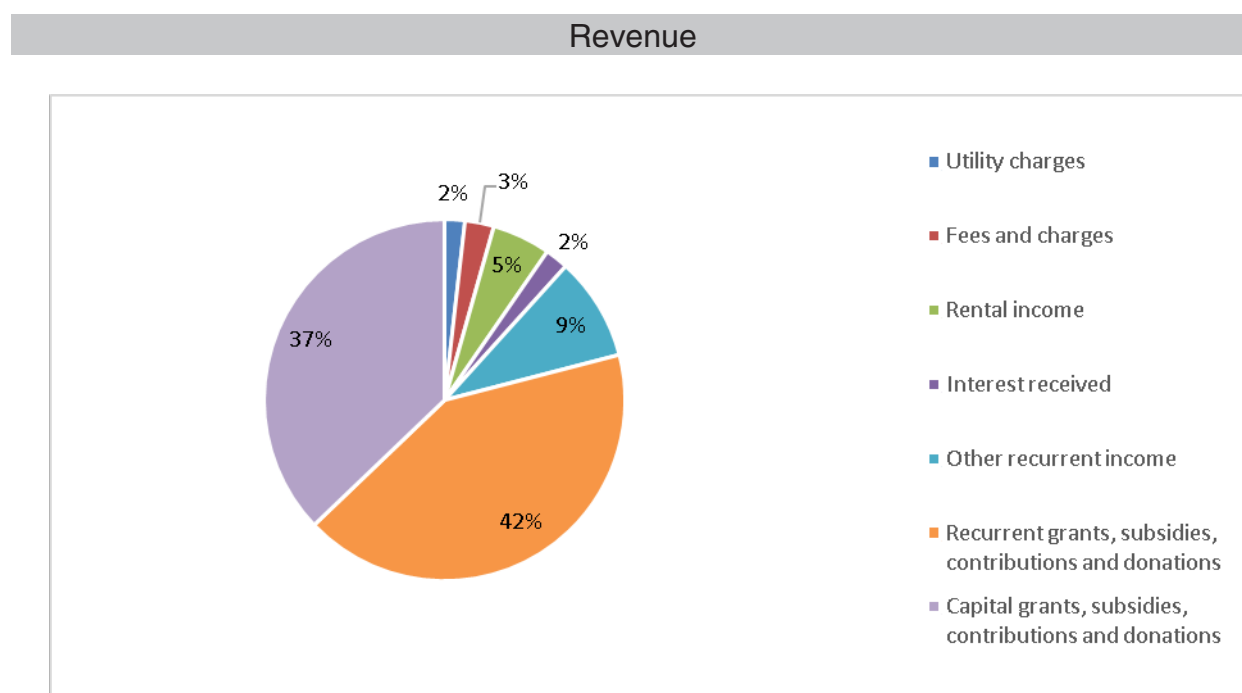
Painting by Franciska Walmbeng, Aurukun

## STATEMENT OF COMPREHENSIVE INCOME

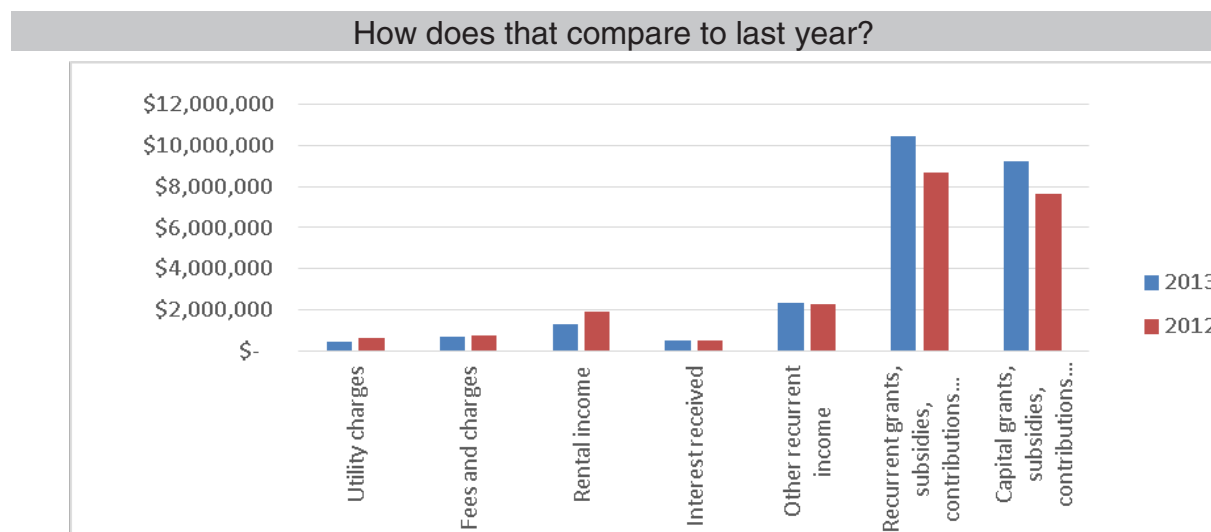
### REVENUE

The Council aims to raise money in order to maintain the delivery of services during the current and future years.

Revenue for the 2012/13 financial year is derived from a variety of sources as shown in graph 1 below. More than half (79%) of Council's revenue is from grant, subsidies and contribution. Other significant sources of revenue are from other recurrent income (9%) and rental income (5%).

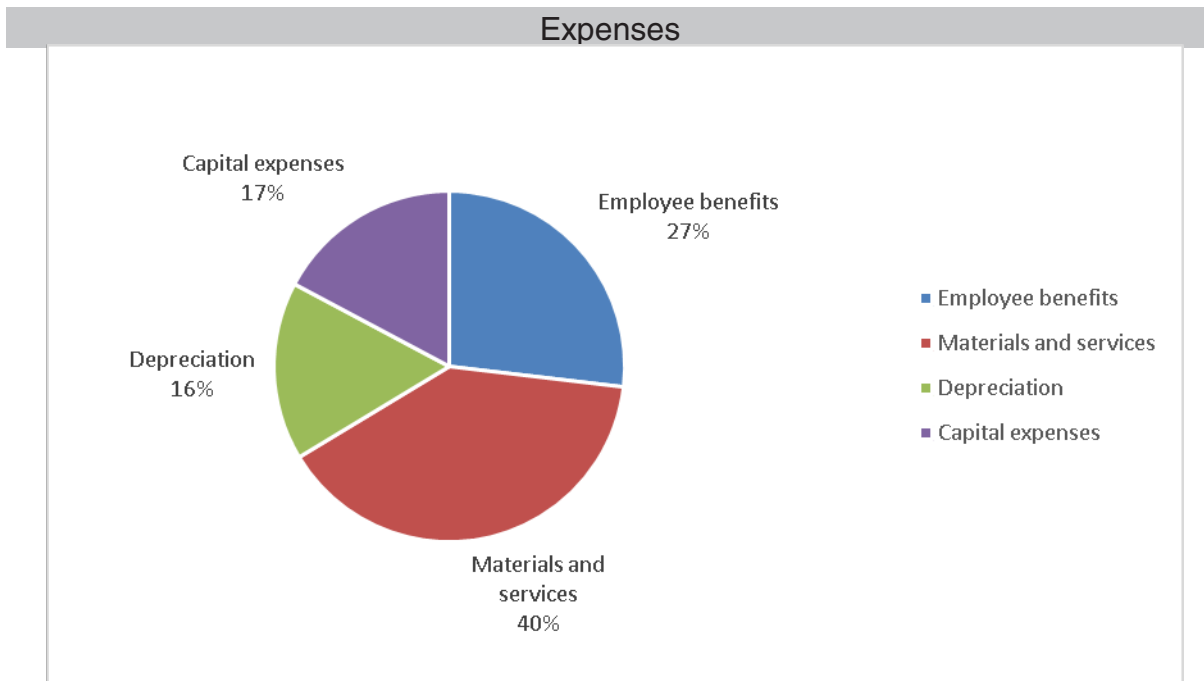


Income	2013	2012
Utility charges	\$ 449,770	\$ 628,381
Fees and charges	\$ 648,026	\$ 738,850
Rental income	\$ 1,302,429	\$ 1,886,709
Interest received	\$ 515,810	\$ 519,938
Other recurrent income	\$ 2,306,636	\$ 2,242,892
Recurrent grants, subsidies, contributions and donations	\$ 10,439,441	\$ 8,697,699
Capital grants, subsidies, contributions and donations	\$ 9,251,078	\$ 7,641,170
<b>Total Income</b>	<b>\$ 24,913,190</b>	<b>\$ 22,355,639</b>

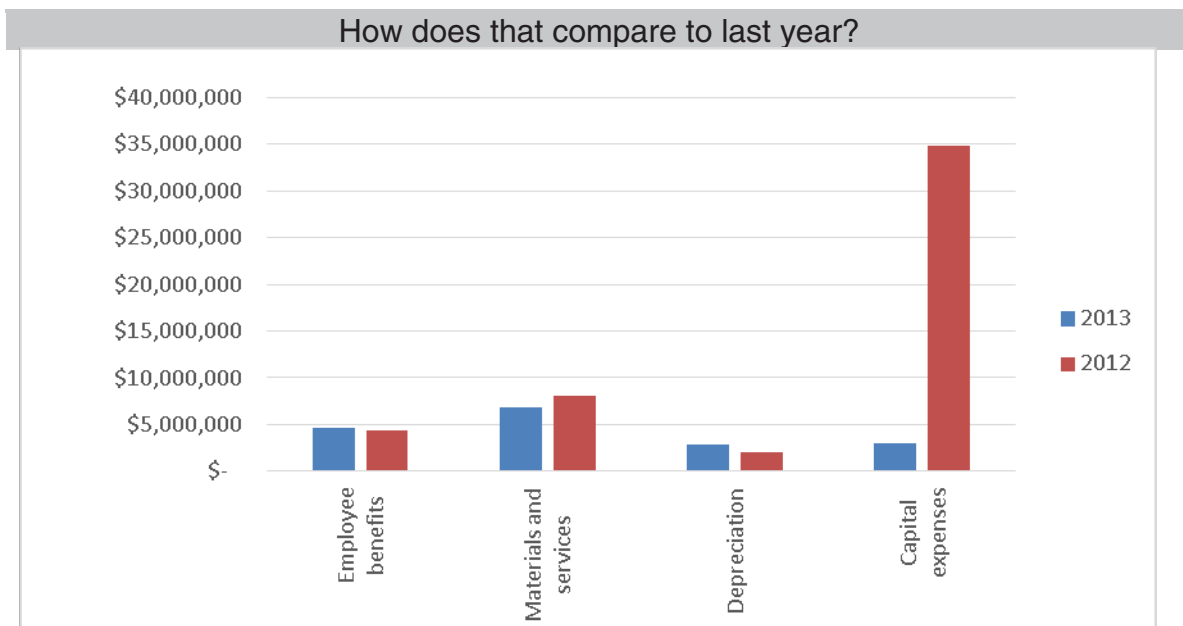


## EXPENSES

Materials and services and employee costs make up 67% of the total expenditure for Council as shown in graph 2. Council has a strong labour workforce to provide maintenance, water and waste services, child care, aged care, community services and capital infrastructure for the community.



Expenses	2013	2012
Employee benefits	\$ 4,678,958	\$ 4,312,008
Materials and services	\$ 6,879,858	\$ 8,145,899
Depreciation	\$ 2,859,957	\$ 2,075,674
Capital expenses	\$ 2,999,485	\$34,759,439
<b>Total Expenses</b>	<b>\$17,418,258</b>	<b>\$49,293,020</b>

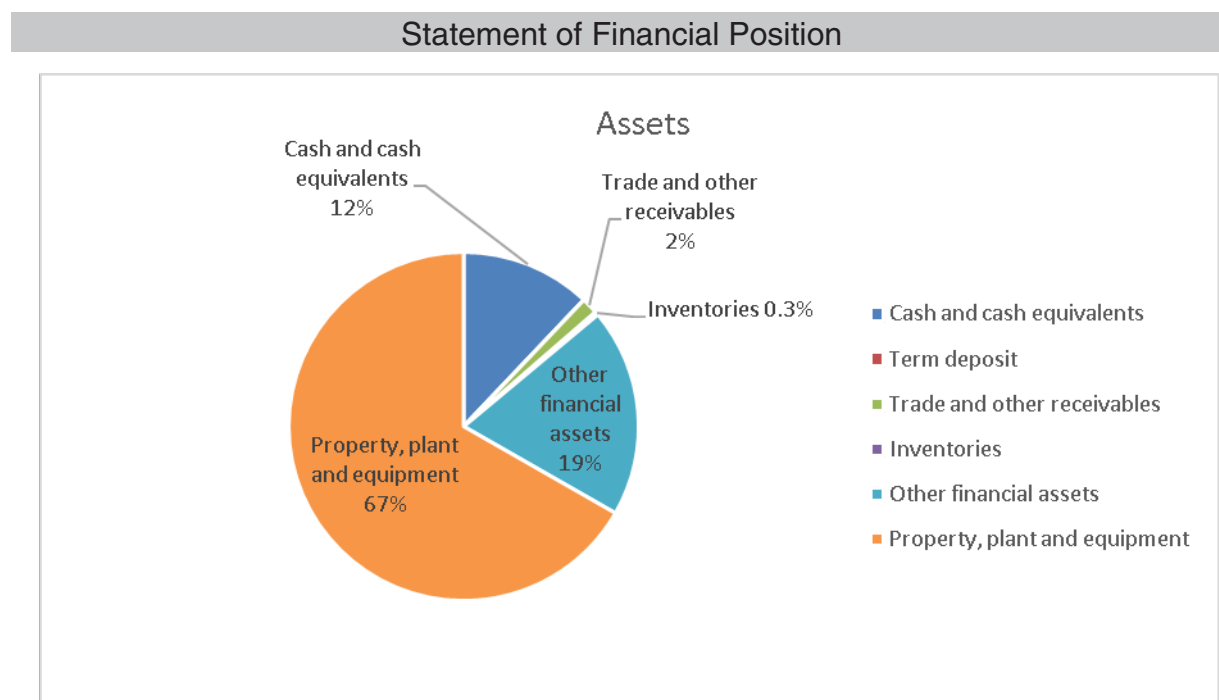


## STATEMENT OF FINANCIAL POSITION

### ASSETS

Council assets as at 30 June 2013 total \$116,070,855. Property, plant and equipment makes up 67% of total assets, followed by 40-year finance leases on social housing 19%.

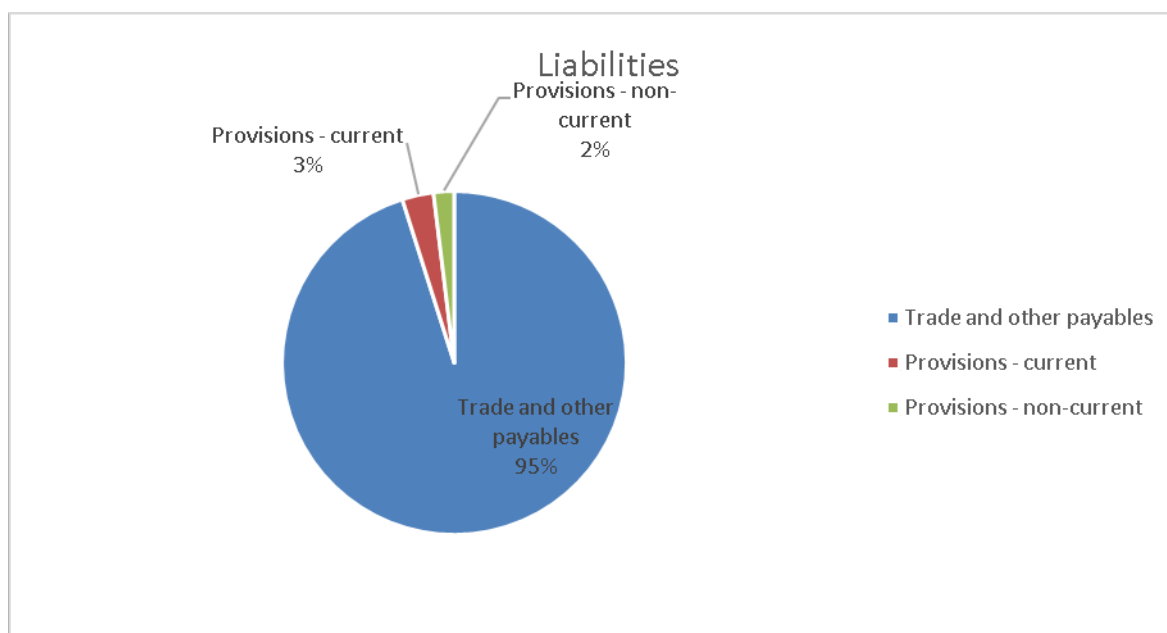
As shown in graph 3 below, current assets consist of cash and cash equivalents, trade and other receivables, inventories and other financial assets. Non-current assets consist of long term assets like property, plant and equipment and capital works in progress.



<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 14,020,341	\$ 15,126,130
Term deposit	\$ -	\$ 1,027,011
Trade and other receivables	\$ 1,792,688	\$ 702,428
Inventories	\$ 355,968	\$ 295,750
Other financial assets	\$ 22,435,214	\$ 20,378,667
Property, plant and equipment	\$ 77,466,644	\$ 73,474,454
<b>Total Assets</b>	<b>\$116,070,856</b>	<b>\$111,004,441</b>

## LIABILITIES

Total liabilities as at 30 June 2013 are \$2,536,685. Liabilities mostly consist of amounts owing to suppliers (95%) and amounts owing to employees for leave entitlements (5%) as shown in graph 4 (below).



Liabilities	2013	2012
Trade and other payables	\$ 2,412,238	\$ 5,396,834
Provisions - current	\$ 75,167	\$ 56,382
Provisions - non-current	\$ 49,280	\$ 80,798
<b>Total Liabilities</b>	<b>\$ 2,536,685</b>	<b>\$ 5,534,014</b>

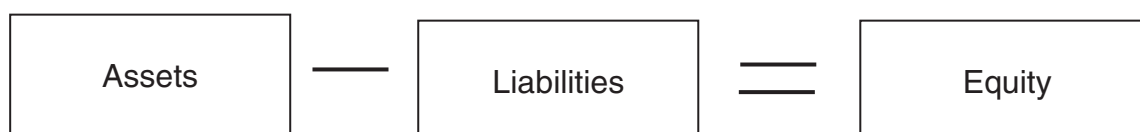
## COMMUNITY EQUITY

Council's total community equity as at 30 June 2013 is \$113,534,170. Community equity is equal to total assets (what we own) minus total liabilities (what we owe).

The asset revaluation reserve represents the increase in values of property, plant and equipment.

Further details and a breakdown of the community equity can be found in the notes to the financial statements from note 16 to 18.

### Community Equity



Equity	2013	2012
Total Assets	\$116,070,856	\$111,004,441
Total Liabilities	\$ 2,536,685	\$ 5,534,014
<b>Total Equity</b>	<b>\$113,534,171</b>	<b>\$105,470,427</b>

### How does that compare to last year?



# 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 2012/2013:

2012/2013	Ordinary Meetings	Special Meetings
Cr Walpo	10	10
Cr Angus Kerindun	9	10
Cr Koomeeta	7	8
Cr Woolla	9	10
Cr Edgar Kerindun	8	10

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

Councillor	Gross \$	Superannuation \$	Total \$
Cr Dereck Walpo	90,227	8,120	98,347
Cr Angus Kerindun	50,854	4,577	55,431
Cr Edgar Kerindun	34,864	4,184	39,048
Cr Vera Koomeeta	43,583	5,230	48,813
Cr Ada Woolla	34,864	4,184	39,048

### Resolution – Councillors Remuneration

Notice is hereby given that at a Special Meeting of Council held on 26 February 2013, the following resolution was passed:

RESOLVED THAT Council sets the 2013 Remuneration for the Mayor, Deputy Mayor and Councillors as outlined in the Remuneration Schedule as follows:

Mayor - 65% of the reference rate (\$140,578) which represents \$91,376 p.a.;  
Deputy Mayor - 37.5% of the reference rate (\$140,578) which represents \$52,717 p.a.;  
Councillors - 32.5% of the reference rate (\$140,578) which represents \$45,688 p.a.

Carried

## Councillor Expenses

<b>Councillors travel and accommodation expenses 2012/2013</b>	
Cr Dereck Walpo	14,998
Cr Angus Kerindun	6,052
Cr Edgar Kerindun	2,923
Cr Vera Koomeeta	2,756
Cr Ada Woolla	3,919
<b>Total</b>	<b>\$30,648</b>

## 2. Councillors' code of conduct

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

<b>Item</b>	<b>Result</b>
<b>Section 186 (d)</b>	
(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
<b>Section 186 (e)</b>	
(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
<b>Section 186 (f)</b>	
(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 2012/13, there were 2 complaints lodged with Council under the complaints management process.

### 4. Senior Contract Employees

At 30th June 2013 Aurukun Shire Council employed 4 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.
- 1 senior contract employee 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 2012/13 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 2012/2013 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 6 years ending 30 June 2013 at its meeting held on 7 April 2009. The corporate plan sets out the strategic direction of the Council's operations and activities for the abovementioned period. A new corporate plan will be adopted in late 2013 and this will enable the current council to have vital input into this process.

### **Operational Plan**

The operational plan is to be developed annually and will be 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.

### **Community Plan**

Council engaged Aurecon to prepare the community plan. They undertook appropriate consultation and have now presented a comprehensive draft plan to Council. It is now intended to adopt this 10 year community plan in late 2013.

## **9. Invitations to Tenderers to Change Tenders**

There were nil instances during 2012/13 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 Rates, Charges, Service Levy**

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

Local Government Service Levy is charged for all wage earning residents of the community.

Rates, Charges and Service Levy are charged in accordance with the fees and charges schedule approved during the 2012/13 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**

The Council appointed the firm Pacifica Chartered Accountants as its internal auditors for a 3 year period from 1 July 2010 to 30 June 2013. The internal auditors work with management to identify and recommend improvements in Council's operations, systems and processes.

The internal audit plan is reviewed and considered annually by management and covers all the operations of Council to ensure that the desired outcomes and results are achieved. The internal audit plan for 2012/2013 covered payroll, risk management and the Art Centre operations.

## **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 2012 to 30 June 2013.

- Aurukun Business Precinct
- Contractors camp (MacKenzie Drive)
- Water reticulation
- Residential subdivision
- War memorial

## 15. Consultants

A list of services rendered by category:

Consultants Appointed	Purpose	Expenditure for the Year
Business Mapping Solutions	Economic Development	\$9,953
Future Computers	Information Technology	\$71,296
HGW Consulting	Organisation Review	\$29,145
RB Gould & Associates	Civil Engineering	\$48,818
Aurecon Group	Engineers and Project Managers	\$102,210
Black + More	Construction and Project Managers	\$242,409
MAK Planning & Design P/L	Sport & Recreation Planning	\$16,940
APV	Asset Valuations	\$34,600

## 16. Advertising

Advertising for the year was \$32,432.00.

---



**Mural – Aurukun Supermarket**



**Mayor Dereck Walpo and Linda Sivyer with plaque for War Memorial.**



**New business precinct**



**Consultation for new Local Laws**



**New business precinct**



**At the old HACC Centre**



**Tug-of-war, Aurukun Day**



**Grounds staff at the HACC Centre.**



**Project Construction continues**



**Training Centre.**



**Anzac Day March**



**Meeting with Mining Proponents**



**War Memorial – paying respects.**



**Volunteer Marine Rescue Boat**



**Ongoing Road Maintenance**



**Anzac Day**



**Electricians on the job**

**AURUKUN SHIRE COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2013

# **AURUKUN SHIRE COUNCIL**

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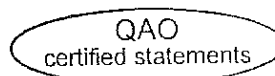
**Management Certificate**

**Independent Auditor's Report**

**AURUKUN SHIRE COUNCIL**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2013

	<u>Notes</u>	<u>2013</u> \$	<u>Restated</u> <u>2012</u> \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Utility charges	3	449,770	628,381
Fees and charges	3	648,026	738,850
Rental income	3	1,302,429	1,886,709
Interest received	3	515,810	519,938
Other recurrent income	3	2,306,636	2,242,892
Grants, subsidies, contributions and donations	4	10,439,441	8,697,699
<b>Total recurrent revenue</b>		<u>15,662,112</u>	<u>14,714,469</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4	9,251,078	7,641,170
<b>Total capital revenue</b>		<u>9,251,078</u>	<u>7,641,170</u>
<b>Total revenue</b>		<u>24,913,190</u>	<u>22,355,639</u>
<b>Total Income</b>		<u>24,913,190</u>	<u>22,355,639</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(4,678,958)	(4,312,008)
Materials and services	6	(6,879,858)	(8,145,899)
Depreciation and amortisation	7	(2,859,957)	(2,075,674)
<b>Total recurrent expenses</b>		<u>(14,418,773)</u>	<u>(14,533,581)</u>
<b>Capital expenses</b>	8	(2,999,485)	(34,759,439)
<b>Total expenses</b>		<u>(17,418,258)</u>	<u>(49,293,020)</u>
<b>Net result</b>		<u>7,494,932</u>	<u>(26,937,380)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase/(decrease) in asset revaluation surplus	16	568,813	7,517,769
<b>Total other comprehensive income for the year</b>		<u>568,813</u>	<u>7,517,769</u>
<b>Total comprehensive income for the year</b>		<u>8,063,745</u>	<u>(19,419,611)</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 2013

	<u>Notes</u>	<u>2013</u>	<u>Restated</u>	<u>Restated</u>
		<u>\$</u>	<u>\$</u>	<u>1 July 2011</u>
				<u>\$</u>
<b>Current assets</b>				
Cash and cash equivalents	9	14,020,341	15,126,131	7,252,316
Term deposit		-	1,027,011	-
Trade and other receivables	10	1,792,688	702,428	723,302
Inventories	11	355,968	295,750	207,974
Other financial assets	12	686,414	683,492	149,078
<b>Total current assets</b>		<b>16,855,411</b>	<b>17,834,812</b>	<b>8,332,670</b>
<b>Non-current assets</b>				
Property, plant and equipment	13	77,466,644	73,474,454	118,290,609
Other financial assets	12	21,748,800	19,695,175	-
<b>Total non-current assets</b>		<b>99,215,444</b>	<b>93,169,629</b>	<b>118,290,609</b>
<b>Total assets</b>		<b>116,070,855</b>	<b>111,004,441</b>	<b>126,623,279</b>
<b>Current liabilities</b>				
Trade and other payables	14	2,412,238	5,396,834	1,635,946
Provisions	15	75,167	56,382	53,079
<b>Total current liabilities</b>		<b>2,487,405</b>	<b>5,453,216</b>	<b>1,689,025</b>
<b>Non-current liabilities</b>				
Provisions	15	49,280	80,798	44,215
<b>Total non-current liabilities</b>		<b>49,280</b>	<b>80,798</b>	<b>44,215</b>
<b>Total liabilities</b>		<b>2,536,685</b>	<b>5,534,014</b>	<b>1,733,240</b>
<b>Net community assets</b>		<b>113,534,170</b>	<b>105,470,425</b>	<b>124,890,039</b>
<b>Community equity</b>				
Asset revaluation surplus	16	116,119,323	115,550,510	108,032,741
Retained surplus/(deficit)	17	(2,585,153)	(17,075,984)	14,214,137
Reserves	18	0	6,995,899	2,643,161
<b>Total community equity</b>		<b>113,534,170</b>	<b>105,470,425</b>	<b>124,890,039</b>

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

Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period i.e. as at 1 July 2011. Details are disclosed in Note 25.

QAO  
certified statements

**AURUKUN SHIRE COUNCIL**  
**Statement of Changes in Equity**  
For the year ended 30 June 2013

	Asset revaluation surplus Note 16		Retained surplus Note 17		Reserves Note 18		Total
	2013	2012	2013	2012	2013	2012	
Balance as at 30 June	\$ 115,550,510	\$ 108,032,741	\$ (12,588,996)	\$ 14,785,441	\$ 6,995,900	\$ 2,643,161	\$ 109,957,414
Effect of correction of error	0	0	(4,486,989)	(571,307)	0	0	(4,486,989)
Restated balance 1 July	115,550,510	108,032,741	(17,075,985)	14,214,134	6,995,900	2,643,161	105,470,425
Other comprehensive income for the year							
Increase/(decrease) in asset revaluation surplus	568,813	7,517,770	0	0	0	0	568,813
Available for sale investments:							
Valuation gains/(losses)	0	0	0	0	0	0	0
Transferred to income statement on sale	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
<b>Net income recognised directly in equity</b>	<b>568,813</b>	<b>7,517,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>568,813</b>
Net result	0	0	7,494,932	(26,937,380)	0	0	7,494,932
<b>Total comprehensive income for the year</b>	<b>568,813</b>	<b>7,517,770</b>	<b>7,494,932</b>	<b>(26,937,380)</b>	<b>0</b>	<b>0</b>	<b>8,063,745</b>
Transfers to and from reserves							
Transfers to reserves	0	0	0	(4,821,387)	0	4,821,387	0
Transfers from reserves	0	0	6,995,900	468,649	(6,995,900)	(468,649)	0
					0		
<b>Total transfers to and from reserves</b>	<b>0</b>	<b>0</b>	<b>6,995,900</b>	<b>(4,352,738)</b>	<b>(6,995,900)</b>	<b>4,352,738</b>	<b>0</b>
Balance as at 30 June	116,119,323	115,550,510	(2,585,154)	(17,075,985)	0	6,995,900	113,534,170
<b>Transfers to and from reserves</b>							
Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves. On 18 June 2013, Council passed a resolution to close all existing reserves and account for these using an internal management accounting system.							
All existing reserve balances were transferred to retained surplus/(deficit) on that date. Further information is supplied in note 9.							
The above statement should be read in conjunction with the accompanying notes and significant accounting policies.							

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# AURUKUN SHIRE COUNCIL

## Statement of Cash Flows

For the year ended 30 June 2013

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		\$	\$
<b>Cash flows from operating activities:</b>			
Receipts from customers		2,630,542	2,991,181
Payments to suppliers and employees		<u>(14,473,078)</u>	<u>(8,099,301)</u>
		<b>(11,842,536)</b>	<b>(5,108,120)</b>
Interest received		515,810	519,938
Rental income		986,059	1,886,709
Non capital grants and contributions	4	<u>10,439,441</u>	<u>8,697,699</u>
<b>Net cash inflow (outflow) from operating activities</b>	<b>22</b>	<b><u>98,774</u></b>	<b><u>5,996,226</u></b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	13	(7,023,890)	(785,627)
Proceeds from sale of property, plant and equipment	8	38,540	34,686
Funds placed on term deposit		1,027,011	(1,027,011)
Finance lease receipts	12	570,922	312,691
Grants, subsidies, contributions and donations	4	<u>4,182,853</u>	<u>3,342,849</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b><u>(1,204,564)</u></b>	<b><u>1,877,589</u></b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>(1,105,790)</b>	<b>7,873,814</b>
Cash and cash equivalents at beginning of the financial year		<u>15,126,131</u>	<u>7,252,317</u>
<b>Cash and cash equivalents at end of the financial year</b>	<b>9</b>	<b><u>14,020,341</u></b>	<b><u>15,126,131</u></b>

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

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# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies

#### 1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2012 to 30 June 2013 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.

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

#### 1.02 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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.

#### 1.03 Constitution

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

#### 1.04 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.

#### 1.05 Currency

The Council uses the Australian Dollar as its functional currency and its presentation currency.

#### 1.06 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 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.

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</i> (December 2009)	1 January 2015
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2013
AASB 11 <i>Joint Arrangements</i>	1 January 2013
AASB 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee Benefits</i> (completely replaces existing standard)	1 January 2013
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2013
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2013
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)</i>	1 January 2015

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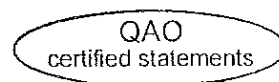
**Note 1: Summary of significant accounting policies (continued)**

**1.06 Adoption of new and revised Accounting Standards (continued)**

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters	1 January 2013
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013
AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements	1 July 2013
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1 January 2013
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	1 July 2013
AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1)	1 January 2013
AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, AASB 13, AASB 140 & AASB 141]	1 July 2013
AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2012-4 Amendments to Australian Accounting Standards - Government Loans [AASB 1]	1 January 2013
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	1 January 2013
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]	1 January 2013
AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127]	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013
AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	1 January 2013
AASB 2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4]	1 July 2013
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

**AASB 9 Financial Instruments (effective from 1 January 2015)**

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2015 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.



## **Note 1: Summary of significant accounting policies (continued)**

### **1.06 Adoption of new and revised Accounting Standards (continued)**

#### **AASB 13 Fair Value Measurement (AASB 13)**

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is no impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

The standard sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The key changes will relate to the level of disclosures required.

Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, the necessary changes will be implemented. While the Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for Council's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. The recognised fair values will be classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

- Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability
- Level 3 - Fair values that are derived from data not observable in a market.

To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.

#### **Amendments to AASB 119 Employee Benefits**

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

The revised standard includes changed criteria for accounting for employee benefits as "short-term employee benefits". Had Council applied the revised standard this year annual leave currently classified as a "short-term benefit" would have been reclassified as a "long-term benefit". However, no reported amounts would have been amended as the Council already discounts the annual leave liability to present value in respect of amounts not expected to be settled within 12 months (refer Note 1.20).

The concept of "termination benefits" is clarified and the recognition criteria for liabilities for terminations benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in note 21. The revised standard will require the Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

The reported results and position of the Council will not change on adoption of the other pronouncements as they do not result in any changes to the Council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Council does not intend to adopt any of these pronouncements before their effective date.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies (continued)

#### 1.07 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:

Valuation and depreciation of property, plant and equipment - Note 1.16 and Note 13

Provisions - Note 1.20 and Note 15

Valuation of finance leases Note 1.18

Contingencies - Note 19

#### 1.08 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. In the financial year ended 30 June 2012, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

##### (iii) Non-cash contributions

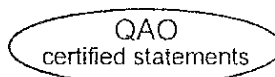
Non-cash contributions with a fair value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

##### (iv) Rental income

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

##### (v) Interest received

Interest received from term deposits is accrued over the term of the investment.



# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies (continued)

#### 1.08 Revenue (continued)

##### (vi) 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.

##### (vii) Fees and charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

##### (viii) 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.

#### 1.09 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:

##### Financial assets

Cash and cash equivalents (Note 1.10)

Receivables - measured at amortised cost (Note 1.11)

Other financial assets (finance leases) - measured at fair value (Note 1.18)

##### Financial liabilities

Payables - measured at amortised cost (Note 1.19)

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

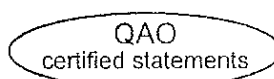
The fair value of financial instruments is determined as follows:

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 1.18.

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).

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 23.



# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies (continued)

#### 1.10 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.

#### 1.11 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.

#### 1.12 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.

#### 1.13 Other financial assets

Refer to Note 1.18 for the accounting policy relating to finance lease assets.

#### 1.14 Non current assets held for sale

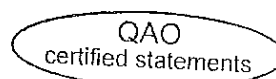
Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

#### 1.15 Investments

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

#### 1.16 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.



## **Note 1: Summary of significant accounting policies (continued)**

### **1.16 Property, plant and equipment (continued)**

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

Office equipment  
Plant and equipment  
Buildings  
Roads, drainage, and bridge network  
Aerodrome  
Sewerage  
Water  
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 means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **(ii) Capital and operating expenditure**

Wage and materials expenditure incurred for the acquisition or construction of assets is treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

#### **(iii) Valuation**

Buildings and all infrastructure asset classes are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment*. Plant and equipment, office 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 comprehensively revaluing these assets at least once every three years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index. The indexation percentage for the infrastructure and building assets has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics and APV's market and research costings.

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(c).

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## **Note 1: Summary of significant accounting policies (continued)**

### **1.16 Property, plant and equipment (continued)**

#### **(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 buildings and infrastructure asset classes, except plant and equipment and office equipment, is calculated on a consumption based depreciation method 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.

Depreciation on plant and equipment and office equipment is calculated on a straight-line basis.

As noted above the Council has adopted the Prabhu-Edgerton depreciation method which is a Consumption Based Depreciation (CBD) approach and is a variation on straight-line depreciation.

This methodology is based on the principle that it is difficult to accurately predict the total life for an asset when an asset is expected to have a long life and also be subject to cyclical maintenance which renews the asset. Therefore, an asset life-cycle is divided into a number of distinct phases identified as periods of transition between various consumption ratings. The consumption (depreciation) of the asset is calculated by making reference to the time of transition for each phase taking into account the relative reduction in asset value.

The key inputs used to determine the valuation are:

- Pattern of consumption
- Useful life
- Residual value
- Consumption rating

This methodology is based on Australian Pacific Valuers Pty Ltd (APV) default values which take into account the typical lifecycle and renewal treatment utilised by local governments.

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.

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies (continued)

#### 1.16 Property, plant and equipment (continued)

##### (v) Depreciation (continued)

Depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed annually and adjusted where necessary. For each class of depreciable asset the following depreciation rates were used.

<u>Asset</u>	<u>Range of useful lives</u>
Office equipment	2 – 8 years
Plant and equipment	2 – 33 years
Buildings	15 – 100 years
Roads, drainage, and bridge	15 – 100 years
Aerodrome	15 – 100 years
Sewerage	20 – 50 years
Water	10 – 50 years

##### (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 over an area of about 750,000 hectares described as Lot 1 on plan SC211. The term of the lease has been extended to 3 November 2059.

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 grant is subject to the reservation of areas to the State for public purposes as well as specific conditions attaching to the leased land.

#### 1.17 Impairment of non-current assets

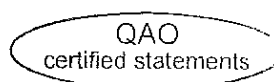
Each non-current physical asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an 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.

#### 1.18 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 substantially all the risks and benefits remain with the lessor, are classified as operating leases.



## **Note 1: Summary of significant accounting policies (continued)**

### **1.18 Leases (continued)**

#### **(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.

#### **(ii) Finance leases as lessor**

Council has leased 241 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,800. 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 on revaluation of finance lease assets are recognised as other income.

#### **(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.

### **1.19 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.

### **1.20 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. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

#### **(i) Salaries and wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 14 as a payable.

#### **(ii) Annual leave**

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) 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.

#### **(iii) Sick leave**

Sick leave is non-vesting and so any sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

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## **AURUKUN SHIRE COUNCIL**

### **Notes to the Financial Statements**

For the year ended 30 June 2013

#### **Note 1: Summary of significant accounting policies (continued)**

##### **1.20 Liabilities - employee benefits (continued)**

###### **(iv) 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 21.

###### **(v) 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.

##### **1.21 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.

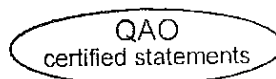
##### **1.22 Retained surplus**

In reference to the comparative figures for the year ended 30 June 2012, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

##### **1.23 Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.



# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 1: Summary of significant accounting policies (continued)

#### 1.23 Reserves (continued)

The former reserves operated as follows:

##### (i) Constrained works reserve

The Council resolved to establish a constrained works reserve on 18 March 1976. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

##### (ii) Future recurrent expenditure reserve

The Council resolved to establish a future recurrent expenditure reserve on 25 May 1999. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) that has been allocated for future maintenance expenditure on specific assets such as bridges within the Council area that are repainted once every three years. An amount equivalent to the cash allocated for this purpose is transferred from retained surplus to the future recurrent expenditure reserve annually. When the maintenance is undertaken, an amount equivalent to the maintenance expenditure is transferred out of the future recurrent expenditure reserve to retained surplus. All of the amounts transferred to this reserve relate to a perceived future liability which is not a current liability. The Council does not reallocate amounts in this reserve to any other reserve.

#### 1.24 National Competition Policy

The Council has reviewed its activities and has not identified any activities that are business activities. Accordingly, the code of competitive conduct has not been applied to any activity of the Council.

#### 1.25 Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

#### 1.26 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 20 to the financial statements for information purposes only.

#### 1.27 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.

#### 1.28 Carbon Pricing

In 2011 the Australian Government introduced a Clean Energy Legislation package. One aspect of this package, which impacts Council indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy.

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## **AURUKUN SHIRE COUNCIL**

### **Notes to the Financial Statements**

For the year ended 30 June 2013

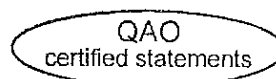
#### **Note 1: Summary of significant accounting policies (continued)**

##### **1.28 Carbon Pricing (continued)**

Council operates a small landfill facility that has annual emissions of carbon dioxide equivalent that is below the individual site threshold of 25,000 tonnes. Council modelling indicates that the facility is unlikely to exceed this threshold in the foreseeable future therefore no direct liability has arisen, or is likely to arise as a result of this legislation.

Council has been, and will continue to be indirectly impacted through increased costs arising from the carbon pricing mechanism. The most significant of these will be electricity and fuel. Commonwealth Treasury modelling published in July 2011 in the document "Strong growth, low pollution modelling a carbon price" indicates that the carbon pricing is expected to increase electricity prices by 10% within 5 years from 1 July 2012 and increase other costs by 0.7% on inflation. In addition fuel tax credits will be progressively reduced over the initial fixed price period.

Council's modelling indicates that the impact of electricity and fuel increases, due to carbon pricing, is not material to overall expenses.



**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

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 2013 Functions	Recurring			Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Grants	Other	Capital	Grants	Other			Recurring	Capital					
Corporate services	3,281,744	867,505	0	4,149,249	0	0	4,149,249	2,587,224	0	0	2,587,224	1,562,024	1,562,024	15,936,778
Engineering services	3,105,702	1,968,681	228,003	5,302,387	0	0	5,302,387	4,398,325	5,862	0	4,404,187	676,058	898,199	14,488,917
Environmental services	610,487	0	0	610,487	0	0	610,487	502,450	0	0	502,450	108,037	108,037	433,223
Welfare & social services	1,462,729	42,736	2,290,000	3,795,466	0	0	3,795,466	2,306,432	0	0	2,306,432	(800,967)	1,489,033	4,481,737
Community & cultural services	433,254	278,433	0	711,687	0	0	711,687	1,394,012	0	0	1,394,012	(682,325)	(682,325)	19,366,725
Housing	180,000	446,400	5,068,224	5,694,624	0	0	5,694,624	462,377	2,993,622	0	3,455,999	164,023	2,238,625	36,397,162
Public amenities & utilities	0	483,109	504,850	987,959	0	0	987,959	1,086,368	0	0	1,086,368	(83,409)	(78,409)	11,627,328
Enterprises	668,556	1,135,808	1,160,000	2,964,364	0	0	2,964,364	742,153	0	0	742,153	1,062,211	2,222,211	13,338,983
ICC programs	696,967	0	0	696,967	0	0	696,967	959,431	0	0	959,431	(262,464)	(262,464)	0
<b>Total</b>	<b>10,439,441</b>	<b>5,222,671</b>	<b>9,251,078</b>	<b>24,913,190</b>	<b>0</b>	<b>0</b>	<b>24,913,190</b>	<b>14,418,773</b>	<b>2,999,485</b>	<b>0</b>	<b>17,418,258</b>	<b>1,243,340</b>	<b>7,494,932</b>	<b>116,070,853</b>

Year ended 30 June 2012 (Restated) Functions	Recurring			Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Grants	Other	Capital	Grants	Other			Recurring	Capital					
Corporate services	3,472,517	1,483,659	0	4,956,176	0	0	4,956,176	2,076,091	0	0	2,076,091	2,880,085	2,880,085	18,867,030
Engineering services	1,512,441	1,673,054	201,449	3,386,944	0	0	3,386,944	6,067,387	4,811	0	6,067,387	(2,877,081)	(2,680,443)	14,961,440
Environmental services	422,275	191	0	422,466	0	0	422,466	532,285	0	0	532,285	(109,819)	(109,819)	452,685
Welfare & social services	1,345,709	36,366	1,858,990	3,241,065	0	0	3,241,065	1,374,218	0	0	1,374,218	7,857	1,866,847	2,033,568
Community & cultural services	675,388	359,038	0	1,034,426	0	0	1,034,426	1,214,681	0	0	1,214,681	(180,255)	(180,255)	19,384,989
Housing	0	1,111,756	4,298,321	5,410,077	0	0	5,410,077	761,116	34,754,628	0	35,515,744	350,640	(30,105,667)	34,197,327
Public amenities & utilities	0	118,944	667,500	786,444	0	0	786,444	642,457	0	0	642,457	(523,513)	143,987	11,013,550
Enterprises	667,700	1,156,974	145,000	1,969,674	0	0	1,969,674	891,035	0	0	891,035	932,639	1,077,639	10,063,952
ICC programs	601,689	77,788	459,910	1,149,367	0	0	1,149,367	979,122	0	0	979,122	(299,665)	170,245	0
<b>Total</b>	<b>8,697,699</b>	<b>6,016,770</b>	<b>7,641,170</b>	<b>22,355,638</b>	<b>0</b>	<b>0</b>	<b>22,355,638</b>	<b>14,533,681</b>	<b>34,759,439</b>	<b>0</b>	<b>49,293,021</b>	<b>180,888</b>	<b>(26,937,380)</b>	<b>111,004,441</b>

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## **AURUKUN SHIRE COUNCIL**

### **Notes to the Financial Statements**

For the year ended 30 June 2013

#### **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**

This comprises the support functions for the mayor and councillors, Council and committee meetings, statutory requirements, Council's finance, information technology and administration.

##### **Engineering services**

Includes construction and maintenance of Shire roads, operation and maintenance of plant and equipment, and provision of support for other Council activities.

##### **Environmental services**

Includes the operation and planning of the management of animal control, emergency services and health inspections.

##### **Welfare and social services**

Includes the provision of:

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

##### **Community and cultural services**

Community services and facilities including cultural health, welfare, environmental and recreational services.

This function includes:

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

##### **Housing**

Includes the provision of community housing and housing for Council employees.

##### **Public amenities and utilities**

Includes the operation of the aerodrome, provision of cleansing, water and sewerage services and barge landing.

##### **Enterprises**

Includes provision of visitor accommodation, general store, tavern, Bendigo Bank agency, Australia Post agency, Centrelink agency, the undertaking of private works etc.

##### **ICC programs**

Includes Indigenous Coordination Centre programs.

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# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		\$	\$
<b>Note 3: Revenue analysis</b>			
<b>(a) Utility charges</b>			
Community charges		83,099	103,236
Water		126,531	184,893
Sewerage		159,166	212,466
Garbage charges		80,974	127,786
		<u>449,770</u>	<u>628,381</u>
<b>(b) Fees and charges</b>			
Fees and charges		648,026	738,850
		<u>648,026</u>	<u>738,850</u>
<b>(c) Rental income</b>			
Housing, building and land rental		670,197	1,419,069
Operating lease income	24	632,232	467,640
		<u>1,302,429</u>	<u>1,886,709</u>
<b>(d) Interest received</b>			
Interest received from term deposits		515,810	519,938
		<u>515,810</u>	<u>519,938</u>
<b>(e) Other recurrent income</b>			
Private works		1,832,205	1,699,662
Art work sales		165,067	173,418
Agency commissions		130,837	132,690
Other income		178,527	237,121
		<u>2,306,636</u>	<u>2,242,892</u>

## Note 4: Grants, subsidies, contributions and donations

### (a) Recurrent

State Government general purpose grants		3,260,911	3,462,317
State and Commonwealth Government specific and special purpose grants		6,994,946	5,235,182
State Government contributions and other grants		183,584	200
		<u>10,439,441</u>	<u>8,697,699</u>

### (b) Capital

State and Commonwealth Government capital grants		4,182,854	3,342,849
State Government contributions		5,068,224	4,298,321
		<u>9,251,078</u>	<u>7,641,170</u>

## Note 5: Employee benefits

Total staff wages and salaries		3,416,694	3,201,258
Councillors' remuneration		254,393	215,771
Annual, sick and long service leave entitlements		473,379	446,525
Superannuation	21	393,525	341,972
		<u>4,537,992</u>	<u>4,205,525</u>
Other employee related expenses		158,864	106,964
		<u>4,696,856</u>	<u>4,312,489</u>
Less: capitalised employee expenses		(17,898)	(481)
		<u>4,678,958</u>	<u>4,312,008</u>

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

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**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$

**Note 5: Employee benefits (continued)**

**Total Council employees at the reporting date:**

Elected members	5	5
Administrative staff	48	42
Depot and outdoors staff	42	35
<b>Total full time equivalent employees</b>	<b><u>95</u></b>	<b><u>82</u></b>

<u>Notes</u>	<u>2013</u>	<u>Restated 2012</u>
	\$	\$

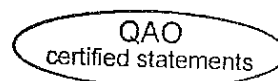
**Note 6: Materials and services**

Audit services	81,273	51,136
Private works	542,301	556,386
Wild River Rangers Program expenses	320,893	272,645
Depot and Works expenses	324,389	315,365
Mining Proposal expenses	216,549	15,754
Other material and services	909,844	1,073,606
General store costs	63,569	114,998
Tavern costs	276,711	125,848
Write-down of inventories	127,098	3,506
Plant operations	583,925	325,608
Community housing	66,308	71,062
Doubtful debts	(27,740)	51,712
Administration expenses	1,026,130	606,225
Staff housing	211,887	161,606
Child care expenses	202,096	219,082
Arts and craft expenses	347,489	166,612
Aged care	505,013	404,516
Road works	1,102,123	3,610,232
	<b><u>6,879,858</u></b>	<b><u>8,145,899</u></b>

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$

**Note 7: Depreciation and amortisation**

Buildings	1,632,684	1,087,162
Plant and equipment	173,069	238,130
Aerodrome	172,397	57,820
Office equipment	23,225	23,016
Road, drainage and bridge network	659,063	535,296
Water	72,994	55,643
Sewerage	126,525	78,607
	<b><u>2,859,957</u></b>	<b><u>2,075,674</u></b>



**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Note 8: Capital expenses</b>		
<b>Loss on the disposal of non-current assets</b>		
Book value of property, plant and equipment disposed	44,402	39,498
Less: proceeds from the sale of property, plant and equipment	<u>(38,540)</u>	<u>(34,686)</u>
	<u><b>5,862</b></u>	<u><b>4,812</b></u>
<b>Loss on transfer of assets via finance lease</b>		
Book value of property, plant and equipment transferred	2,253,444	51,004,376
Less: initial recognition of finance lease	<u>(722,533)</u>	<u>(16,249,749)</u>
	<u><b>1,530,911</b></u>	<u><b>34,754,627</b></u>
<b>Loss on revaluation of finance leases</b>	<u>1,462,712</u>	<u>0</u>
	<u><b>2,999,485</b></u>	<u><b>34,759,439</b></u>

**Note 9: Cash and cash equivalents**

Cash at bank and on hand	6,320,289	8,762,229
Term deposits - 3 months or less	<u>7,700,053</u>	<u>6,363,902</u>
<b>Balance per Statement of Cash Flows</b>	<u><b>14,020,341</b></u>	<u><b>15,126,131</b></u>

Councils 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	18	2,708,037	4,554,341
Future recurrent expenditure		<u>1,302,759</u>	<u>2,441,558</u>
<b>Total unspent restricted cash</b>		<u><b>4,010,796</b></u>	<u><b>6,995,899</b></u>

\*These restrictions were previously allocated as reserves

**Note 10: Trade and other receivables**

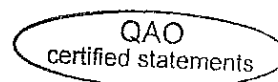
Service charge debtors		98,788	80,993
Rent debtors		446,152	129,783
Other debtors		1,342,778	643,964
GST receivable		873	0
Less: impairment		<u>(95,903)</u>	<u>(152,312)</u>
		<u><b>1,792,688</b></u>	<u><b>702,428</b></u>

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**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Note 11: Inventories</b>		
<b>Inventories for consumption:</b>		
Miscellaneous saleable items	2,024	4,417
<b>Total inventories for consumption</b>	<b>2,024</b>	<b>4,417</b>
Valued at the lower of cost and selling price less cost to sell.		
<b>Inventories for distribution:</b>		
Plant and equipment stores	363,944	301,334
Less: Provision for slow moving and obsolete materials	(10,000)	(10,000)
<b>Total inventories for distribution</b>	<b>353,944</b>	<b>291,334</b>
Valued at the lower of cost and replacement value		
<b>Total inventories</b>	<b>355,968</b>	<b>295,750</b>
<b>Note 12: Other financial assets</b>		
<b>Current</b>		
Prepayments	0	143,287
Finance leases on social housing	686,414	540,205
	<b>686,414</b>	<b>683,492</b>
<b>Noncurrent</b>		
Finance leases on social housing	21,748,800	19,695,175
	<b>21,748,800</b>	<b>19,695,175</b>
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	686,414	548,925
Later than one year but not later than five years	2,745,655	2,195,200
Later than five years	23,123,172	18,895,184
	26,555,241	21,639,309
Add: Estimated contingent rent	17,370,160	15,036,689
Less: Present value adjustment	(21,490,187)	(16,440,620)
Fair value of lease payments	<b>22,435,214</b>	<b>20,235,378</b>
The fair value of lease payments are receivable as follows:		
Not later than one year	686,414	540,205
Later than one year but not later than five years	2,683,196	2,172,363
Later than five years	19,065,604	17,522,810
	<b>22,435,214</b>	<b>20,235,378</b>
Movements in finance leases were as follows:		
Opening balance	20,235,380	0
Add: Initial recognition of new leases	4,233,469	20,548,069
Less: Lease receipts	(570,922)	(312,691)
Less: Loss on revaluation	(1,462,712)	0
Closing balance	<b>22,435,214</b>	<b>20,235,378</b>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% per annum and a discount rate of 3.45% per annum.



**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

**Note 13(a): Property, plant and equipment**  
**For the year ended 30 June 2013**

Basis of measurement	Note	Office equipment	Plant & equipment	Buildings	Road, drainage and bridge network	Aerodrome	Sewerage	Water	Capital works in progress	TOTAL
<b>Asset values</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value at cost as at 1 July 2012		351,663	5,564,646	0	0	0	0	0	917,686	6,833,996
Opening gross value at valuation as at 1 July 2012		0	0	60,906,047	14,627,842	3,579,868	7,671,953	3,099,359	0	89,885,070
Additions at cost		97,731	192,317	1,513,654	0	0	0	0	6,777,476	8,581,179
Disposals	8	0	(107,309)	(2,862,971)	0	0	0	0	0	(2,970,280)
Transfers to/from		0	0	109,988	0	0	0	0	(109,988)	0
Revaluation adjustment to asset revaluation surplus	16	0	0	592,290	146,278	35,799	11,094	18,594	0	804,055
<b>Closing gross value as at 30 June 2013</b>		<b>449,394</b>	<b>5,649,654</b>	<b>60,259,008</b>	<b>14,774,120</b>	<b>3,615,667</b>	<b>7,683,047</b>	<b>3,117,953</b>	<b>7,585,174</b>	<b>103,134,019</b>
<b>Accumulated depreciation</b>										
Opening balance as at 1 July 2012		211,639	4,645,802	10,176,857	3,648,376	949,666	1,550,185	2,062,082	0	23,244,608
Depreciation provided in period	7	23,225	173,069	1,632,684	659,063	172,397	126,525	72,994	0	2,859,957
Depreciation on disposals	8	0	(62,906)	(609,527)	0	0	0	0	0	(672,433)
Revaluation adjustment to asset revaluation surplus	16	0	0	179,437	37,639	9,497	3,717	4,952	0	235,242
<b>Accumulated depreciation as at 30 June 2013</b>		<b>234,864</b>	<b>4,755,965</b>	<b>11,379,451</b>	<b>4,345,078</b>	<b>1,131,560</b>	<b>1,680,427</b>	<b>2,140,028</b>	<b>0</b>	<b>25,667,374</b>
<b>Book value as at 30 June 2013</b>		<b>214,530</b>	<b>893,689</b>	<b>48,879,557</b>	<b>10,429,042</b>	<b>2,484,105</b>	<b>6,002,620</b>	<b>977,926</b>	<b>7,585,174</b>	<b>77,466,644</b>
Residual value		0	118,990	28,791,307	1,860,766	950,257	1,473,233	189,795	0	33,384,347
Range of estimated useful life in years		2 - 8	2 - 33	15 - 100	15 - 100	15 - 100	20 - 50	10 - 50		
<b>Additions comprise:</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure Renewals		91,833	114,199	0	0	0	0	0	0	206,032
Other additions		5,898	78,118	1,513,654	0	0	0	0	6,777,476	8,375,147
<b>Total additions</b>		<b>97,731</b>	<b>192,317</b>	<b>1,513,654</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,777,476</b>	<b>8,581,179</b>

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**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
For the year ended 30 June 2013

**Note 13(b): Property, plant and equipment (continued)**  
**For the year ended 30 June 2012**

Basis of measurement	Note	Office equipment	Plant & equipment	Buildings	Road, drainage and bridge network	Aerodrome	Sewerage		Water	Capital works in progress	TOTAL
							Revaluation	Revaluation			
Asset values		Cost	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Cost	
Opening gross value at cost as at 1 July 2011		\$ 351,663	\$ 5,356,476	0	0	0	0	0	0	1,743,683	\$ 7,451,822
Opening gross value at valuation as at 1 July 2011		0	0	118,454,280	9,853,984	5,792,619	5,968,682	2,938,078	0	0	143,007,643
Additions at cost		0	265,903	176,972	0	0	0	0	0	342,752	785,626
Disposals	8	0	(57,733)	(63,647,278)	0	0	0	0	0	0	(63,705,011)
Transfers to/from		0	0	1,168,749	0	0	0	0	0	(1,168,749)	0
Revaluation adjustment to the ARS		0	0	4,753,324	4,773,857	(2,212,751)	1,703,271	161,281	0	0	9,178,993
<b>Closing gross value as at 30 June 2012</b>		<b>351,663</b>	<b>5,564,646</b>	<b>60,906,047</b>	<b>14,627,842</b>	<b>3,579,868</b>	<b>7,671,953</b>	<b>3,099,359</b>	<b>917,686</b>	<b>917,686</b>	<b>96,719,064</b>
<b>Accumulated depreciation</b>											
Opening balance as at 1 July 2011		188,623	4,425,907	22,113,727	3,835,485	315,644	715,559	573,910	0	0	32,168,855
Depreciation provided in period	8	23,016	238,130	1,087,162	535,296	57,820	78,607	55,643	0	0	2,075,674
Depreciation on disposals	7	0	(18,236)	(12,642,901)	0	0	0	0	0	0	(12,661,137)
Revaluation adjustment to the ARS		0	0	(381,131)	(722,404)	576,202	756,018	1,432,530	0	0	1,661,215
<b>Accumulated depreciation as at 30 June 2012</b>		<b>211,639</b>	<b>4,645,802</b>	<b>10,176,857</b>	<b>3,648,376</b>	<b>949,666</b>	<b>1,550,185</b>	<b>2,062,082</b>	<b>0</b>	<b>0</b>	<b>23,244,508</b>
<b>Book value as at 30 June 2012</b>		<b>140,024</b>	<b>918,844</b>	<b>50,729,190</b>	<b>10,979,465</b>	<b>2,630,202</b>	<b>6,121,768</b>	<b>1,037,276</b>	<b>917,686</b>	<b>917,686</b>	<b>73,474,454</b>
Residual value		0	125,963	31,185,307	1,842,342	940,849	1,473,233	336,855	0	0	35,904,549
Range of estimated useful life in years		2 - 8	2 - 15	15 - 100	25 - 100	15 - 100	20 - 50	20 - 50	20 - 50	20 - 50	

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## **AURUKUN SHIRE COUNCIL**

### **Notes to the Financial Statements**

For the year ended 30 June 2013

#### **Note 13 (c) Property, plant and equipment valuations**

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. The lease expires on 3 November 2059. Details of the leasehold land are noted in note 1.16 (vi) and subsequent event note 26.

Property, plant and equipment valuations were determined by reference to the following:

##### **Buildings**

Buildings were comprehensively revalued by Australia Pacific Valuers Pty Ltd (APV) as at 30 June 2012. The comprehensive revaluation involved estimating the current replacement cost having regard to the assessed remaining useful life or service potential of the asset ascertained through a physical inspection and condition assessments. Comprehensive revaluations are performed every three years, with the next comprehensive revaluation to be performed in June 2015.

Index revaluations are performed in intervening years between comprehensive revaluations. Index revaluations are applied when there is a material movement in the construction cost guides for the relevant asset categories, however this does not take into account changes in the remaining useful life or service potential of the asset outside those assumed in the calculation of depreciation.

##### **Plant and equipment**

Plant and equipment is measured at original cost less accumulated depreciation.

##### **Office equipment**

Office equipment is measured at original cost less accumulated depreciation.

##### **Sewerage and water infrastructure**

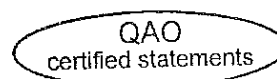
Sewerage and water infrastructure assets were comprehensively revalued by Australia Pacific Valuers Pty Ltd (APV) as at 30 June 2012. The comprehensive revaluation involved estimating the current replacement cost having regard to the assessed remaining useful life or service potential of the asset ascertained through a physical inspection and condition assessments. Comprehensive revaluations are performed every three years, with the next comprehensive revaluation to be performed in June 2015.

Index revaluations are performed in intervening years between comprehensive revaluations. Index revaluations are applied when there is a material movement in the construction cost guides for the relevant asset categories, however this does not take into account changes in the remaining useful life or service potential of the asset outside those assumed in the calculation of depreciation.

##### **Roads, drainage and bridge network and aerodrome infrastructure**

Roads, drainage and bridge network and aerodrome infrastructure assets were comprehensively revalued by Australia Pacific Valuers Pty Ltd (APV) as at 30 June 2012. The comprehensive revaluation involved estimating the current replacement cost having regard to the assessed remaining useful life or service potential of the asset ascertained through a physical inspection and condition assessments. Comprehensive revaluations are performed every three years, with the next comprehensive revaluation to be performed in June 2015.

Index revaluations are performed in intervening years between comprehensive revaluations. Index revaluations are applied when there is a material movement in the construction cost guides for the relevant asset categories, however this does not take into account changes in the remaining useful life or service potential of the asset outside those assumed in the calculation of depreciation.



# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

Notes	2013	Restated 2012
	\$	\$
<b>Note 14: Trade and other payables</b>		
<b>Current</b>		
Creditors and accruals	2,198,178	4,809,557
GST payable	0	299,717
Annual leave payable	214,060	287,560
	<u>2,412,238</u>	<u>5,396,834</u>

Notes	2013	2012
	\$	\$
<b>Note 15: Provisions</b>		
<b>Current</b>		
Long service leave	75,167	56,382
	<u>75,167</u>	<u>56,382</u>
<b>Non-current</b>		
Long service leave	49,280	80,798
	<u>49,280</u>	<u>80,798</u>
<b>Long service leave</b>		
Balance at beginning of financial year	137,180	97,293
Long service leave entitlement arising	73,188	48,327
Long service leave entitlement extinguished	(32,850)	(6,981)
Long service leave entitlement paid	(53,071)	(1,459)
<b>Balance at end of financial year</b>	<u>124,447</u>	<u>137,180</u>

### Note 16: Asset revaluation surplus

#### Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	115,550,510	108,032,741
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings	412,853	5,134,455
Road, drainage and bridge network	108,639	5,496,262
Aerodrome	26,302	(2,788,951)
Sewerage	7,377	947,252
Water	13,642	(1,271,249)
<b>Balance at end of financial year</b>	<u>116,119,323</u>	<u>115,550,510</u>

#### Asset revaluation surplus analysis

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

Buildings	93,333,837	92,920,984
Road, drainage and bridge network	15,450,935	15,342,296
Aerodrome	1,893,415	1,867,113
Sewerage	4,130,552	4,123,175
Water	1,310,584	1,296,942
	<u>116,119,323</u>	<u>115,550,510</u>

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# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

Notes	2013 \$	Restated 2012 \$
<b>Note 17: Retained surplus/(deficiency)</b>		
Movements in the retained deficit were as follows:		
Retained surplus/(deficit) at beginning of financial year	(13,160,302)	14,785,441
Effect of correction of error	(3,915,682)	(571,307)
Retained surplus/(deficit) restated	(17,075,984)	14,214,134
Net result	7,494,932	(26,937,380)
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:		
Constrained works reserve	4,554,341	(2,714,652)
Transfers (to)/ from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	2,441,558	(1,638,086)
<b>Retained surplus/(deficit) at end of financial year</b>	<b>(2,585,153)</b>	<b>(17,075,984)</b>

## Note 18: Reserves

Council's cash and cash equivalents are subject to a number of external restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves.

On 18 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system.

The external restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 9.

Notes	2013 \$	2012 \$
<b>(a) Reserves held for funding future capital expenditure:</b>		
Constrained works reserve	0	4,554,341
	<u>0</u>	<u>4,554,341</u>
<b>(b) Reserves held for funding future recurrent expenditure:</b>		
Future recurrent expenditure reserve	0	2,441,558
	<u>0</u>	<u>2,441,558</u>
<b>Total reserves</b>	<b><u>0</u></b>	<b><u>6,995,899</u></b>
<b>(c) Movements in capital reserves:</b>		
<b>Constrained works reserve</b>		
Balance at beginning of financial year	4,554,341	1,839,689
Transfer from retained surplus for future expenditure	0	2,942,419
Transfer to the retained surplus/capital funds expended in the period		(227,766)
Transfer to the retained surplus/capital due to the closure of the reserve	(4,554,341)	
<b>Balance at end of financial year</b>	<b><u>0</u></b>	<b><u>4,554,341</u></b>

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# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Note 18: Reserves (continued)</b>		
<b>(d) Movements in recurrent reserves:</b>		
<b>Future recurrent expenditure reserve</b>		
Balance at beginning of financial year	2,441,558	803,472
Transfer from retained surplus for future expenditure	0	1,878,968
Transfer to the retained surplus/capital funds expended in the period	0	(240,882)
Transfer to the retained surplus/capital due to the closure of the reserve	(2,441,558)	0
<b>Balance at end of financial year</b>	<u><u>0</u></u>	<u><u>2,441,558</u></u>

## Note 19: Contingent liabilities

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

### Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or 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 2012 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 \$98,839.

## Note 20: Trust funds

<u>Notes</u>	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	391,364	153,666
Security deposits	44,428	44,428
Mission account	641	641
	<u><u>436,433</u></u>	<u><u>198,735</u></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.

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**Note 21: 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.

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.

The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that 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."

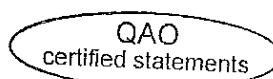
Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial 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.

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>2013</u>	<u>2012</u>
Contributions	5	\$ 393,525	\$ 341,972



	<u>Notes</u>	<u>2013</u> \$	<u>Restated</u> <u>2012</u> \$
<b>Note 22: Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
<b>Net result</b>		<b>7,494,932</b>	<b>(26,937,380)</b>
<b>Non-cash operating items:</b>			
Depreciation and amortisation	7	<u>2,859,957</u>	<u>2,075,674</u>
		<b>2,859,957</b>	<b>2,075,674</b>
<b>Investing and development activities:</b>			
Net (profit) loss on disposal of non-current assets	8	5,862	4,812
Loss on transferring assets via finance lease	8	1,530,911	34,754,627
Loss on revaluation of finance leases		1,462,712	0
Capital grants and contributions	4	<u>(9,251,078)</u>	<u>(7,641,170)</u>
		<b>(6,251,593)</b>	<b>27,118,269</b>
<b>Changes in operating assets and liabilities:</b>			
(Increase)/decrease in receivables	10	(1,090,260)	20,874
(Increase)/decrease in other operating assets		83,069	(81,985)
Increase/(decrease) in payables	14	(2,984,596)	3,760,888
Increase/(decrease) in other provisions	15	<u>(12,733)</u>	<u>39,886</u>
		<b>(4,004,520)</b>	<b>3,739,663</b>
<b>Net cash inflow/(outflow) from operating activities</b>		<u><b>98,776</b></u>	<u><b>5,996,226</b></u>

### Note 23: Financial instruments

The Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risk is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

The Council measures risk exposure using a variety of methods as follows:

<b>Risk exposure</b>	<b>Measurement method</b>
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

#### (a) Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge its obligations.

In the case of receivables, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council is exposed to credit risk through its deposits held with banks or other financial institutions. Investments are held with highly rated/regulated banks and financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

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**Note 23: Financial instruments (continued)**

**(a) Credit risk exposure (continued)**

The following table represents the Council's maximum exposure to credit risk:

Financial assets	2013 \$	2012 \$
Cash and cash equivalents	14,020,341	15,126,131
Term deposit	0	1,027,011
Receivables	1,792,688	702,428
Finance leases on social housing	22,435,214	20,378,667
<b>Total</b>	<b>38,248,243</b>	<b>37,234,237</b>

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

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

30-Jun-13	Fully performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	1,368,007	26,973	0	492,738	1,887,718
Less impairment	0	0	0	(95,903)	(95,903)
GST receivable	873	0	0	0	873
Net receivables	1,368,880	26,973	0	396,835	1,792,688

30-Jun-12	Fully Performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	235,248	94,068	70,706	454,717	854,739
Less impairment	0	0	0	(152,312)	(152,312)
Net receivables	235,248	94,068	70,706	302,405	702,428

**(b) Liquidity risk**

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business.

The following table sets out the liquidity risks of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flow at balance date:

	0 to 1 year		1 - 5 Years		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Creditors and accruals	2,198,178	4,809,557	0	0	2,198,178	4,809,557
GST payable	0	299,717	0	0	0	299,717
Accrued annual leave	214,060	287,560	0	0	214,060	287,560
<b>Total</b>	<b>2,412,238</b>	<b>5,396,834</b>	<b>0</b>	<b>0</b>	<b>2,412,238</b>	<b>5,396,834</b>

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# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

For the year ended 30 June 2013

### Note 23: Financial instruments (continued)

#### (c) Interest rate risk

The Council is exposed to interest rate risk through its investments held with financial institutions.

#### Interest rate sensitivity analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount 2013 \$	Net carrying amount 2012 \$	Net result 2013 \$	Net result 2012 \$	Equity 2013 \$	Equity 2012 \$
Financial Assets	73,909	70,579	73,909	70,579	73,909	70,579
Financial Liabilities	0	0	0	0	0	0
<b>Net</b>	<b>73,909</b>	<b>70,579</b>	<b>73,909</b>	<b>70,579</b>	<b>73,909</b>	<b>70,579</b>

#### Fair Value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets/liabilities.

Level 2 - Fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices).

Level 3 - Fair values that are derived from data not observable in a market.

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

Class	Classification according to fair value			Total carrying amount 2013 \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Other financial assets - finance leases on social housing	0	22,435,214	0	22,435,214
<b>Total</b>	<b>0</b>	<b>22,435,214</b>	<b>0</b>	<b>22,435,214</b>
<b>Financial liabilities</b>				
Trade and other payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Note 24: Operating lease income (Council is lessor)

The Council has leased the Aurukun General Store to an operator from 1 March 2009 for five years. The lease receipts are based on 6% of gross sales calculated for each two month period. The revenue lease commitments are unable to be reliably estimated.

Notes	2013	2012
	\$	\$
Lease receipts	632,232	467,640

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## AURUKUN SHIRE COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2013

#### Note 25: Correction of prior year error

In the process of determining accruals in respect of road works undertaken on Council's behalf during the year but not billed to Council (or paid by Council) at year end, it was discovered that for the years ended 30 June 2012 and 2011, such road works were under accrued in respect of those years. The errors have been corrected by adjusting the opening balances at 1 July 2011 and the comparative amounts for the year ended 30 June 2012. The adjustments have the following impact on the financial statements:

	As At 30 June 2012	As At 30 June 2011
<b>Statement of financial position</b>		
Increase in trade and other payables	3,915,682	571,307
(Decrease) in retained surplus	(3,915,682)	(571,307)
	Year ended 30 June 2013	Year ended 30 June 2012
<b>Statement of comprehensive income</b>		
Increase in material and services	0	3,344,375
(Decrease) in net result	0	(3,344,375)
(Decrease) in total comprehensive income for the year	0	(3,344,375)

A restated Statement of Financial Position has been included in the financial statements as at 1 July 2011.

#### Note 26: Events after the reporting period

In September 2013, the Queensland Government granted Aboriginal freehold title for lands constrained within the Aurukun Shire Council lease area. Certain land outside of the Aurukun town area has been handed over to Ngan Aak-Kunch Aboriginal Corporation RNTBC. At 30 June 2013, the Council had a significant investment in infrastructure located on this land. At the date of this financial report, Council had not yet quantified the effect this will have on Council's financial statements for the ensuing year.

**Note 27: Tied grants by project**

Source of funds and/or projects	Balance 1/07/2012 \$	Revenue \$	Expense \$	Balance 30/06/2013 \$
<b>Non-ICC grants</b>				
<b>General purpose grants</b>				
Grants for the whole of Council:				
State government financial aid	0	1,263,893	1,263,893	0
Financial assistance grant	0	1,997,018	1,997,018	0
	<b>0</b>	<b>3,260,911</b>	<b>3,260,911</b>	<b>0</b>
<b>Specific purpose grants</b>				
Jobfind - AGI transfer	171,802	0	161,660	10,142
Business Development Officer	0	20,833	11,708	9,125
Town planning	0	21,500	21,500	0
Natural disaster relief & recovery	1,195,222	2,932,883	4,873,004	(744,899)
TIDS	0	379,323	158,279	221,044
Aboriginal and Torres Strait Islander public health	16,948	141,256	135,184	23,020
Emergency Management Queensland	0	12,555	12,555	0
Environmental health officer	79,032	0	0	79,032
Land & Sea Indigenous Rangers	(91,362)	456,676	326,132	39,182
Family income management	67,405	0	1,361	66,044
RADF (Arts Qld)	0	14,000	14,000	0
BSO - indigenous art centre alliance (Arts Qld)	0	1,000	0	1,000
WCCT - Aurukun swimming pool upgrade	27,273	0	0	27,273
NAIDOC	0	14,000	0	14,000
HACC youngies - recurrent	0	52,499	52,499	0
HACC oldies - recurrent	0	391,802	391,802	0
HACC - building	1,655,571	2,250,000	1,900,279	2,005,292
HACC - transitions (IT)	45,000	0	19,505	25,496
HACC - transitions no.2	0	40,000	4,391	35,609
Aged care package – recurrent	268,912	350,999	297,604	322,307
Aged care Cape York welfare reforms	0	111,476	111,476	0
Healthy communities initiative - healthy lifestyles	217,022	150,000	156,149	210,873
Healthy communities initiative - woyan to country	0	10,047	200	9,847
Community development and recovery	21,874	0	18,273	3,601
Indigenous economic development	149,866	80,000	229,866	0
Aurukun sports & recreation opportunities	13,220	17,780	11,443	19,557
Indigenous knowledge centre	0	14,600	14,600	0
GraffitiSTOP	0	4,000	575	3,425
Public art by youth	609	0	609	0
Volunteer grants	8,486	0	0	8,486
Youth taking ownership (sport & rec plan)	13,500	0	13,500	0
Child care centre - targeted parenting program	7,647	0	5,218	2,429
Child care centre – building parental skills no.2	(19,769)	19,769	0	0
Child care centre – state government funded program	(30,567)	143,389	112,822	0
Child care centre - federal funded program	24,285	405,787	415,111	14,961
Child care centre - child and family support	15,871	0	7,349	8,522
Child care centre - vacation care	3,952	6,777	3,867	6,862
Construction of a community meeting space	22,558	0	22,558	0
Remote airstrip upgrade (Dept of Infrastructure and Transport)	290,174	200,000	407,426	82,748
Remote airstrip upgrade (Dept of Transport and Main Roads)	227,674	304,850	451,614	80,910
Barge landing upgrade	130,000	0	70,543	59,457
Housing leases	0	3,510,935	3,510,935	0
Aurukun business precinct	145,000	1,160,000	1,450,000	(145,000)
Tavern - revenue replacement program	0	667,700	667,700	0
Backing indigenous arts (Arts Qld)	3,940	75,500	66,950	12,490
Building skills and opportunities - Mavis Ngallametta (Arts Qld)	0	3,000	3,000	0
Building skills and opportunities - ceramics workshop (Arts Qld)	0	5,700	1,735	3,965
Weaving fishing nets (Arts Qld)	0	9,500	0	9,500
WCCT - arts and cultural activities	0	31,400	6,388	25,012
	<b>4,681,145</b>	<b>14,011,537</b>	<b>16,141,370</b>	<b>2,551,312</b>
	<b>4,681,145</b>	<b>17,272,448</b>	<b>19,402,281</b>	<b>2,551,312</b>

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**AURUKUN SHIRE COUNCIL**

**Notes to the Financial Statements**

For the year ended 30 June 2013

**Note 27: Tied grants by project (continued)**

Source of funds and/or projects	Balance 1/07/2012 \$	Revenue \$	Expense \$	Balance 30/06/2013 \$
<b>ICC grants</b>				
<b>ICC special projects:</b>				
Aurukun community upgrades (cemetery, memorial and oval)	449,000	0	55,476	393,524
Locational supported playgroup	115,619	99,287	159,755	55,152
Indigenous broadcasting program	0	15,000	15,000	0
Municipal services - outstations and homelands	0	151,121	151,121	0
National job creation municipal positions	19,073	94,528	113,601	0
Arts and craft centre - IVAIS	0	150,000	150,000	0
Arts and craft centre (capital)	25,000	0	0	25,000
Arts and craft centre - Cape York job transition in arts (off CDEP)	0	31,517	31,517	0
Art camps	0	40,305	16,050	24,255
Language camps	0	95,440	23,786	71,654
Redevelopment of the Aurukun business precinct	1,564,364	0	1,564,364	0
	<b>2,173,056</b>	<b>677,198</b>	<b>2,280,668</b>	<b>569,586</b>
<b>Add back negative grants</b>	<b>141,698</b>			<b>889,899</b>
<b>Unspent grant revenue</b>	<b>6,995,899</b>	<b>17,949,646</b>	<b>21,682,950</b>	<b>4,010,796</b>
	<b>Notes</b>		<b>2013</b>	<b>2012</b>
			\$	\$
<b>Summary of grants unexpended</b>				
			4,010,796	6,995,899
	9		<b>4,010,796</b>	<b>6,995,899</b>

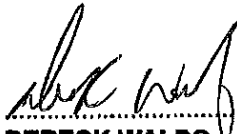
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**AURUKUN SHIRE COUNCIL**  
**Management Certificate**  
For the year ended 30 June 2013

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 38, 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: 30/10/13

  
.....  
**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 30/10/13

QAO  
certified statements

## 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 2013, 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 2012 to 30 June 2013 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.



B MACRAE FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**AURUKUN SHIRE COUNCIL**  
**Current-year Financial Sustainability Statement**  
 For the year ended 30 June 2013

**Measures of Financial Sustainability**

Council's performance at 30 June 2013 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)	8%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	7%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-91%	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 2013.



**AURUKUN SHIRE COUNCIL**

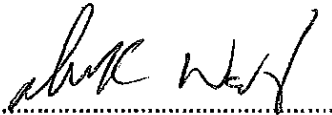
**Certificates of Accuracy**

For the year ended 30 June 2013

**Certificate of Accuracy for the current year financial sustainability statement**

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: 30/10/13



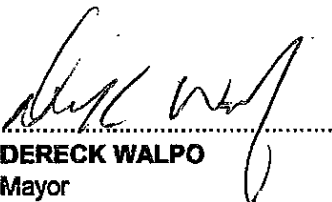
**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 30/10/13

**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: 30/10/13



**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 30/10/13

## 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 2013, 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*

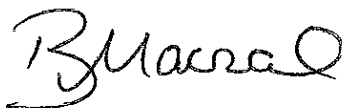
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Aurukun Shire Council, for the year ended 30 June 2013, has been accurately calculated.

### *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.



B MACRAE FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**AURUKUN SHIRE COUNCIL**  
 Long-Term Financial Sustainability Statement  
 Prepared as at 30 June 2013

**Measures of Financial Sustainability**

**Council**

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Operating surplus ratio	Between 0% and 10%	8%	-26%	-26%	-25%	-23%	-23%	-22%	-20%	-20%	-18%
Asset sustainability ratio	greater than 90%	7%	5%	0%	0%	0%	0%	0%	0%	0%	0%
Net financial liabilities ratio	not greater than 60%	-91%	-109%	-106%	-102%	-99%	-94%	-90%	-85%	-80%	-75%

**Aurukun Shire Council's Financial Management Strategy**

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

# Aurukun Shire Council

*Providing an improved quality of lifestyle for all Aurukun residents*



## 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](mailto:ceo@aurukun.qld.gov.au)

## Photographs

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.

Photographs found throughout this report need to be acknowledged as follows:

Fred Marchant; Lisa Gottani; Bernie McCarthy; Rob Love; Brenda Cohen; Kylie van de Velde; Zuzana Orme; Linda Sivyer; Melanie Shaddock.

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ABN: 32 338 490 426

GST Registered: Yes (01/07/2000)

Website: [www.aurukun.qld.gov.au](http://www.aurukun.qld.gov.au)



**Mural – Aurukun Supermarket**



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