

Lockhart River Aboriginal Shire Council



Annual Report 2014 - 2015

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ANNUAL REPORT 2014 - 2015

Lockhart River Aboriginal Shire Council 2014-15 Annual Report provides a comprehensive account of Council's performance for the period 1 July 2014 – 30 June 2015.

This report details our achievements over the last 12 months, addresses some of the setbacks experienced and also identifies the future challenges that lie ahead for our community.

The information in this report demonstrates accountability to various stakeholders, who include our community residents, staff, Councillors, Government Departments and other interested groups.

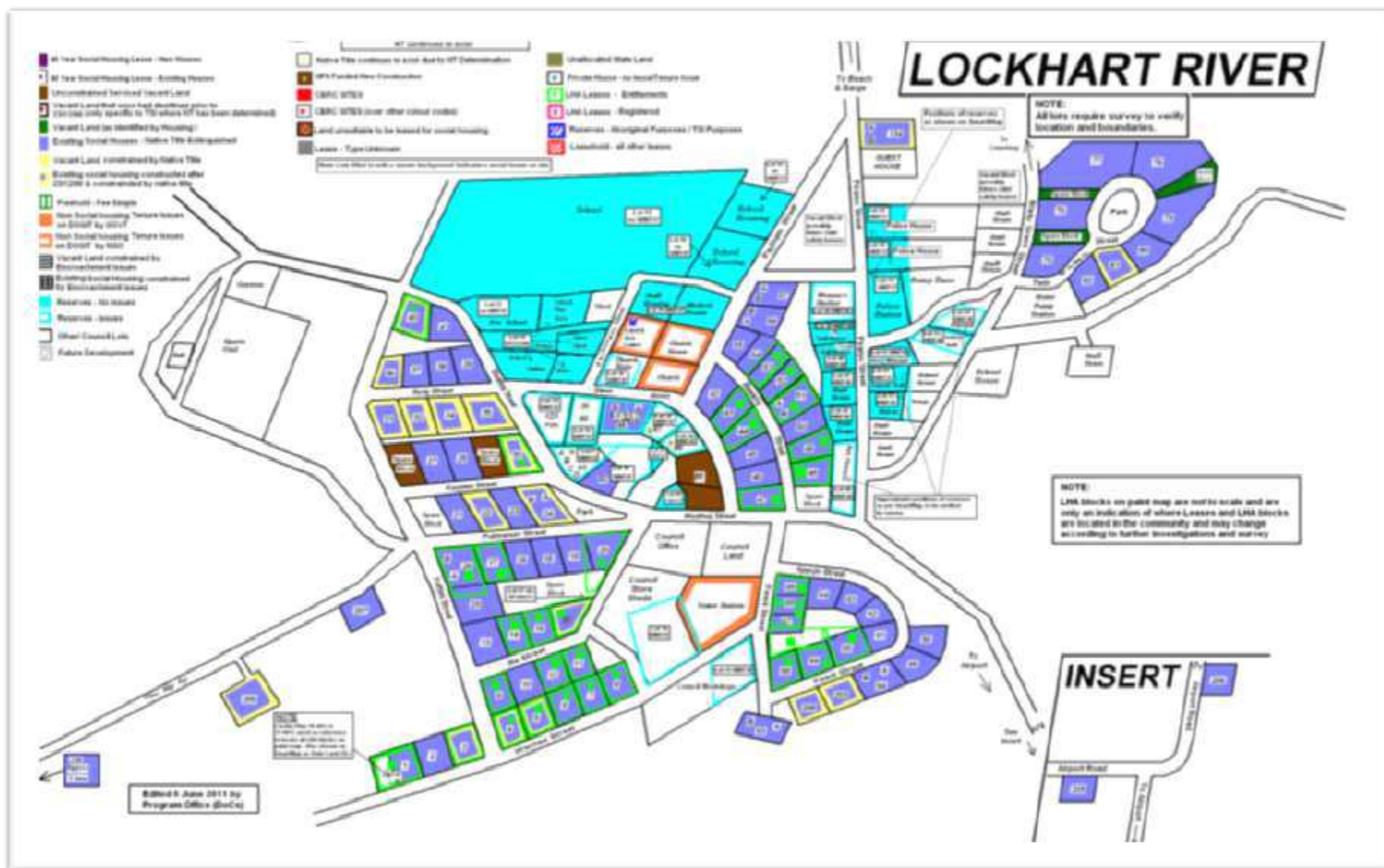
Copies of the 5-Year Corporate Plan, Operational Plan, Annual Report and the Council's Financial Statements are available free of charge electronically on Council website www.lockhart.qld.gov.au.

If you have comments you wish to share, please direct them to Chief Executive Officer by phoning 07 4060 7144 or email ceo@lockhart.qld.gov.au.

MAP OF LOCKHART RIVER



MAP OF LOCKHART RIVER TOWNSHIP



COUNCIL VISION, MISSION STATEMENT AND GUIDING VALUES

Our Vision

- Strong Puuya
- Strong Culture
- Strong Future

Our Mission Statement

To lead, strengthen and serve the community by providing high quality level of services as well as providing opportunities for you and me.

Our Guiding Principles and Values

The commitment of the elected representatives and officers of the Lockhart River Aboriginal Shire Council to its residents is underpinned by the following principles:-

- Respect
- Honesty
- Integrity
- Working and Learning together
- Fairness
- Being positive
- Respect of Culture
- Accountability

MAYOR



Cr. Wayne Butcher

CHIEF EXECUTIVE OFFICER



Mr David Clarke

LOCKHART RIVER HISTORY

Lockhart River was established in 1924 when people from five traditional territories in the area were coerced into a new Anglican mission (now known as the 'Old Site'). They spoke a number of different languages and were not used to living together.

Aboriginal people were not allowed to speak their language or to practise their cultural traditions and they were moved inland away from their sea country.

Marked by the good intentions but often misguided policies of successive governments and missionaries, our history is steeped in the traditional culture of our peoples.

Early European contact

The first European contact with Lockhart River was by William Bligh in 1789. Most people know of the infamous 'mutiny on the Bounty' but many do not realise after being cast adrift, Captain Bligh spent one night ashore close to where the Lockhart River mission would one day be built.

Explorer Edmund Kennedy passed through the traditional lands in 1848, swinging westward across the hills to the upper Pascoe River, in the first European attempt to survey the interior and peninsula of this part of Australia. He left a base party of eight on the Pascoe River, six of whom starved to death after refusing fish and other food from the Kuuku Ya'u people.

No further land exploration took place until William Hann came across from the Holroyd River in 1872, passing just south of the present town of Coen. Lockhart River was named during an exploratory expedition by government geologist Robert Logan Jack in 1880 after a friend of his (Hugh Lockhart), of Edinburgh.

Early industries

From the 1880s, sailors enlisted Aboriginal family groups to dive for beche-de-mer and pearl shell. Some of the lugger captains paid as little as \$1.50 a month and Aboriginal labour on luggers was later prohibited. This period is known as 'lugger time'.

Early last century, Orchid Point on Lloyd Bay was a centre for the trade of sandalwood. A base camp for gathering sandalwood was set up by Hugh Giblet. Giblet recruited Aboriginal workers to gather sandalwood, protected them from unscrupulous lugger captains and rewarded them with food, clothing and cased liquor for a Christmas party.

Giblet died about 1923. According to oral accounts, his death was caused by an infection (which he refused to have treated) from a woomera blow which broke his jaw during a drinking session.

Aboriginal settlement

In 1906, Chief Protector of Aboriginals, RB Howard, recommended an Aboriginal settlement be established at Lloyd Bay. He wrote glowingly of the 'fine stamp of people – strong, healthy, active fellows who seemed delighted at the idea of a settlement being formed in their own country'.

In 1910, Howard noted sandalwood prices were falling and the Aborigines of the region would 'keenly feel hardship' when employment ceased.

He also pointed to problems relating to the supply of intoxicating liquor to the Lockhart Aborigines and referred to the 'urgent necessity of at once placing an officer of this Department at the Pascoe or Claudie River to see that the provisions of the Aboriginals Protection Act are not evaded'.

A mission is formed

It was not until 1921 that Bishop Newton asked the Government to help set up a mission on the Pascoe River reserve. It had a superintendent and priest to supervise the settling of people in villages with a school, store, medical facility, sailing vessel, fencing and a few dairy cattle. Because the proposed mission was on a mineral belt, Bishop Davies (who replaced Bishop Newton) requested a change of site and the government agreed to transfer the reserve to the Lockhart River region where there were no leases.

Harry Rowan was appointed Lay Missionary and Superintendent and arrived at the Waterhole (Orchid Point) in Lloyd Bay, next to Giblet's old camp in July 1924.

This was a difficult time when people were denied access to their country and forced to live with comparative strangers and, in some cases, enemies.

By January 1925, Rowan reported more than 80 Aborigines at the mission. High infant mortality in the previous decade meant the number of children was small but a school started by the end of 1925. In 1928, a church was under construction and cutting sandalwood was still the main income for the mission.

During the early 1930s, Rowan tried cotton, bananas, pawpaws, cassava, sweet potatoes and taro. A new launch was obtained so fish, dugong and turtle as well as garden produce sustained the mission.

An Act passed in 1934 which gave the Queensland Government the right to move Aborigines at will. People of the Flinders Islands area of Princess Charlotte Bay were brought to Lockhart. By 1936 only a few Aborigines in the north-eastern area remained in traditional lands. That same year, 80 older Aborigines were removed from the Coen and Batavia districts to the mission. In 1937, the mission had a population of 388 but 35 lives were claimed by whooping cough in 1938.

World War Two

Locals tell how during the Second World War, all outsiders left to go down south and Aboriginal people were advised to 'go bush' to escape air raids.

Although times were still difficult, people re-established connection with their *ngaachi* (place/land/estates) and spread out like before.

The mission was re-established in 1947 with H Johnson as Superintendent. To try to establish community spirit, Johnson changed the structure from a series of sub-villages (representing tribal grouping) to a single settlement. He saw it as a necessary step in the 'breaking down of old tribal enmity and establishment of community spirit'.

Trochus fishing and other commercial activities were established. Johnson encouraged traditional skills such as language, bushcraft and hunting. His successor, Briggs, noted the 'complete absence of vindictiveness or arrogance' in the Lockhart Aborigines, whose spiritual qualities were 'outstanding'. Briggs resigned in 1950 and was succeeded by John Warby, whose name is commemorated in an era of Lockhart history as 'Warby time'.

'Warby Time'

Lockhart by now was in a desperate situation. Author Kylie Tennant described it as an 'insanitary and poverty-stricken little pesthole' and 'the worst mission of them all'. Warby re-organised the housing to bring people under closer medical and hygiene supervision.

In a couple of years the number of deaths was, for the first time for some years, less than the number of births.

In 1953, Warby reported all people living in Lockhart had embraced Christianity.

With the encouragement of the Anglican Board of Missions, Warby established the Lockhart River Christian Cooperative. Among other things, it aimed to teach people to run their own cooperative business, provide employment, establish a voluntary night school, improve living conditions and foster church activities. For the first time, mission residents were allowed to participate in decision making and play a role in routine administration

Trochus fishing continued to be the major economic enterprise. By 1956, the Cooperative was on a sound basis. Warby reported it was building up initiative, self-respect and self-reliance backed by a dramatically improved health situation. But the trochus market collapsed and evening classes closed due to lack of attendance.

Staff shortages were critical. Warby left in 1959 and his successor JT Currie found it necessary to close the Lockhart River Christian Cooperative in 1961.

Government control

Financial difficulties and the failure to find permanent church workers led to the church relinquishing its control of the mission. In the early 1960s, the Anglican Bishop of Carpentaria secretly negotiated with the Director of Native Affairs to transfer Lockhart River to the state.

In 1964, the Anglican Church handed over the mission to the Queensland Government who tried to relocate the people to Bamaga. The people refused to go but, in 1970, were forced to move away from the traditional area of the coast to Iron Range. This move was not a good one culturally or geographically. It took the settlement from one reasonably neutral location to one owned by a major group in the community; and from a traditional place on the coast to further inland. Friction resulted and continued.

On 30 March 1985, the Lockhart River community elected five councillors to constitute an autonomous Lockhart River Aboriginal Council. In a then ground-breaking recognition of Aboriginal land rights, the council area, previously an Aboriginal reserve held by the Queensland Government, was transferred on October 29, 1987 to the trusteeship of the council under a Deed of Grant in Trust (DOGIT). Locally elected councillors now provided administration for the Lockhart River DOGIT.

Part of the Lockhart River DOGIT area was transferred to Traditional Owners in September 2001 and placed into the Mangkuma [mung-Kooma] Land Trust.

In December 2003, the Lockhart River community signed a shared responsibility agreement with the Australian and Queensland Governments to help develop a community plan around economic development and improved community involvement in education. On January 1, 2005, pursuant to the Local Government (Community Government Areas) Act 2004, Lockhart River Aboriginal Council became the Lockhart River Aboriginal Shire Council.

A successful Native Title determination for an area north of Lockhart River was ruled in favour of the KuukuYa'u [Koo-kooYaoo] people by the Federal Court of Australia in 2009.

Cultural revival

A revival of cultural life took place in the 1970s with a number of dance festivals and traditional activities. Few people realise Lockhart River was the birthplace of the dance festival which later moved to Laura where it became the longest, continuous cultural festival in Australia. Today,

Lockhart River dancers still perform regularly at festivals including the Laura Aboriginal Dance Festival.

The community would dearly love to see a return of the dance festival to the place where it began some 30 years ago.

The community's strong cultural identity – as expressed through its dancers and also internationally-renowned Lockhart River Art Gang – makes Lockhart River a natural place to come together to celebrate the proud cultural heritage of Cape York.

A move by some Lockhart people to reoccupy the 'Old Site' has also been considered.

FACILITIES AND SERVICES

Health

The Shire has got a health care Centre which provides health care services, with emphasis on prevention, early detection and improved management of health issues in the Community. Services accessible at the Centre include those of professional visiting teams such as dentists, mental health specialist, Royal Flying Doctor Services, pediatrician, physiotherapists, ophthalmologists and ATODS. More serious cases are referred to Cairns. The Centre provides 24 hour service and can be contacted on 07 4060 7155

Education

Lockhart River has got a child care, prep and primary school up to grade 7. Secondary school students leave the community and attend boarding schools and other alternative school programs. Culture and the maintenance of traditional language is an important part of the school curriculum. The Community boasts of the Umpila and Kuku Ya'u language project as a means of keeping the culture alive. Pre-School and Primary School can be contacted on 07 4083 3888.

Radio

Lockhart River has a 24 hour local radio station broadcasting at 107.7FM. The Radio Station can be contacted on 07 4060 7050.

Library

The Lockhart River Library or Indigenous Knowledge Centre (IKC) now provides access to a range of good books and other useful services to the Community. The Library Staff can be contacted on 07 4060 7166.

Puuya Centre

The Puuya Centre has been built to become focal point of community development, culture and capacity building activities training, counseling meetings, therapy, group work and story sharing. Puuya means Life Force in Kuku Ya'u language.

Art and Cultural Centre

Lockhart River boasts of having one of the finest artists and painters in Australia. Some of the paintings from the Community have found their way to big capital cities in the World. If you visit the community, do not miss to buy a painting from here. Telephone Contact: 07 4060 7341.

Air Transport

Lockhart River Airport (also known as Iron Range Airport) is located approximately 800 km north of Cairns on the eastern coast of Cape York Peninsula. Being so remote with the road to Lockhart River being impassable during the tropical wet season, the airport is a vital link for the community.

There is a regular air service between Cairns and Lockhart River. Skytrans provides a daily return service between Cairns and Lockhart River on some days via Coen, Aurukun, Edward River and Kowanyama for 5 days in a week (Monday – Friday). There are also regular charters.

Airport Telephone Number: 07 4060 7121

Road Transport

Internal roads within the community are bitumen sealed. Other access roads in the shire are unsealed and pose considerable challenge during the wet season. Tuxworth and other transporters provide road service to the area during the dry period.

Sea Transport

The community is serviced by a regular barge service by Seaswift who operates weekly service to Lockhart River.

Accommodation

Accommodation is available at the following places.

- Airport Cabins Tel: 07 4060 7147 (Preferred)
- Puuchiwu Tel: 07 4060 7134

It is strongly recommended that visitors who intend to stay in Lockhart River make reservation at least one month to the date of arrival as there is competition for accommodation.

Shopping

There is a retail store run by the Department of Communities that sells groceries, limited household goods and a few clothes. Good fresh food and vegetables are always available; the store also runs a fuel station. Lockhart River Retail Store Tel: 07 4060 7192.

Jamie Stores is a small privately owned convenience store in the community located across the street from the main retail store.

Banking and Post Office Services

There is a Commonwealth Bank outlet in Lockhart River; however it is not a full bank. Everyday transactions are available. The Bank opens between 9:00 am and 12:00 noon each day. There are two ATMs in the Community. One located at the Council Administration office and the other in the Retail Store Complex.

Post office is open each afternoon from 1:00 pm to 3:00 pm.

Alcohol Management Plan

Lockhart River is what is considered under the Queensland Government liquor licensing as a restricted area with zero carriage limit. This means that the community including the airport is totally

dry and no alcohol is allowed. No local brew is allowed as well. For more information please see <http://www.atsip.qld.gov.au/communities/alchol-limits/alchol-reforms/fag.html>

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

Other Facilities

There is a football oval and community hall. Other facilities include the kids club, Women's centre, My Pathways Training Centre (Land and sea Centre), Justice Group office, HACC health & aged care services and the Men's Healing Centre. The Saint James Anglican church has a big hall which is used for most community functions. The church was built by Lockhart River people in 1971-73.

Private Enterprises

Lockhart River Car Hire is a private business owned and run by local person from the community. Business specializes in providing vehicle hire services to visitors to the area.

There is a Piva Cleaning Services to provide domestic and commercial cleaning services within Lockhart River. This is owned and operated by local person.

For both car hire and cleaning services contact Paul on 0427 607 035 (mob).

Other recent businesses owned and operated by the local people are JP Hobson Contracting and PC Ropeyarn Contracting services.

Weather

The climate of Cape York Peninsula is tropical and at times hot and humid. The tropical wet season runs from November to April and the tropical day season from May to October.

Temperatures averages 29°C

Lockhart River Aboriginal Shire Council has five elected representatives who are responsible for formulating Council policies, Corporate Plan, Operational Plan, adopting Council budget and providing strategic direction to the Community.

The Shire is undivided for electoral purposes. Each Councillor therefore represents the overall public interest of the whole area. The Council has adopted a portfolio system and each Councillor is assigned a specific portfolio(s) to look after. This allows for the principle of accountability and collective responsibility to operate.

Councillors are elected every four years in line with the Local Government Act. The last election was held in April 2012; the next election will be held around March 2016.

Acceptance of the duties and responsibilities of the Mayor and Councillors are signified by their declaration of office.

This declaration requires the elected members to fulfill the duties of office by acting faithfully and impartially to the best of their judgment and ability and to uphold the Council Code of Conduct. In addition, Councillors are required to complete a set of forms on Councillor interests, as a further check to dealing with the issues of conflict of interest and material personal interest.

To represent the community effectively, Councillors are required to attend ordinary meetings at the Council and any special meetings that may be called. Councillors are required to vote on all matters that require a decision or to abstain from taking part in the discussions and voting issues where they have conflict of interests and material personal interests. The role of the Mayor and Councillors is well spelt out in the Local Government Act 2009. Training has been provided to Councillors to help them understand their notes and responsibilities.

Council authority is exercised as a whole, with decisions being made by the Council in the best interest of the community. In this regard, the Local Government Act 2009 together with Council Policies provides guidance to the Mayor and Councillors on what their roles and responsibilities are, and the Code of Conduct expected of the elected representatives to observe.

The Code of Conduct provides for penalties ranging from reprimand to disqualification from office. All these measures are intended to safeguard against the misuse, abuse and miscarriage of power and authority by the elected members.

Ordinary meetings of the Council take place on the third Wednesday of the month. Prior to May 2012, meetings were held on the second Thursday of the month. Meetings are generally held in the Lockhart River Council Chambers in Lockhart but there are occasions when the meetings are held in the Cairns Office. The Council meeting is open to the public.

ELECTED MEMBERS



MAYOR – CR WAYNE BUTCHER (Email: mayor@lockhart.qld.gov.au)

A portrait of Cr. Norman Bally, a man with short dark hair, wearing a blue and white plaid shirt.	A portrait of Councillor Paul Piva, a man with a goatee, wearing a black polo shirt with red trim.	A portrait of Councillor Veronica Piva, an older woman with short white hair, wearing a blue patterned top.	A portrait of Councillor Rebecca Elu, a woman with dark hair, wearing a light blue top.
DEPUTY MAYOR Cr. Norman Bally	COUNCILLOR Paul Piva	COUNCILLOR Veronica Piva	COUNCILLOR Rebecca Elu

COUNCILLOR	PORTFOLIO
Cr Wayne Butcher (mayor@lockhart.qld.gov.au)	Overall representative, Governance, Employment Training and Leadership & Culture
Cr Norman Bally (dmayor@lockhart.qld.gov.au)	Overall representative, Housing, Infrastructure, Parks and Gardens
Cr Paul Piva (paulpiva@lockhart.qld.gov.au)	Overall representative, Education, Economic Development Enterprise
Cr Veronica Piva (veronica@lockhart.qld.gov.au)	Overall representative, Health, Law Justice and Order
Cr Rebecca Elu (rebecca@lockhart.qld.gov.au)	Overall representative, Youth, Sports and Recreation

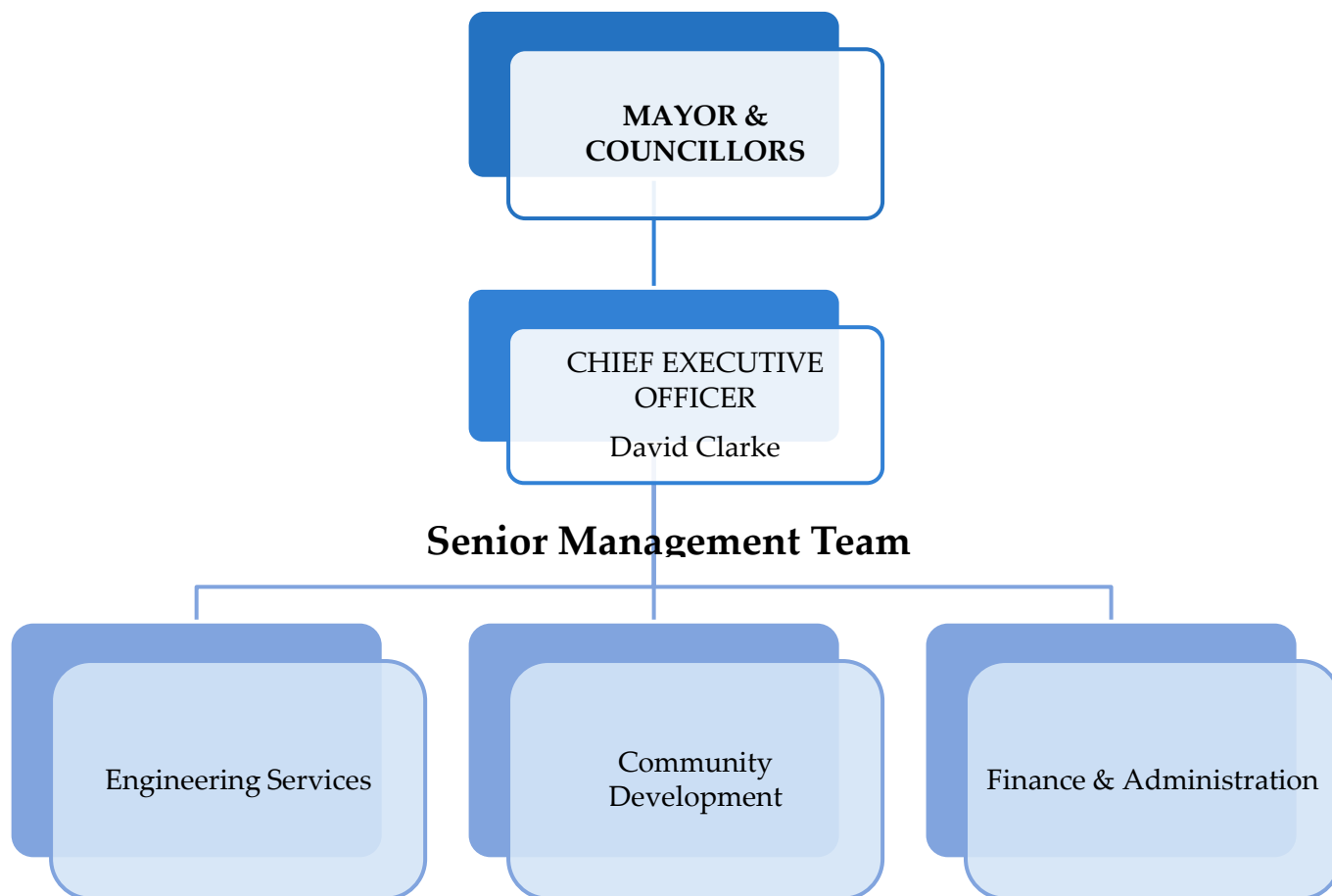
Councillors Remuneration

Councillor	Ordinary Meetings	Special Meetings	Total Meetings	Remuneration 1 July 2014 – 30 June 2015	Superannuation 1 July 2014 – 30 June 2015
Cr. Wayne Butcher	12	2	14	\$95,850	\$11,439
Cr. Norman Bally	12	2	14	\$55,298	\$6,560
Cr. Paul Piva	12	2	14	\$47,925	\$5,720
Cr. Veronica Piva	11	-	11	\$47,925	\$5,720
Cr. Rebecca Elu	12	1	13	\$47,925	\$5,720

OUR ORGANISATION

The structure consists of four sections, namely Leadership and Governance, Engineering Services, Building Services, Community Development Services, Finance and Administration (Corporate Services) all headed by Managers that report to the Chief Executive Officer.

They make up the Council's senior management team responsible for the implementation of the Council policies, resolutions and operational plans. They provide advice to the Council in their key operational areas. The organizational structure was as below:



SENIOR MANAGEMENT TEAM MEMBER

Chief Executive Officer:	Mr. David Clarke
Deputy CEO	Mrs. Dora Accoom (resigned June 2015)
Manager Engineering Services:	Mr. Sangarapillai Rajanayagam (resigned April 2015)
Building Services Supervisor:	Mr. Edmond Regis
Manager Community Development:	Ms. Dottie Hobson (resigned June 2015)
Manager Finance & Administration:	Mr. Stanley Mugwiria
Aerodrome Manager	Mr. Manfred Kranabetter

Executive Remuneration

A senior officer is a Chief Executive Officer or any contracted position who reports directly to the Chief Executive Officer.

The Senior Executives of Lockhart River Aboriginal Shire Council during the 2014-15 period were:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Finance and Administration Manager
- Community Development Services Manager
- Building Services Supervisor
- Engineering Services Manager
- Aerodrome Manager

Section 201 of the Local Government Act 2009 requires that the remuneration packages of senior contract employees employed by the Council be reported as follows:

- 3 Senior Contract Officers with a total remuneration package in the range of \$0 - \$99,999
- 4 Senior Contract Officers with a total remuneration package in the range of \$100,000 - \$199,999

Invitation to tenderers to change their tender details

No actions were taken to amend tender specifications after the tenders were invited.

Beneficial Enterprises

The Lockhart River Aboriginal Shire Council acknowledge the operations of Puuya Foundation that supported parents and teachers engagement and that will soon establish and operate Early Learning Centre.

Significant business

The Lockhart River Aboriginal Shire Council did not conduct any significant business activities during the year.

Invitations to provide expressions of interest

Black & More advertised tenders on behalf of the Council on Saturday 8 August 2015 for the NDRRA REPA Works and ATSI-TIDS Upgrade Works. The tender process was not altered and changed at any stage and that it was successfully accomplished with selection of Newton Spencer Contracting (Lockhart River based) as the contractor.

Internal Audit

Altius Chartered Accountants continued their term as internal auditors who reports to the internal audit committee. During the year, the internal auditors focused on the following:-

- Risks registers
- Accounting for non-current assets
- Review of desktop valuations

Only one internal audit report was presented and discussed by the audit committee during the year.

External Audit

Council financial reports and operations were audited by the Auditor General of Queensland through Grant Thornton Chartered Accountants (contracted auditors). The audit involves performing

procedures to obtain audit evidence about the amounts and disclosures in the financial report. In making those risks assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial report. An audit also evaluates the appropriateness of the accounting policies used and reasonableness of estimates made by the management.

For the financial year 2014-15, the Council received an **unmodified audit opinion** for the seventh year in a row hence Council's operations have received a clean bill of health.

Assessment of Corporate Plan and Operational Plan

The 5-Year Corporate Plan, Operational Plan and Budget documents were discussed and adopted on 16 July 2015.

The Council prepared and adopted the 2013-18 Corporate Plan aligned to the strategic funding and service level changes.

The progress of 2014-15 Operational Plan was reviewed and discussed by the Council and senior management on a regular quarterly basis.

Annual Report

Section 104 of the Local Government Act 2009 require the Council to prepare and adopt its annual report within the required legislative timeframe and in preparation and adoption of 2014-15 Annual Report the Council complied in all respect.

Grants to Community organisations

According to the requirement of section 189 of Local Government Regulation 2012, the Council did not provide grants to any community organisation during the 2014-15 period except contributions to assist local people with funeral costs and support of cultural activities of \$51,399.

List of Registers available to the public

The following registers are held by the Council:

- Register of interests of Councillors
- Conflict of interests of Councillors
- Conflict of interest / materials personal interest declaration register
- Register of Code of Conduct matters
- Register of Election Gifts and Benefits
- Register of Mayoral directives to Chief Executive Officer
- Register of Interest of Chief Executive Officer
- Register of Interest of Senior Contract Employees
- Register of Delegation (including financial)
- Register of Council Meeting Minutes
- Asset Register
- Road Register
- Housing Register
- Prequalified Suppliers
- Register of Regular and Performance Agreements
- Register of Consultants
- Council Local Laws register
- Register of dogs
- Keeping, control and impounding of animals
- Abandoned vehicle register
- Asbestos Register

- Cultural sites
- Register of High School Student
- Register of kids who receive Christmas gifts from Council
- Register of awards and recognition
- Community Engagement Register
- Register of Cemetery

Overseas travel

Neither the Councillors nor the employees made any overseas travel on official arrangement during the financial year.

Other relevant issues to making an informed decision

During the financial year, there are no known issues relevant to making informed assessment of the Council's operation and performance.

Conduct and performance of Councillors

Compliance with S186 of the Local Government Regulation 2012 under S186 (e) - (g) the Council performance against set standards were as follows:

Compliance Requirements	
Orders and recommendations made under S180 (2) or 4 of the Act	Nil
Orders made under S181 of the Act	Nil
Name of each Councillor for whom an order of recommendation was made	Nil
A description of the misconduct or inappropriate conduct engaged in by each Councillor	Nil
Complaints about the conduct or performance of Councillors for which no further action was taken under S176 (2)	Nil
Complaints referred to the Department Chief Executive Officer	Nil
Complaints referred to the Mayor under S176 (3) (a) (ii)	Nil
Complaints referred to the department Chief Executive Officer under S176 C (4) (a)	Nil
Complaints assessed by the Chief Executive Officer as being about official misconduct	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the tribunal	Nil

Complaints Management Process – Administration Action Complaints

Where there are administrative complaints, under section 187 of the Local Government Regulation 2012, the Council has established and maintained effective policy and process for resolving them. This policy and complaints handling framework is fairly consistent in resolving complaints.

The policy framework is communicated to all staff at the commencement of their employment and reinforced at staff meetings.

Further information of Council's Complaints Policy and Process can be obtained at www.lockhart.qld.gov.au

A complaint register has been established providing details with regard to the outcomes of complaints.

No administrative action complaints were recorded during the reporting year.

Training and Development

Council has a developed comprehensive policy on staff training and development to support and foster competent and safe workforce. Council provides study time and travel expenses to employees in order to attend all work related training. Council's training and development policy is available at the HR office.

Equal Employment Opportunity (EEO)

Council has developed and implemented on Equal Employment Opportunity Policy (EEOP) and Management Plan. The EEOP and Management plan has been adopted in all areas of Council operations and to ensure that the workforce is free of discrimination, that all vacant positions are advertised openly; that appointments are made on merit and that all forms of harassment are discouraged.

Our workforce comprises people of different ages, cultures, religions, values, beliefs, educations, languages, abilities and gender.

By creating a workplace in which every employee is valued for their diverse skills, knowledge and perspectives, Council is encouraging a more cohesive work environment and better team performance.

Employees statistics

Council workforce is dominated by men representing 58 per cent while women are 42 per cent and this is an improvement from previous years as women representation has been increasing. There is a good balance of male and female in the Leadership and Governance area being 60:40 respectively.

Majority of employees are in the age bracket of 30 – 55 years.

Work Place Health & Safety

The Council is responsible for ensuring safe working environment for all its employees. Also, the Council is obliged to comply with requirements under Work Health & Safety Act and Regulation 2011.

Staff safety awareness has increased through training and robust incidence reporting system to ensure appropriate actions are carried out to reduce risk of incidents occurrence. Council encourages employees to acquire safety knowledge around workplace and outside working environment for their own safety benefits.

Code of conduct

The Council developed and implemented Code of Conduct for employees that provide guidelines to employee professional behavior and practices. This policy document is reviewed every year to ensure currency due to changing employee behavior. The policy is part of the human resources set of policies.

Rates and Charges

In accordance with requirement under section 190(1)(g) of the Local Government Regulation 2012, the annual report must prepare a summary of all concessions for rates and charges granted by the local government. Lockhart River Aboriginal Shire Council did not grant any concessions during the financial year.

Controlled Roads

At Lockhart River, the Council controls the entire road and bridge network and it is categorized into formation, pavement and seal. The Council maintains 1 bridge and 38 culverts. This infrastructure requires dedicated Council's road gang resources to maintain in order to achieve the service level expected by the community members and visitors. At the date of this report the following was the make-up of the network:

Rural unformed	15km
Rural formed	141km
Urban roads	11km
Total length of road and bridge network	167km

COUNCIL PERFORMANCE – THE YEAR IN REVIEW

Engineering Services

The goal was to manage, maintain and develop Council infrastructure and Plant & Equipment to meet the current and future Community needs. This report provides an overview of the status of engineering services undertaken during the financial year against this goal.

The R2R project to construct Cemetery Road and Sefton Road was accomplished during the year and are scheduled to deliver Esplanade upgrade in the coming financial year.

The Road Gang crew delivered Restoration 7.13 (Restoration Works) on their own and partnered with Newton Contracting Services to deliver Restoration 5.13 (Restoration Works). All these works were closed at of 30 June 2015.

BUILDING SERVICES

The goal was to provide adequate and quality houses that satisfy the needs of the community today and in the future as well as encourage community members towards home ownership.

The Council building crew constructed 2 new houses on their own out of total of 13 new houses completed during the year.

The major upgrades and painting program were completed during the year.

The Council entered into 40 Year Lease Agreement on 28 houses to be constructed on the new subdivision during the year in addition to last year's 51 Houses transferred to the Department of Housing and Public Works.

ENVIRONMENTAL MANAGEMENT

The key goal was to enhance and protect the wellbeing of the residents of Lockhart River by providing an effective environmental management program and systems.

The Community was provided with reliable, timely and appropriate municipal services by the Council through the following service lines:

- Water supply
- Sewerage
- Parks and gardens
- Refuse collection and waste management
- Feral animal and weed control management
- Fire management

LOCKHART RIVER AERODROME COMPANY

The Aerodrome Company is wholly owned by the Lockhart River Aboriginal Shire and operates as a Council entity. The company is responsible for the operations of the Lockhart River Airport and nearby Iron Range Cabins as well as the sale of aviation and diesel fuels. The Aerodrome is the only means of travel when the roads are flooded during the wet season.

During the year under review:

The Skytrans was put under administration and during that period the flight schedules inconvenienced many community members though West Wing Aviation was fast enough to remedy the situation as it took over. Currently, new Skytrans is doing a superb job.

During the year Council Road Works Crew constructed and completed drainage works on the runway funded by Department of Infrastructure and Regional Development to ready the upcoming pavement upgrade. The Council was granted \$5.6m by Queensland Government (R4R program) towards runway rehabilitation to upgrade the pavement.

The Lockhart River Aerodrome Company recorded another year of operating deficit.

COMMUNITY DEVELOPMENT SERVICES

You-me working together, not-standing alone. You-me it is up to us. We have got to help one another. You-me I know we can do it.

The main goal was to encourage and participate in the continuing development of Community Services and Cultural Activities and to strengthen individual and Community Puuya.

The following regularly funded programs continued to benefit the community members throughout the financial year:

- Mens' Support Services
- HACC
- Women Shelter
- Family Together
- Justice Group
- Youth At Risk Initiative
- Primary Health Care – Indigenous Australian's Health Program
- Outside School Hours Care

PUUYA FOUNDATION

It is an independent, non-profit secular foundation, established to strengthen people's *puuya* (life force in Kuuku Ya'u language) at Lockhart River.

The Foundation has secured funding to construct and operate early learning centre that will target the educational needs of kids in their early ages. The construction of the centre is underway and due for completion in 2015/16.

CORPORATE SERVICES

Council's Corporate Services department incorporates both finance and administration functions and provides a wide range of services to internal and external clients of the Council.

The goal was to provide an efficient, effective and accountable financial planning and management by carrying out key roles: payroll, debtors, creditors, purchasing, asset management, long-term forecasting, general accounting and reporting. Administration services include functional areas: reception, filing, library, information technology, radio, banking and post office, centrelink services, human resources and housing services.

The Council obtained unmodified audit opinion on the financial statements for the year ended 30 June 2015. This good audit opinion has been achieved for seven years in a row and it signifies the effectiveness of our internal control systems.

The 2015/16 budget was prepared by the finance team and approved by the Council within the required legislative timeframe.

The 2014-15 Community Finance Report was prepared as presented below:

COMMUNITY FINANCIAL REPORT

The Community Financial Report is a plain English summary of Council's Financial Statements prepared in accordance with Section 179 of the *Local Government Regulation 2012*.

1. Financial Year 2014/15 Snapshot

Key highlights of the financial year include:

Some of the major capital expenditure during the year includes:

<i>Housing upgrades</i>	<i>\$344,912</i>
<i>New Roads</i>	<i>\$532,895</i>
<i>Restoration Works on Rural Roads</i>	<i>\$2,983,514</i>
<i>Other infrastructure assets</i>	<i>\$1,046,712</i>

Operating Surplus results for the year (Consolidated) ***\$7,770,981***

2. About Council's End of Year Financial Statements

What you will find in the Financial Statements

The Audited Financial Statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2015.

About the Management Certificate

The Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the Financial Statements by management & elected representatives.

About the Financial Statements

The Financial Statements incorporate 4 "primary" financial statements and accompanying notes.

2.1 Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing both (a) regular income & expenses and (b) other comprehensive income which records items such as changes in the fair values of Council's assets and investments.

2.2 A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

2.3 A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

2.4 A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

2.5 Notes to the Financial Statements

Provides greater detail to the line numbers of the 4 "primary" financial statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by the Queensland Audit Office. The Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance and position. Our Council received unqualified audit opinion (good audit report).

Where to find a complete version of 2014/15 Financial Statements (Consolidated)

A complete version of Council's Financial Statements for the 12 months to 30 June 2014 can be found at our website: www.lockhart.qld.gov.au or at the Council's administrative officers at:

14 Maathuy Street

Lockhart River, QLD 4892

Or

Unit/7 Anderson Street

Manunda Street, QLD 4870

3. An Overview of this year's Financial Result & Financial Position

3.1 Council's Consolidated Statement of Comprehensive Income (Profit & Loss) for 2014/15

Council's headline consolidated operating result for the 2014/15 year was operating surplus of **\$7,770,981**. The main reason was due to increase of revenue from recoverable works \$7,704,352 and transfer of 28 houses to the Department of Housing and Public Works. Others include decrease in depreciation by more than 50% and increased funding from QRA Restoration Works.

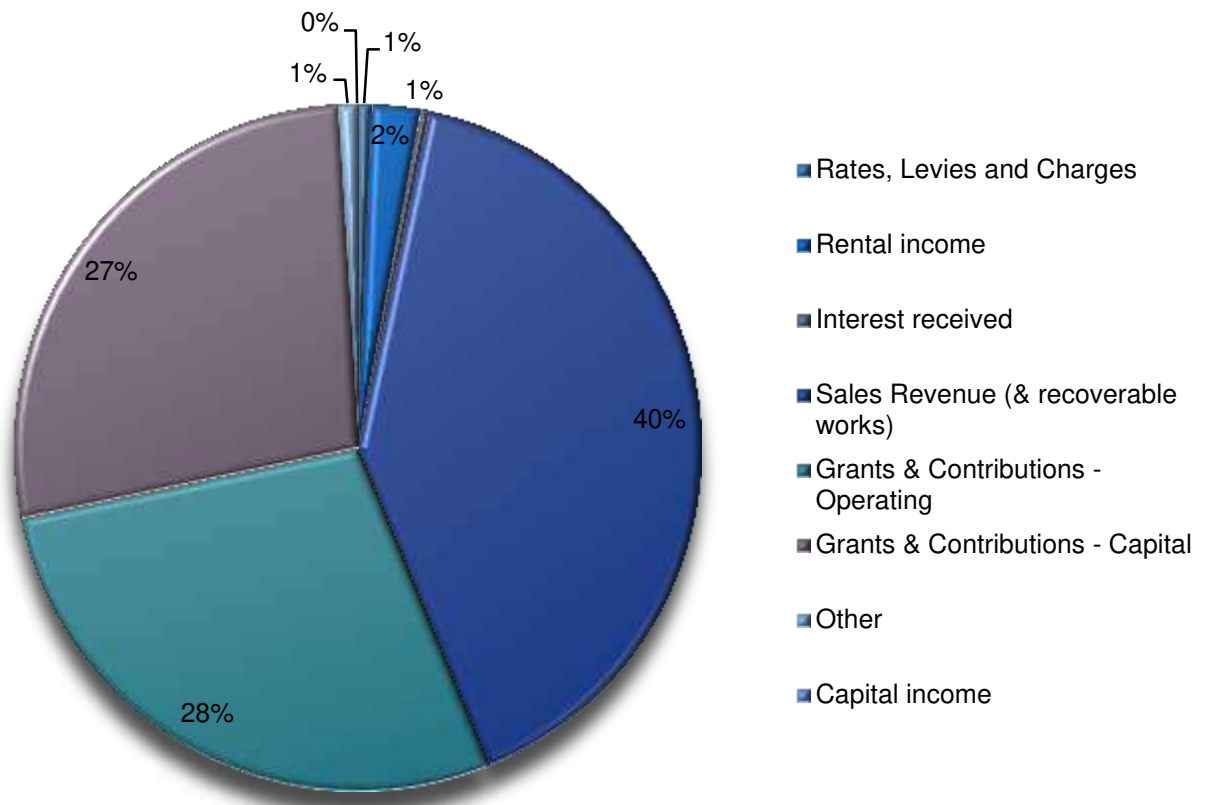
This included the following key financial performance highlights (Consolidated):

	Actual \$ 2015	Budget \$ 2015	Actual \$ 2014
Revenues (excl. income for capital purposes)	13,307,153	12,385,980	8,853,043
Expenditure	(10,529,174)	(14,124,910)	(10,615,980)
Net Result before Capital Grants & Contributions	2,777,979	(1,738,930)	(1,762,937)
Capital Grants & Contributions	5,020,003	4,743,000	3,014,480
Capital income	(27,000)	-	24,502
Capital expenses	-	-	(8,478,753)
Net Result	7,770,981	3,004,070	(7,202,708)

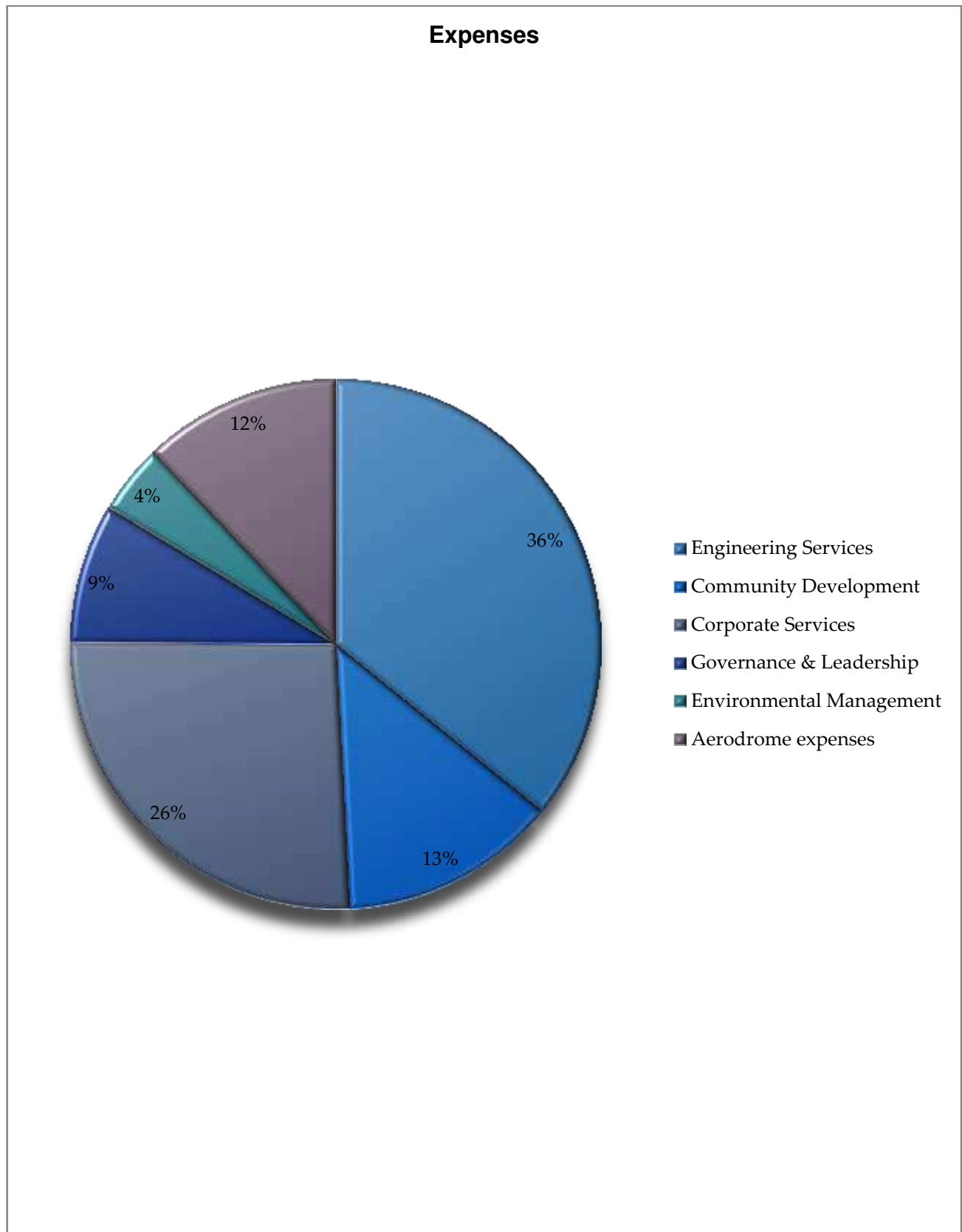
In the overall, the Council and senior management believe the financial result for 14/15 to be satisfactory and aspire to continue achieving such results.

Council's Consolidated Revenue Sources for the year 2014/15:

Revenue



Council's Consolidated Total Expenditure by function for the year 2014/15:



3.2 Councils Consolidated Statement of Financial Position (Balance Sheet) – Net Wealth

The Balance Sheet "bottom line" discloses the Net Community Equity of Council and Aerodrome Company, which represents its wealth as measured by a dollar value of its asset less liabilities.

	Actual \$ 2015	Actual \$ 2014
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments ****	4,855,783	3,104,374
Debtors	2,554,396	1,156,633
Inventories	237,634	278,082
Other financial assets - Current	221,211	143,619
Other financial assets - Non Current	7,309,761	5,551,946
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	310,242	120,804
- Land and Improvements	1,430,000	1,430,000
- Buildings	13,526,920	13,171,830
- Housing	20,095,998	19,244,385
- Plant and Equipment	1,250,858	1,527,724
- Furniture and office equipment	- 48,079	12,413
- Road, Drainage and Bridge Network	14,946,036	9,440,112
- Water	3,382,780	3,291,690
- Sewerage	3,403,088	3,284,760
- Other Infrastructure Assets	2,180,741	898,970
	75,657,369	62,657,342
Council has funded some of its operations and assets by the following liabilities:		
Trade and other payables	2,348,904	1,367,324
Current provisions	74,521	96,701
Non-current provisions	114,839	105,072
	2,538,264	1,569,097
Net Community Equity	73,119,105	61,088,245
***Cash & Investments "restricted" for future funding purposes	351,101	906,563

3.3 Council's Key Financial Figures - A Snapshot

A summary of some key financial figures over the past 5 years lets you see some overall trends.

Financial Performance Figures (\$'000)	2015	2014	2013	2012	2011
	<i>Consolidated</i>				
Inflows:					
Fees & Charges	116,069	111,821	113,851	66,045	86,350
Other revenue	166,166	244,557	115,167	5,270	5,498
Rental Income	418,245	673,279	649,629	656,454	615,266
Interest Received	77,487	54,713	107,569	277,382	154,761
Sales Revenue	7,404,352	2,901,423	772,829	722,452	581,509
Grants, Subsidies, Contributions & Donations - Operating & Capital	10,144,837	6,949,836	8,106,742	14,212,504	13,582,324
Total Income from Continuing Operations	18,327,156	10,935,629	9,865,787	15,940,107	15,025,708
Sale Proceeds from PP&E	42,182	57,056	-	1,364	36,048
Finance lease receipts	343,838	50,860	-	-	-
Outflows:					
Employee Benefits	3,967,194	3,723,923	4,216,879	4,079,898	3,738,323
Materials & Services	4,453,118	3,554,770	4,300,724	8,838,190	10,256,751
Finance Costs	114,719	- 3,514	- 4,961	13,417	22,391
		-	-	-	-
Total Expenses from Continuing Operations	8,535,031	7,275,179	8,512,642	12,931,505	14,017,465
Total Cash purchases of PP&E	5,028,936	4,620,991	1,023,785	860,015	1,703,733
Total Loan Repayments (incl. Finance Leases)	-	-	-	-	-
Operating Surplus/(Deficit) (excl. Capital Income & Expenses)	2,777,979	1,363,516	(805,266)	1,192,948	(441,674)
Financial Position Figures (\$'000)					
	2015	2014	2013	2012	2011
Current Assets	7,869,023	3,711,552	4,161,419	9,478,204	12,504,886
Current Liabilities	2,423,426	1,519,322	1,095,101	6,764,595	9,386,582
Net Current Assets	5,445,597	2,192,230	3,066,318	2,713,609	3,118,304
Cash & Cash Equivalents	4,855,783	2,394,262	3,434,241	3,233,764	11,742,170
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	-	-	-	-
Total Value of PP&E (excl. Land & Improvements)	77,596,356	63,621,467	66,860,923	66,151,576	60,212,284
Total Accumulated Depreciation	17,117,771	17,258,185	11,092,206	9,103,035	8,614,392
Indicative Remaining Useful Life (as a % of GBV)	78%	73%	83%	86%	86%

Source: Published audited financial statements of Council (current year & prior year annual financial statements)

4. Financial Sustainability Measures

The Financial Sustainability of Councils is now a cornerstone of the Local Government Act and a core responsibility of individual Councils across Queensland.

Financial Sustainability is defined as when a **"Local Government is able to maintain its financial capital and infrastructure capital over the long term"** [source: Local Government Act 2009 section 102(2)].

The Financial Sustainability indicators (in accordance with the *Local Government Regulation 2012*) that Council must publish are as follows:

Operating Surplus Ratio

Net Result divided by Total Operating Revenue

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (Renewals) divided by Depreciation Expense

This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as they reach the end of their useful lives.

Depreciation expense represents an estimate of the extent to which the infrastructure assets have been consumed in one year period.

Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the infrastructure assets are being replaced.

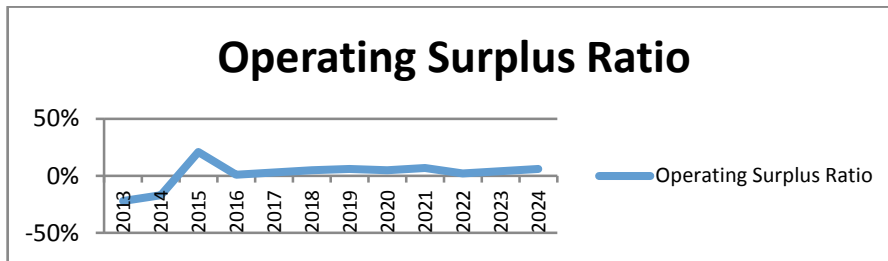
This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

Net Financial Liabilities Ratio

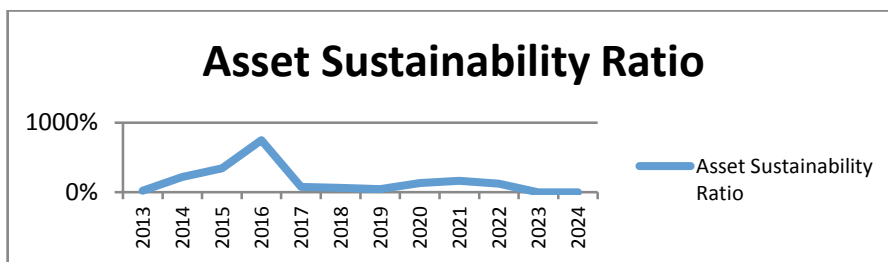
Total Liabilities less Current Assets divided by Total Operating Revenue

This is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues.

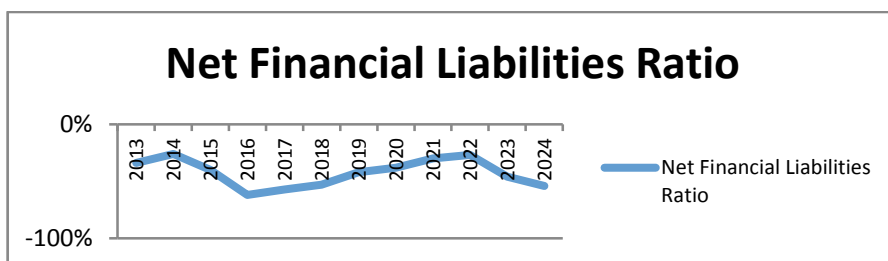
	Target	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Long Term Financial Plan Projections							
						Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024
Ratio													
Operating Surplus Ratio	0 - 10%	-22%	-17%	21%	1%	3%	5%	6%	5%	7%	2%	4%	6%
Asset Sustainability Ratio	> 90%	21%	220%	346%	749%	79%	65%	47%	132%	167%	124%	0%	0%
Net Financial Liabilities Ratio	< 60%	-34%	-26%	-40%	-62%	-57%	-53%	-42%	-38%	-30%	-27%	-46%	-54%



In 2014/15 financial year, the Council reported operating surplus ratio of 21% that is within the target of between 0% and 10% per annum on average over the long term. The Council generated sufficient revenue that could cover operating expenses and offset past or future operating deficits or to fund proposed capital expenditure. This good outcome will continue to be achieved in future.



The Council achieved Asset Sustainability Ratio of 346% that was above the target of >90% implying that the Council sufficiently maintained, replaced or renewed existing infrastructure assets as they are consumed. This will increase service levels and useful lives of these assets.



The Council recorded Net Financial Liabilities Ratio of -40% against a target of <60% and this indicates that the current assets exceed the total liabilities. The Council appears to have the capacity to increase its funding.

Lockhart River Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2015

Lockhart River Aboriginal Shire Council

Financial statements

For the year ended 30 June 2015

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Lockhart River Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	Consolidated		Council	
		2015 \$	2014-Restated \$	2015 \$	2014-Restated \$
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3(a)	116,069	111,821	116,069	111,821
Rental income	3(b)	418,245	661,075	390,616	673,279
Interest received	3(c)	77,487	72,354	60,063	54,713
Sales revenue	3(d)	7,404,352	3,807,880	6,439,640	2,901,423
Other income	3(e)	166,166	132,565	166,166	132,565
Grants, subsidies, contributions and donations	4(a)	5,124,834	4,047,348	5,124,834	4,047,348
		<u>13,307,153</u>	<u>8,853,043</u>	<u>12,297,388</u>	<u>7,821,149</u>
Capital revenue					
Grants, subsidies, contributions and donations	4(b)	5,020,003	3,014,480	5,020,003	3,014,480
Total revenue		<u>18,327,155</u>	<u>11,867,523</u>	<u>17,317,391</u>	<u>10,935,629</u>
Capital income	5	-	24,502	-	24,502
Total income		<u>18,327,155</u>	<u>11,892,025</u>	<u>17,317,391</u>	<u>10,960,131</u>
Expenses					
Recurrent expenses					
Employee benefits	6	(3,967,194)	(4,203,082)	(3,543,390)	(3,723,923)
Materials and services	7	(4,453,118)	(3,971,537)	(3,894,493)	(3,554,770)
Finance costs	8	(114,719)	(541)	(22,481)	3,514
Depreciation and amortisation	16	(1,276,238)	(2,440,819)	(1,075,729)	(2,121,477)
Other expenses	9	(717,905)	-	(717,905)	-
		<u>(10,529,174)</u>	<u>(10,615,980)</u>	<u>(9,253,998)</u>	<u>(9,396,657)</u>
Capital expenses	10	(27,000)	(8,478,753)	(27,000)	(8,478,753)
Total expenses		<u>(10,556,175)</u>	<u>(19,094,733)</u>	<u>(9,280,999)</u>	<u>(17,875,410)</u>
Net result		<u>7,770,981</u>	<u>(7,202,708)</u>	<u>8,036,392</u>	<u>(6,915,279)</u>
Other comprehensive income					
Items that will not be reclassified to net result					
Increase / (decrease) in asset revaluation surplus		4,259,880	772,824	3,770,652	537,960
Total other comprehensive income for the year		<u>4,259,880</u>	<u>772,824</u>	<u>3,770,652</u>	<u>537,960</u>
Total comprehensive income for the year		<u>12,030,861</u>	<u>(6,429,885)</u>	<u>11,807,044</u>	<u>(6,377,319)</u>

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

QAO
certified statements

Lockhart River Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2015

	Note	Consolidated		Council	
		2015 \$	2014-Restated \$	2015 \$	2014-Restated \$
Current assets					
Cash and cash equivalents	11	4,855,783	3,104,374	4,101,197	2,394,262
Trade and other receivables	12	2,554,396	1,156,633	2,404,484	1,015,248
Inventories	13	237,834	278,082	143,487	158,423
Other financial assets	14	221,211	143,619	221,211	143,619
Total current assets		7,869,023	4,682,708	6,870,379	3,711,552
Non-current assets					
Other financial assets	14	7,309,761	5,551,946	7,309,761	5,551,946
Investments	15	-	-	100	100
Property, plant and equipment	16	60,478,585	52,422,687	54,312,627	46,667,876
Total non-current assets		67,788,346	57,974,633	61,622,488	52,219,924
Total assets		75,657,369	62,657,341	68,492,867	55,931,476
Current liabilities					
Trade and other payables	18	2,348,904	1,367,324	2,204,502	1,432,733
Provisions	19	74,521	96,701	61,517	86,589
Total current liabilities		2,423,426	1,464,025	2,266,019	1,519,322
Non-current liabilities					
Provisions	19	114,839	105,072	102,243	94,593
Total non-current liabilities		114,839	105,072	102,243	94,593
Total liabilities		2,538,265	1,569,096	2,368,263	1,613,915
Net community assets		73,119,105	61,088,243	66,124,605	54,317,561
Community equity					
Asset revaluation surplus	20	35,736,392	31,478,512	32,535,205	28,764,563
Retained surplus/(deficiency)		37,380,712	29,609,731	33,589,399	25,553,007
Total community equity		73,119,105	61,088,243	66,124,605	54,317,561

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



Lockhart River Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2015

Consolidated	Asset revaluation surplus	Retained surplus	Total
	2015 \$	\$	\$
Balance as at 1 July 2014	31,478,512	29,609,731	61,088,243
Net result	-	7,770,981	7,770,981
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	4,259,880	-	4,259,880
Total comprehensive income for the year	4,259,880	7,770,981	12,030,861
Balance as at 30 June 2015	35,738,392	37,380,712	73,119,104
Balance as at 1 July 2013	30,705,688	36,812,439	67,518,127
Net result	-	(7,202,708)	(7,202,708)
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	772,824	-	772,824
Total comprehensive income for the year	772,824	(7,202,708)	(6,429,884)
Balance as at 30 June 2014 - Restated	31,478,512	29,609,731	61,088,243

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

Lockhart River Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2015

Council	Asset revaluation surplus	Retained Surplus	Total
	20 \$	\$	\$
Balance as at 1 July 2014	28,764,553	25,553,007	54,317,560
Net operating surplus	-	8,036,392	8,036,392
Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	3,770,652	-	3,770,652
Total comprehensive income for the year	3,770,652	8,036,392	11,807,044
Balance as at 30 June 2015	32,535,205	33,589,399	66,124,604
Balance as at 1 July 2013	28,226,593	32,468,286	60,694,879
Net operating surplus	-	(6,915,279)	(6,915,279)
Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	537,960	-	537,960
Total comprehensive income for the year	537,960	(6,915,279)	(6,377,319)
Balance as at 30 June 2014- Restated	28,764,553	25,553,007	54,317,560

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



Lockhart River Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2015

Note	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers	6,446,903	3,588,573	5,332,639	2,712,616
Payments to suppliers and employees	(7,683,494)	(7,976,614)	(6,691,060)	(6,917,349)
	(1,236,591)	(4,388,042)	(1,358,422)	(4,204,733)
Interest received	77,487	72,354	60,063	54,713
Rental income	418,245	661,075	390,616	673,279
Non capital grants and contributions	5,124,834	4,047,348	5,124,834	4,047,348
Net cash inflow (outflow) from operating activities	25	4,383,975	4,217,071	570,607
Cash flows from investing activities				
Payments for property, plant and equipment	(5,028,936)	(4,635,139)	(4,906,507)	(4,620,891)
Finance lease receipts	343,838	50,860	343,838	50,860
Proceeds from sale of property plant and equipment	42,182	57,056	42,182	57,056
Grants, subsidies, contributions and donations	2,010,350	2,902,488	2,010,350	2,902,488
Net cash inflow (outflow) from investing activities	(2,632,587)	(1,624,734)	(2,510,137)	(1,610,586)
Net increase (decrease) in cash and cash equivalents held	1,751,408	(1,211,999)	1,706,934	(1,039,979)
Cash and cash equivalents at the beginning of the financial year	3,104,375	4,316,374	2,394,262	3,434,241
Cash and cash equivalents at end of the financial year	11	4,855,783	4,101,196	2,394,262

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



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1 Significant accounting policies

1.A Basis of preparation

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

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment and other financial assets (finance lease) which are measured at fair value.

Recurrent/capital classification

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

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers/government.

The disposals of non-current assets are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses.

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

1.B 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.C Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by the Lockhart River Aboriginal Shire Council as at 30 June 2015 and the results of the controlled entity for the year then ended. The Council and its controlled entity together form the economic entity which is referred to in these financial statements as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with the entity controlled by the Council have been eliminated. In addition the accounting policies of the controlled entity have been adjusted, where necessary, on consolidation to ensure that the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Information on the controlled entity is included in Note 1.O and Note 15.

1.D Constitution

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

1.E 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.F Currency

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

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.6 Adoption of new and revised Accounting Standards

Current year

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new suite of consolidation standards did not result in any material changes to Council's accounting policies. These standards comprised AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 (revised 2011) *Separate Financial Statements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures*. These standards had an immaterial impact on the consolidated financial statements of the Council and Lockhart River Aerodrome Company Pty Ltd (controlled entity).

Future years

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

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on the Council's financial statements.

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

As a result, Council will be required to measure its financial assets, including its investment in Lockhart River Aerodrome Company Pty Ltd (refer Note 1.0), at fair value. Had this requirement been adopted at 30 June 2015, management estimate that the fair value of this investment would have been \$6,994,597 in the Council's separate statement of financial position. There would also have been a corresponding gain in equity. There would have been no financial impact on the consolidated financial statements.

Due to the recent release of AASB 15 *Revenue from Contracts with Customers*, Council is still reviewing the way that revenue is measured and recognised to identify whether it will have a material impact. To date no impact has been identified. AASB 15 is effective from 1 January 2017 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.H Critical accounting judgements 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.

Based on AASB Action Alert on 28 May 2015, the Council revised the depreciation estimates by removing all residual values from Buildings, Housing and Infrastructure assets after the AASB made a decision in relation to nil recognition of residual value for Infrastructure Assets. In addition, assets in these classes have been componentised into Short Life and Long Life and estimates of useful lives revised accordingly. In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* the impacts that this has had on the financial statements have been accounted for as a consequence of changes in estimates.

The impacts relate to:

- revaluation adjustments (Note 16), although the revaluation adjustments also incorporate the immaterial effect of small movements in the relevant indexes; and
- a decrease in depreciation expense for 2014-15 of approximately \$1,095,000 for the consolidated entity and \$980,000 for Council.

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.P, Note 16 and Note 17
Impairment of property, plant and equipment - Note 1.Q
Provisions - Note 1.T and Note 19
Valuation of finance leases - Note 1.R and Note 17
Contingent liabilities - Note 22.

1.I Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Unspent non-reciprocal grants are accounted using internal management accounting system. External restrictions that have been placed on Council's cash and cash equivalents due to unspent grants are disclosed in Note 11.

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.

Non-cash contributions

Non-cash contributions with a 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.

The Council did not receive any non-cash contributions during the financial year.

Rental income

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

Interest

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



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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 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.

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.

Other income

Other income 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 other goods and services.

1.J Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents (Note 1.K)

Receivables - measured at amortised cost (Note 1.L)

Other financial assets (finance leases) - measured at fair value (Note 1.N)

Financial liabilities

Payables - measured at amortised cost (Note 1.S)

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

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

1.K 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, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015**

1.L. 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.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

The Council does not provide loans to community residents for compassionate and emergent needs, hence no lending policy is maintained.

1.M Inventories

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

Inventories held for distribution are:

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

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

Inventories held for sale are:

- fuel (aviation fuel and diesel); and
- motel stock (snack packs and soft drinks).

These goods are valued at lower of cost and net realisable value.

1.N Other financial assets

Refer to Note 1.R for the accounting policy relating to finance lease assets.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.O Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2015 Council did not have any term deposits in excess of three months.

The Council's investment in the controlled entity, the Lockhart River Aerodrome Company Pty Ltd, is accounted for at cost in the Council's separate financial statements. This investment is eliminated in the financial statements of the consolidated entity upon consolidation. Lockhart River Aboriginal Shire Council holds 100% of the shares in the controlled entity. The shares in this company are not listed on any stock exchange.

As the holder of 100% of the shares in Lockhart River Aerodrome Company Pty Ltd (the Company), Council has 100% voting rights in the Company enabling Council to direct the Company's activities. Council uses these rights to ensure that the Company provides reliable runway services to the residents and affordable motel accommodation to the visitors, congruent with Council's policy objectives.

1.P Property, plant and equipment

Each class of property, plant and equipment is stated at amortised cost or fair value. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

- Land
- Buildings
- Housing
- Plant and equipment
- Furniture and office equipment
- Infrastructure
 - Road, drainage and bridge network
 - Water
 - Sewerage
 - Other infrastructure assets
- Work in progress

Acquisition of assets

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

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

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

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



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

Valuation

Land and improvements, buildings, houses and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment, furniture and 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 engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 17.

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.

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.

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

Depreciation

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

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 16.

Land under roads

Land under roads acquired before 30 June 2006 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. Lockhart River Aboriginal Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

Deed of Grant in Trust Land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 341 of the *Land Act 1994*. It comprises an area of approximately 354,072 hectares.

The land is administered by the Department of Natural Resources and Mines and the Council has restricted use of this land for the benefit of shire inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.0 Impairment of non-current assets

Each non-current physical and intangible 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 recoverable amount of an asset is the higher of its 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.

1.1 Leases

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

Finance leases as lessor

Council has leased 78 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,811 after adjusting for 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.

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

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.

1.5 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.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.7 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.

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 18 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage 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 18 as a payable.

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

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 23.

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 19 as a provision.

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



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.U Asset revaluation surplus

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

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

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

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

1.V Retained surplus

In reference to the comparative figures for the year ended 30 June 2014, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.W 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.X Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from unclaimed monies (e.g. wages) paid into the trust account by the Council (Note 24)

The monies are disclosed in the notes to the financial statements for information purposes only in Note 24.

1.Y 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 ATO or payable to the ATO is shown as an asset or liability respectively.

The controlled entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the *Local Government Act 2009*.

Where an activity of the controlled entity of the Council is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

The Council has an obligation to pay payroll tax to the Queensland Government on taxable wages paid on certain activities. During the year the payroll tax threshold for these activities was not reached and Council was exempted accordingly.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

2. Analysis of results by function

2(a) Components of Council functions

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

Engineering Services

The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network through well planned and quality development. The function provides and maintains transport infrastructure, including the maintenance and provision of the bridge and drainage network, regional planning and management of development approval.

Community Development

The goal of community Development is to ensure Lockhart River is a healthy, vibrant, contemporary and connected community. Community Development provides well managed and maintained facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services and projects, child care, substance abuse and other community programs.

Corporate Services

Corporate Services provides professional finance and administration support services across all of Council. This function includes internal audit, budget support, financial accounting, taxation, purchasing, warehousing, corporate planning, human resources, banking and post office services, communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Governance and Leadership

The objective of governance and leadership is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Deputy Mayor, Councillors, Chief Executive Officer and Deputy Chief Executive Officer are included in governance and leadership.

Environmental Management

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse, healthy and safe community through sustainable water services and managing sewerage infrastructure. The function provides refuse collection and disposal services, pest management, management of flood and waterways and sewerage infrastructure.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

2. Analysis of results by function
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2015

Functions	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
	Recurring		Capital				Recurring	Capital					
	2015	Other	2015	Other									
Engineering Services	\$ 216,727	\$ 5,737,135	\$ 1,705,355	\$ -	\$ -	\$ 7,659,217	\$ (3,781,865)	\$ -	\$ (3,781,865)	\$ 2,171,997	\$ 3,877,352	\$ 14,910,141	
Community Development	1,502,900	-	1,502,900	-	-	1,502,900	(1,410,345)	-	(1,410,345)	92,575	92,575	-	
Corporate Services	3,254,878	1,435,418	3,314,648	-	(27,000)	8,004,944	(2,710,520)	(27,000)	(2,737,520)	1,979,775	5,267,424	46,527,485	
Governance & Leadership	-	-	-	-	-	-	(896,642)	-	(896,642)	(896,642)	(896,642)	-	
Environmental Management	150,309	-	-	-	-	150,309	(454,627)	-	(454,627)	(304,318)	(304,318)	6,655,240	
Total Council	5,124,834	7,172,553	5,020,003	-	-	17,317,390	(9,253,999)	(27,000)	(9,280,999)	3,043,388	8,036,391	69,432,867	
Controlled entity net of eliminations	-	1,221,516	-	-	(211,751)	1,009,765	(1,486,928)	-	(1,275,177)	(265,412)	(265,412)	7,164,530	
Total consolidated	5,124,834	8,394,069	5,020,003	-	(211,751)	18,327,155	(10,740,927)	(27,000)	(10,556,176)	2,777,976	7,770,979	75,657,368	

Year ended 30 June 2014 - Restated

Functions	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
	Recurring		Capital				Recurring	Capital					
	2014	Other	2014	Other									
Engineering Services	\$ 189,624	\$ 2,830,888	\$ 1,434,189	\$ -	\$ -	\$ 4,454,900	\$ (3,215,432)	\$ -	\$ (3,215,432)	\$ (194,721)	\$ 1,239,488	\$ 8,376,651	
Community Development	1,467,303	2,264	-	-	-	1,469,566	(1,580,225)	-	(1,580,225)	(110,659)	(110,659)	-	
Corporate Services	2,244,643	1,177,145	1,468,299	-	(8,478,753)	4,890,088	(3,059,327)	(8,478,753)	(11,538,080)	362,462	(6,647,992)	41,105,632	
Governance & Leadership	-	-	-	-	-	-	(644,931)	-	(644,931)	(644,931)	(644,931)	-	
Environmental Management	145,578	-	-	-	-	145,578	(696,743)	-	(696,743)	(551,165)	(551,165)	5,449,192	
Total Council	4,047,348	4,010,297	2,902,488	-	(498,717)	10,960,132	(5,396,556)	(8,478,753)	(17,875,411)	(1,339,013)	(5,915,279)	55,931,476	
Controlled entity net of eliminations	-	1,265,611	165,000	-	(498,717)	931,894	(1,718,040)	-	(1,219,323)	(452,429)	(287,429)	6,725,865	
Total consolidated	4,047,348	5,275,908	3,067,488	-	(498,717)	11,892,026	(11,114,596)	(8,478,753)	(19,094,734)	(1,791,442)	(7,202,708)	62,657,341	



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
3 Revenue analysis				
(a) Rates, levies and charges				
General rates	116,069	111,821	116,069	111,821
	<u>116,069</u>	<u>111,821</u>	<u>116,069</u>	<u>111,821</u>
(b) Rental income				
Other rental income	418,245	681,075	390,616	673,279
	<u>418,245</u>	<u>681,075</u>	<u>390,616</u>	<u>673,279</u>
(c) Interest received				
Interest received from term deposits	72,556	61,437	55,132	43,796
Other sources	4,931	10,917	4,931	10,917
	<u>77,487</u>	<u>72,354</u>	<u>60,063</u>	<u>54,713</u>
(d) Sales revenue				
Sale of services				
Contract and recoverable works	6,312,791	2,789,139	6,312,791	2,789,139
Accommodation	65,688	25,863	65,688	25,863
External plant hire	10,369	1,899	10,369	1,899
Motor vehicle repairs	7,125	38,870	7,125	38,870
	<u>6,395,972</u>	<u>2,855,771</u>	<u>6,395,972</u>	<u>2,855,771</u>
Sale of goods				
Gas bottles	34,309	35,069	34,309	35,069
Post office	9,359	10,583	9,359	10,583
Other sales	964,712	906,457	-	-
	<u>1,008,380</u>	<u>952,109</u>	<u>43,668</u>	<u>45,652</u>
Total sales revenue	<u>7,404,352</u>	<u>3,807,880</u>	<u>6,439,640</u>	<u>2,901,423</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.				
(e) Other income				
Agency commissions	5,483	5,725	5,483	5,725
Gain on revaluation of finance leases	-	34,812	-	34,812
Other income	160,683	92,028	160,683	92,028
	<u>166,166</u>	<u>132,565</u>	<u>166,166</u>	<u>132,565</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
4 Grants, subsidies, contributions and donations				
(a) Recurrent				
State government subsidies and grants	4,588,885	3,532,859	4,588,885	3,532,859
Commonwealth government subsidies and grants	515,890	512,489	515,890	512,489
Donations	20,059	2,000	20,059	2,000
	<u>5,124,834</u>	<u>4,047,348</u>	<u>5,124,834</u>	<u>4,047,348</u>
(b) Capital				
State government subsidies and grants	1,705,355	2,324,701	1,705,355	2,324,701
Commonwealth government subsidies and grants	304,895	577,787	304,895	577,787
	<u>2,010,350</u>	<u>2,902,488</u>	<u>2,010,350</u>	<u>2,902,488</u>
Non-cash capital contribution				
Unsealed roads contributed by the State	112,502	-	112,502	-
	<u>2,122,852</u>	<u>2,902,488</u>	<u>2,122,852</u>	<u>2,902,488</u>
Finance lease income				
40 year finance leases for houses constructed or to be constructed on Council property	2,897,151	111,992	2,897,151	111,992
	<u>5,020,003</u>	<u>3,014,480</u>	<u>5,020,003</u>	<u>3,014,480</u>
Conditions over contributions				
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:				
Non-reciprocal grants for expenditure on services	172,989	68,939	172,989	68,939
Non-reciprocal grants for expenditure on infrastructure	34,600	484,169	34,600	484,169
	<u>207,589</u>	<u>553,108</u>	<u>207,589</u>	<u>553,108</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:				
Non-reciprocal grants for expenditure on services	43,512	73,240	43,512	73,240
Non-reciprocal grants for expenditure on infrastructure	100,000	115,215	100,000	115,215
	<u>143,512</u>	<u>188,455</u>	<u>143,512</u>	<u>188,455</u>
5 Capital income				
Gain on disposal of non-current assets				
Proceeds from the sale of property, plant and equipment	-	57,056	-	57,056
Less: Book value of property, plant and equipment disposed of	-	(32,555)	-	(32,555)
Total capital income	<u>-</u>	<u>24,502</u>	<u>-</u>	<u>24,502</u>

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Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
6 Employee benefits				
Total staff wages and salaries:				
Councillors' remuneration	3,016,130	3,230,535	2,652,765	2,789,210
Annual, sick and long service leave entitlements	294,926	274,669	294,926	274,669
Superannuation	381,554	343,461	354,089	343,461
23	<u>395,606</u>	<u>364,842</u>	<u>363,028</u>	<u>327,006</u>
Other employee related expenses	4,086,216	4,213,507	3,664,808	3,734,348
	55,138	78,573	54,742	78,573
	<u>4,143,354</u>	<u>4,292,080</u>	<u>3,719,550</u>	<u>3,812,921</u>
Less: Capitalised employee expenses	(176,160)	(66,998)	(176,160)	(86,988)
	<u>3,967,194</u>	<u>4,203,082</u>	<u>3,543,390</u>	<u>3,723,923</u>

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

Total Council employees at the reporting date:

	No.	No.	No.	No.
	5	5	5	5
Elected members	75	74	69	66
Administration staff				
Total full time equivalent employees	<u>80</u>	<u>79</u>	<u>74</u>	<u>71</u>

7 Materials and services				
	\$	\$	\$	\$
Administration supplies and consumables	3,190,149	1,125,916	2,846,049	977,266
Audit of annual financial statements by the Auditor-General of Queensland	100,926	92,671	77,946	70,556
Communications and IT	100,822	121,735	74,343	91,832
Consultants	55,213	110,212	55,213	110,212
Donations paid	51,399	13,656	51,399	13,658
Power	125,551	112,850	97,316	86,828
Repairs and maintenance	341,441	1,809,510	283,450	1,649,247
Rentals - operating leases	36,600	36,000	36,600	36,000
Subscriptions and registrations	38,914	29,263	38,914	29,263
Insurance	272,090	351,049	210,268	340,845
Legal fees	-	9,418	-	9,418
Travel	125,211	134,120	116,801	123,473
Other materials and services	14,804	25,036	6,194	16,171
Total materials and services	<u>4,453,118</u>	<u>3,971,537</u>	<u>3,894,493</u>	<u>3,554,770</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
8 Finance costs				
Finance costs charged by the Queensland Treasury Corporation	1,740	1,306	1,740	1,306
Bank charges	6,780	6,747	2,484	2,692
Impairment of debts	106,199	(7,511)	18,257	(7,511)
	<u>114,719</u>	<u>541</u>	<u>22,481</u>	<u>(3,514)</u>
9 Other expenses				
Loss on revaluation of finance leases	717,905	-	717,905	-
	<u>717,905</u>	<u>-</u>	<u>717,905</u>	<u>-</u>
10 Capital expenses				
40 year leases				
Book value of houses transferred	-	14,382,969	-	14,382,969
Less: Initial recognition of finance leases	-	(5,904,216)	-	(5,904,216)
	<u>-</u>	<u>8,478,753</u>	<u>-</u>	<u>8,478,753</u>
Loss on disposal of non-current assets				
Book value of property, plant and equipment disposed of	69,182	-	69,182	-
Less: Proceeds from the sale of property, plant and equipment	(42,182)	-	(42,182)	-
Total amount	<u>27,000</u>	<u>-</u>	<u>27,000</u>	<u>-</u>
Total capital expenses	<u>27,000</u>	<u>8,478,753</u>	<u>27,000</u>	<u>8,478,753</u>
11 Cash and cash equivalents				
Cash at bank and on hand	526,579	447,770	456,420	302,878
Deposits at call	4,327,203	2,656,604	3,644,776	2,091,384
Balance per Statement of Cash Flows	<u>4,855,783</u>	<u>3,104,374</u>	<u>4,101,197</u>	<u>2,394,262</u>
Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use. These include:				
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:				
Unspent government grants and subsidies	351,101	906,563	351,101	741,563
Total unspent restricted cash	<u>351,101</u>	<u>906,563</u>	<u>351,101</u>	<u>741,563</u>

Cash and deposits at call are held at the Commonwealth Bank, Macquarie Bank and Queensland Treasury Corporation in normal term deposits and business cheque accounts. Currently Commonwealth Bank has a short term credit rating of A1+ and long term rating of AA-. Macquarie Bank has a short term credit rating of A-1 and long term rating of A/Stable. and Queensland Treasury Corporation has a short term credit rating of A1+ and long term rating of AA+.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
12 Trade and other receivables				
Current				
Trade debtors	2,008,917	918,206	1,774,534	780,969
Less impairment	(139,805)	(33,608)	(51,864)	(33,608)
Accrued revenue	685,284	272,035	681,814	267,887
	<u>2,554,396</u>	<u>1,156,633</u>	<u>2,404,484</u>	<u>1,015,248</u>
No interest is charged on trade debtors.				
Movement in accumulated impairment losses (trade debtors) is as follows:				
Opening balance at 1 July	33,607	41,118	33,607	41,118
Additional impairments recognised	105,198	-	18,257	-
Impairments reversed	-	(7,511)	-	(7,511)
Closing balance at 30 June	<u>139,805</u>	<u>33,607</u>	<u>51,864</u>	<u>33,607</u>
13 Inventories				
Inventories held for sale				
Fuel and motel stock	94,147	119,659	-	-
	<u>94,147</u>	<u>119,659</u>	<u>-</u>	<u>-</u>
Inventories held for distribution				
Plant and equipment stores	143,487	158,423	143,487	158,423
	<u>143,487</u>	<u>158,423</u>	<u>143,487</u>	<u>158,423</u>
Total inventories	<u>237,634</u>	<u>278,082</u>	<u>143,487</u>	<u>158,423</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
14 Other financial assets				
Current				
Finance leases	221,211	143,619	221,211	143,619
	<u>221,211</u>	<u>143,619</u>	<u>221,211</u>	<u>143,619</u>
Non-current				
Finance leases	7,309,761	5,551,946	7,309,761	5,551,946
	<u>7,309,761</u>	<u>5,551,946</u>	<u>7,309,761</u>	<u>5,551,946</u>
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	221,211	143,619	221,211	143,619
Later than one year but not later than five years	884,842	574,476	884,842	574,476
Later than five years	7,517,429	4,976,400	7,517,429	4,976,400
	<u>8,623,482</u>	<u>5,694,496</u>	<u>8,623,482</u>	<u>5,694,496</u>
Add: Estimated contingent rent	5,700,622	4,975,366	5,700,622	4,975,366
Less: Present value adjustment	(6,793,132)	(4,974,298)	(6,793,132)	(4,974,298)
Fair value of lease payments	<u>7,530,972</u>	<u>5,695,564</u>	<u>7,530,972</u>	<u>5,695,564</u>
The fair value of lease payments are receivable as follows:				
Not later than one year	221,211	143,619	221,211	143,619
Later than one year but not later than five years	868,890	574,490	868,890	574,490
Later than five years	6,440,871	4,977,455	6,440,871	4,977,455
	<u>7,530,972</u>	<u>5,695,564</u>	<u>7,530,972</u>	<u>5,695,564</u>
Movements in finance leases were as follows:				
Opening balance	5,695,564	-	5,695,564	-
Add: Initial recognition of new leases of Council houses	-	5,599,620	-	5,599,620
Add: Initial recognition of new lease re vacant land	2,897,151	111,992	2,897,151	111,992
Less: Lease receipts	(343,838)	(50,860)	(343,838)	(50,860)
Add: Gain/(loss) on revaluation	(717,905)	34,812	(717,905)	34,812
Closing balance	<u>7,530,972</u>	<u>5,695,564</u>	<u>7,530,972</u>	<u>5,695,564</u>
The calculation of fair value has included an estimate of average annual CPI increases of 2.50% (2014: 3%) and a discount rate of 3.25% (2014: 3%).				
15 Investments				
Interest in controlled entity Lockhart River Aerodrome Company Pty Ltd	-	-	100	100
	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>

The shares in the Lockhart River Aerodrome Company Pty Ltd are shown at cost.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

16 Property, plant and equipment

Consolidated - 30 June 2015

Note

Basis of measurement
Asset values
Opening gross value as at 1 July 2014
Additions
Disposals
Revaluation adjustment to other comprehensive income/asset revaluation surplus
Transfers between classes
Closing gross value as at 30 June 2015

Accumulated depreciation and impairment
Opening balance as at 1 July 2014
Depreciation provided in period
Depreciation on disposals
Revaluation adjustment to asset revaluation surplus
Transfers between classes
Accumulated depreciation as at 30 June 2015

Consolidated book value as at 30 June 2015
Range of estimated useful life in years

Additions comprise:

Renewals
Other additions
Total additions

Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Runway, road, drainage and bridge network	Water		Other infrastructure assets	Work in progress	Total
						Fair Value	Cost			
Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,430,000	15,591,226	23,483,077	3,543,659	539,420	16,890,970	5,625,058	4,805,776	923,510	120,504	72,943,500
-	33,411	344,912	-	10,555	3,456,236	-	-	965,875	310,449	5,141,438
-	(95,760)	-	(69,418)	-	-	-	-	-	-	(165,178)
-	413,184	100,448	-	-	(1,518,454)	194,460	153,451	333,506	-	(323,404)
1,430,000	15,942,061	23,928,437	3,474,241	549,975	18,878,925	5,819,518	4,959,227	2,303,729	310,242	77,596,356
-	2,410,365	4,238,692	2,015,935	527,007	7,440,859	2,333,368	1,521,017	24,540	-	20,520,813
-	197,451	296,578	260,172	71,046	206,928	88,904	52,522	22,637	-	1,276,238
-	(43,272)	-	(52,724)	-	-	-	-	-	-	(95,996)
-	(158,434)	(702,832)	-	-	(3,794,896)	14,457	(17,999)	75,811	-	(4,583,284)
-	2,415,141	3,832,439	2,223,983	598,053	3,932,859	2,436,738	1,506,139	122,888	-	17,117,771
1,430,000	13,526,920	20,095,998	1,250,858	(48,077)	14,946,036	3,382,780	3,403,088	2,160,741	310,242	60,478,585
Land: Not depreciated	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-



16 Property, plant and equipment
Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

16 Property, plant and equipment

Consolidated - 30 June 2014

Basis of measurement

Asset values

Opening gross value as at 1 July 2013

Correction of error

Additions

Disposals

Revaluation adjustment to other comprehensive income/asset revaluation surplus

Transfers between classes

Closing gross value as at 30 June 2014

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Correction of error

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2014

Consolidated book value as at 30 June 2014

Range of estimated useful life in years

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Runway, road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
26	\$ 1,300,000	\$ 14,194,040	\$ 58,185,863	\$ 3,318,684	\$ 496,137	\$ 12,868,302	\$ 3,893,803	\$ 4,248,291	\$ 893,413	\$ 713,392	\$ 79,932,025
5	-	-	357,840	436,522	43,283	-	-	-	-	4,155,334	357,940
20	130,000	15,502	(16,608,134)	(211,548)	-	-	1,731,255	557,485	11,727	-	(16,819,682)
	-	-	1,380,684	448,725	-	-	2,900,143	-	16,370	-	4,838,177
	1,430,000	15,591,226	23,483,077	3,543,659	539,420	16,860,970	5,625,058	4,805,776	823,510	(4,747,822)	72,943,500
26	2,488,793	5,433,936	1,870,128	447,161	756,589	641,427	74,913	-	-	-	15,365,564
5	413,777	797,844	324,800	79,845	483,451	162,111	109,976	69,014	-	-	53,244
20	(474,414)	(2,225,165)	(176,983)	-	-	-	-	-	-	-	(2,440,819)
	-	(8,761)	170,072	8,761	2,304,780	1,414,688	769,614	(119,387)	-	-	(2,404,158)
	2,419,385	4,236,692	2,015,935	527,007	7,440,858	2,333,368	1,521,017	24,540	-	-	20,520,813
	1,430,000	13,171,830	19,244,385	1,527,724	12,413	9,440,112	3,291,690	3,294,760	698,970	120,804	52,422,687
	Land: Not depreciated	10 - 50	20 - 50	3 - 10	3 - 7	4 - 100	5 - 80	5 - 80	20 - 40	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,368,450	448,725	385,300	43,283	2,440,753	-	-	-	-	-	4,685,511
	12,234	-	51,222	-	459,390	-	-	-	18,370	(592,568)	(51,272)
	1,380,684	448,725	436,522	43,283	2,900,143	-	-	-	16,370	(592,568)	4,535,139

Additions comprise:

Renewals

Other additions

Total additions



16 Property, plant and equipment
 Lockhart River Aboriginal Shire Council
 Notes to the financial statements
 For the year ended 30 June 2015

16 Property, plant and equipment

Council - 30 June 2015

Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2014

Additions

Disposals

Revaluation adjustment to other comprehensive

income/(asset revaluation surplus)

Transfers between classes

Closing gross value as at 30 June 2015

Accumulated depreciation and impairment

Opening balance as at 1 July 2014

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2015

Total written down value as at 30 June 2015

Range of estimated useful life in years.

Additions comprise:

Renewals

Other additions

Total additions

Land	Buildings		Housing		Plant and Equipment		Furniture and office equipment		Road, drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost		
1,100,000	11,402,381	23,483,077	2,652,384	499,049	13,735,887	5,322,668	4,756,046	917,010	120,805	63,979,307									
	33,411	344,912	(69,416)	10,556	3,436,856					995,875					207,400				5,019,009
	(85,760)				(1,830,844)					186,568									(165,176)
	348,841	100,448													331,193				(709,852)
1,100,000	11,689,873	23,928,437	2,582,966	499,605	15,402,072	5,511,236	4,907,887	60,837	121,011	68,123,185					207,193				

	1,437,480	4,243,148	1,336,326	380,703	6,259,177	2,135,875	1,490,647	21,069		17,311,429										
	147,610	296,578	246,235	47,975	193,804	79,530	46,336	15,662		1,075,729										
	(43,272)		(52,724)							(95,996)										
	(85,402)	(702,832)			(3,786,955)	20,030	(13,535)	68,091		(4,460,604)										
	1,456,420	3,836,895	1,529,836	436,678	2,682,026	2,235,435	1,528,448	104,821		13,810,558										

1,100,000	10,232,453	20,091,542	1,053,129	62,927	12,720,047	3,275,801	3,379,439	2,190,095	207,193	54,312,627										
Land: Not depreciated:	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130												

	33,411	344,912	10,556	2,984,135	1,046,712					4,399,726										
				532,895						86,369										
	33,411	344,912	10,556	3,497,030	1,046,712					5,019,009										



15 Property, plant and equipment
Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

16 Property, plant and equipment

Note	Land	Buildings	Housing	Plant and Equipment	Furniture and office equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
26	1,000,000	10,109,458	38,185,963	2,427,409	459,914	9,942,665	3,697,410	4,200,441	890,833	713,393	71,627,466
			357,840								357,840
5			(16,608,134)	436,522	29,135					4,155,391	4,620,991
20	100,000	(87,761)	1,098,693	(211,548)		893,079	1,625,258	595,605	7,807		(16,318,602)
											4,192,672
	1,100,000	11,402,361	23,483,077	2,652,384	469,049	13,735,867	5,322,668	4,796,046	18,370	(4,747,922)	120,805
									917,010		63,979,307
26		1,596,128	5,438,392	1,212,107	335,815	3,937,841	663,051	633,538	69,292		13,896,154
			53,244								53,244
5		351,619	797,844	303,212	52,889	309,602	138,964	106,794	60,555		2,121,477
20		(501,502)	(2,225,165)	(178,993)							(2,404,158)
		(8,761)	170,072			2,010,794	1,333,960	753,325	(111,778)		3,654,712
		1,437,483	4,243,148	1,336,326	388,703	6,255,177	2,135,875	1,493,647	21,069		17,311,429
	1,100,000	9,964,807	19,239,929	1,316,068	100,346	7,480,710	3,166,793	3,282,399	895,942	120,805	45,667,878
	Land Not depreciated	10 - 50	20 - 50	3 - 10	3 - 7	4 - 100	5 - 80	5 - 80	20 - 40		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		1,368,450	448,725	385,300	29,135	2,440,753					4,672,363
		12,934		51,222		459,390			18,370	(592,566)	(51,372)
		1,300,694	448,725	436,522	29,135	2,900,143			18,370	(592,488)	4,620,991

Additions comprise:

Renewals	
Other additions	
Total additions	



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17. Fair value measurements

17.1 Recognised fair value measurements

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

- Property, plant and equipment
 - Land
 - Buildings
 - Hoisting
 - Runway, road, drainage and bridge network
 - Water infrastructure
 - Sewerage infrastructure
 - Other infrastructure assets

Other financial assets

- Finance leases receivable

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

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

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 1).

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

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity-specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialised nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

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

Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17 Fair value measurements core

Consolidated

At 30 June 2015

	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
		2015	2014	2015	2014	2015	2014
Recurring fair value measurements							
Finance leases receivable	14	-	-	7,530,972	5,895,564	7,530,972	5,895,564
Land	16	-	-	1,430,000	1,430,000	1,430,000	1,430,000
Buildings (commercial buildings)	16	-	-	13,526,520	13,171,830	13,526,520	13,171,830
Housing (residential buildings)	16	-	-	20,095,998	19,244,385	20,095,998	19,244,385
Runway, road, drainage and bridge network	16	-	-	14,946,036	9,440,112	14,946,036	9,440,112
Water infrastructure	16	-	-	3,382,780	3,291,690	3,382,780	3,291,690
Sewerage infrastructure	16	-	-	3,403,088	3,284,760	3,403,088	3,284,760
Other infrastructure assets	16	-	-	2,180,741	898,978	2,180,741	898,978
				<u>66,496,534</u>	<u>58,457,311</u>	<u>66,496,534</u>	<u>58,457,311</u>

Council

At 30 June 2015

Recurring fair value measurements

Finance leases receivable	14	-	-	7,530,972	5,895,564	7,530,972	5,895,564
Land	16	-	-	1,100,000	1,100,000	1,100,000	1,100,000
Buildings (commercial buildings)	16	-	-	10,232,453	9,984,897	10,232,453	9,984,897
Housing (residential buildings)	16	-	-	20,091,542	19,239,525	20,091,542	19,239,525
Road, drainage and bridge network	16	-	-	12,720,047	7,486,710	12,720,047	7,486,710
Water infrastructure	16	-	-	3,275,831	3,188,793	3,275,831	3,188,793
Sewerage infrastructure	16	-	-	3,076,439	3,262,369	3,076,439	3,262,369
Other infrastructure assets	16	-	-	2,190,265	895,942	2,190,265	895,942
				<u>60,520,349</u>	<u>50,826,234</u>	<u>60,520,349</u>	<u>50,826,234</u>

There were no transfers between levels during the year.

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

(i) Valuation processes

Council engages external, independent and qualified valuers to determine the fair value of its land, buildings, and infrastructure on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and discussed between the CEO, Finance and Administration Manager, valuation team, Council Engineer and Audit Committee. In this discussion a report is prepared to give reasons for the fair value movements.

Any non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

As at 30 June 2015, a desktop revaluation was undertaken for all asset classes subject to revaluation by APV Valuers and Asset Management. The main level 3 inputs used are derived and evaluated as follows:

(i) a) Condition of the asset	Assessment
0 - 0.99	Very high level of remaining service potential
1.00 - 1.99	High level of remaining service potential
2.00 - 2.99	Adequate level of remaining service potential
3.00 - 3.99	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
4.00 - 4.99	Basely adequate level of remaining service potential requiring action to be taken in the short term
5.00 - 5.99	Asset is now unacceptable and must be closed or renewed
6.00+	End of life



Lockhart River Aboriginal Shire Council
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For the year ended 30 June 2015

17 Fair value measurements cost.

(ii) b) Relationship between asset consumption rating scale and the level of consumed service potential

Consumption Score	Description	% RSP of Depreciable Amount				
		Straight-Line	Low	Mod	High	Extreme
0	New or very good condition – very high level of remaining service potential.	100%	100%	100%	100%	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	92%	95%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%	85%	95%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to medium term.	25%	40%	54%	70%	80%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the capital works plan to renew or replace in short term. Very low level of remaining service potential.	10%	20%	34%	45%	70%
5	At end-of-life point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%	0%	0%
6	Theoretical end of life. Fully written off	Theoretical end of life. Fully written off				

(ii) c) Cost of land restricted in use

Estimated cost to replace the existing land if Council had to acquire it on the open market in competition with other market participants. Due to the restricted nature and unique characteristics of the land there was insufficient market evidence of directly comparable sales. Reference was made to sales of land with a limited level of comparability at distant locations and adjusted by the valuer using professional judgement to take account of the differing characteristics.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17 Fair value measurements Cont.

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

Since Council adopted AASB 13 Fair Value Measurement, it has reviewed each valuation to ensure compliance with the requirements of this standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

The following table summarises in a tabular format the valuation inputs and techniques used in determining the fair value for each asset class.

Assets	Level of valuation input	Valuation technique
Finance leases receivable	3	Discounted present value
Land	3	Current Replacement Cost Approach
Buildings	3	Current Replacement Cost Approach
Other structures	3	Current Replacement Cost Approach
Unsealed road	3	Current Replacement Cost Approach
Sealed road	3	Current Replacement Cost Approach
Kerbs & channel	3	Current Replacement Cost Approach
Traffic signals	3	Current Replacement Cost Approach
Stormwater pits	3	Current Replacement Cost Approach
Stormwater drains	3	Current Replacement Cost Approach
Bridges	3	Current Replacement Cost Approach
Water equipment	3	Current Replacement Cost Approach
Water meters and services	3	Current Replacement Cost Approach
Water mains	3	Current Replacement Cost Approach
Sewerage equipment & civil	3	Current Replacement Cost Approach
Sewerage mains	3	Current Replacement Cost Approach
Sewerage manholes	3	Current Replacement Cost Approach

Highest and best use

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

Recurring fair value measurements

Finance leases receivable (level 3)

To determine the present value, the finance leases receivable was discounted using the long-term average of 22 year government bond yield rate of 3.25% and adjusted for the inflation rate of 2.5%. The 2015-16 rent and rates amount was calculated using Brisbane AT Group March 2015 CPI of 100.7 on the base CPI of 104.8 prior to lease commencement on 21 February 2014. Consequently the fair value was determined using level 3 inputs.

Land (level 3)

Land and improvements fair values were determined through desktop valuation by independent valuer APV Valuers effective 30 June 2015. Level 3 valuation inputs were used to value land in freehold title. Typically sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. The subject property is in a very remote location and is exceptionally large in size. As such there was no observable market evidence of sales prices for comparable sites in close proximity. This is why the land was subsequently valued at the level 3 valuation input hierarchy by using the professional judgement of a registered valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

Buildings - Commercial and residential (level 3)

Current replacement cost

The fair value of buildings were determined through desktop valuation by independent valuer APV Valuers effective 30 June 2015.

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

Fair values were calculated as a whole of asset class and then split into the following significant components:

- Floor
- Floor coverings
- Envelope
- Fit out
- Roof
- Mechanical services
- Fire services
- Other services



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17 Fair value measurements cont.

Accumulated depreciation

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilization and obsolescence. While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Condition of the asset using the condition rating scale was applicable according to note 17 (a) to above.

Remaining service potential relating to each corresponding condition score for each of the patterns of consumption was utilised in accordance with note 17 (a) to above.

Fair value sensitivity to unobservable inputs

Asset	Significant unobservable input	Sensitivity to Unobservable Market inputs (%)	Relationship of unobservable inputs to fair value	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Finance leases receivable	Longterm average discount rate and annual average CPI increase rate	-2.5% - 2.5%	The higher the percentage the higher the impact on fair value.	1% of the value of an asset	1% of the value of an asset
Land - Non saleable land	Cost of land associated in use (scarcity of land sales)	0.5% - 2.5%	The higher the percentage the higher the impact on fair value.	1% of the value of an asset	1% of the value of an asset
Buildings - Specialised buildings	Relationship between assets and consumption rating scale and level of consumed service potential	-2.5% - 2.5%	The higher the percentage the higher the impact on fair value.	1% of the value of an asset	1% of the value of an asset
	Condition of the asset	0 - 6 (100% - 0%)	The higher the condition rating, the lower the fair value.	1% of the value of an asset	1% of the value of an asset
Other structures	Relationship between assets and consumption rating scale and level of consumed service potential	2.5% - 2.5%	The higher the percentage the higher the impact on fair value.	1% of the value of an asset	1% of the value of an asset

Infrastructure assets (level 3)

All Council infrastructure assets were fair valued by desktop valuation for 30 June 2015 using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expected service potential of the asset.

Current Replacement Cost was measured by reference to the lowest cost methodology at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were otherwise an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the Current Replacement Cost of an asset or asset component were based on a "Greenfield" assumption meaning that the Current Replacement Cost was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The Depreciated Replacement Cost was determined using methods relevant to the asset class as described under individual asset categories below.

Railways and roads

A desktop valuation of the railway and road infrastructure was carried out on 30 June 2015 by independent and qualified valuers. APV Valuers.

Current replacement cost

Council categorises its road infrastructure into urban and rural roads, and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments between intersections and/or end points, while rural roads are managed in segments of varying length appropriate to road type. All road segments are then categorised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Also, Council assumes that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

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

Accumulated depreciation

In determining the level of accumulated depreciation, railway and roads were disaggregated into significant components which exhibited different useful lives. The identified and significant components are as follows:

- Formation
- Pavement
- Surfacer/Seal

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs in accordance with Note 17 (b) to above.

Estimated useful lives and residual values are disclosed in note 16.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17. Fair value assessments cont.

Bridges

A desktop valuation of bridges assets was undertaken by independent valuers, APV Valuers, effective 30 June 2015.

Current replacement cost

The bridge network was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

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

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the table in Note 17 (i) a) above.

Drainage and other infrastructure

A desktop valuation of drainage infrastructure was undertaken by independent valuers, APV Valuers, effective 30 June 2015.

Current replacement cost

Drainage and other infrastructure assets are managed in segments of varying lengths, pits, pipes and channels being the major components. Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewers.

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

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs in accordance with Note 17 (i) b) above.

Estimated useful lives and residual values are disclosed in Note 18.

Runway, road, drainage and bridge network – Sensitivity to valuation to unobservable inputs

As detailed above Council's runway, road, drainage and bridge network have been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classified as unobservable. While these judgements are made with the greatest care, and based upon experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Asset	Significant unobservable input	Sensitivity to Unobservable Market Inputs (%)	Relationship of unobservable inputs to fair value	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Runway, road, bridges, drainage and other infrastructure assets	Condition of the asset	2.5% - 2.5%	The higher the percentage the higher the impact on fair value	1% of the value of an asset	1% of the value of an asset
	Relationship between assets and consumption rating scale and level of consumed service potential	2.5% - 3.0%	The higher the percentage the higher the impact on fair value	1% of the value of an asset	1% of the value of an asset



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17 Fair value measurements cont.

Water and sewerage

Current replacement cost

Water and sewerage infrastructure fair values were determined through desktop valuation by independent valuers, APV Valuers effective 30 June 2015. Current Replacement Cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

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

APV's cost models were derived from the following sources:
* APV and Council database, preference is provided to nearby locations
* Schedule rates for construction of asset or similar assets
* Benchmarking against other valuations
* Recent contract and tender data
* Rawlinson's rates for building and construction, and
* Suppliers' quotations

Factors taken into account in determining replacement costs were the development factors (development requirement of such remote and rural areas) and soil factors (feasibility of excavation).

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as per table 17 (ii) a) above.

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.

Water and sewerage infrastructure - Sensitivity of valuation to unobservable inputs

The method used to value Council's water and sewerage assets utilizes a number of inputs that require judgment and are therefore classified as unobservable. While these judgments are made with the greatest care, and based upon experience, different judgments could result in a different valuation. This table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Asset	Significant unobservable input	Sensitivity to Unobservable Market Inputs (%)	Relationship of unobservable inputs to fair value	Change in fair value arising from 1% increase in input	Change in fair value arising from 1% decrease in input
Water and Sewer assets	Condition of the asset	2.5% - 2.5%	The higher the percentage the higher the impact on fair value	1% of the value of an asset	1% of the value of an asset
	Relationship between assets and consumption rating scale and level of consumed service potential	2.5% - 2.5%	The higher the percentage the higher the impact on fair value	1% of the value of an asset	1% of the value of an asset

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

The changes in level 3 assets with valuing fair value measurements are detailed in Note 16 (Property, plant and equipment) and Note 8 (Capital income). There have been no transfers between level 1, 2 or 3 measurements during the year.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
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	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
18 Trade and other payables				
Current				
Creditors and accruals	1,502,461	996,191	1,734,274	1,118,771
Annual leave	264,148	271,825	201,525	231,437
GST payable	251,653	89,243	244,947	83,489
Other entitlements	30,642	30,187	24,856	18,659
	<u>2,348,904</u>	<u>1,387,326</u>	<u>2,604,502</u>	<u>1,432,933</u>
18 Provisions				
Current				
Long service leave	74,521	86,701	61,517	85,589
	<u>74,521</u>	<u>86,701</u>	<u>61,517</u>	<u>85,589</u>
Non-current				
Long service leave	114,839	105,072	102,243	94,593
	<u>114,839</u>	<u>105,072</u>	<u>102,243</u>	<u>94,593</u>
Details of movements in provisions:				
Long service leave				
Balance at beginning of financial year	201,774	185,622	181,182	168,537
Long service leave entitlement arising	51,255	74,731	46,246	71,225
Long service entitlement paid	(83,668)	(59,561)	(63,668)	(58,660)
Balance at end of financial year	<u>169,361</u>	<u>201,774</u>	<u>163,761</u>	<u>181,162</u>
20 Asset revaluation surplus				
Movements in the asset revaluation surplus were as follows:				
Balance at beginning of financial year	31,478,512	30,705,888	26,764,553	28,226,593
Net adjustment to non-current assets at end of period to reflect a change in current fair value:				
Land and improvements		130,000		100,000
Buildings	571,619	490,916	434,244	413,741
Housing	803,260	528,611	803,260	508,611
Road, drainage and bridge network	2,276,442	(1,012,255)	1,936,711	(1,117,855)
Water	179,999	316,567	168,538	201,338
Sewerage	170,851	(212,128)	165,377	(197,729)
Other infrastructure assets	257,695	131,113	283,102	119,889
Balance at end of financial year	<u>35,716,992</u>	<u>31,478,512</u>	<u>32,535,205</u>	<u>26,764,553</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Councilwide		Council	
	2015 \$	2014 \$	2015 \$	2014 \$
Asset revaluation surplus analysis				
The closing balance of the asset revaluation surplus comprises the following asset categories:				
Land and improvements	1,120,000	1,120,000	800,000	800,000
Buildings	6,086,217	5,524,598	5,070,639	4,836,386
Housing	18,433,783	17,427,503	18,430,767	17,627,902
Road, drainage and bridge network	5,619,303	3,342,861	4,610,643	2,074,032
Water	2,800,643	2,422,650	2,414,027	2,245,489
Sewerage	1,439,413	1,295,562	1,399,929	1,234,552
Other infrastructure assets	420,035	162,336	400,194	148,092
	<u>35,728,392</u>	<u>31,478,512</u>	<u>32,538,295</u>	<u>28,764,557</u>

21 Commitments for expenditure

Operating leases

Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	37,200	36,000	37,200	36,000
One to five years	95,180	129,000	95,180	129,800
	<u>132,380</u>	<u>165,000</u>	<u>132,380</u>	<u>165,800</u>

22 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 it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

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

Possible transfer of Council houses

On 29 July 2014 the Council entered into a Deed of Agreement to Lease and Deed of Agreement to Construct over 12 existing social houses with the Department of Aboriginal and Torres Islander and Multicultural Affairs. If this arrangement proceeds, then Council would enter into a 40 year lease with the State. However, there remains doubt as to whether and if so, when, this arrangement will be finalised. If it is finalised, then Council would expect to incur a loss on the transfer of the houses amounting to approximately \$4.2m.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

23 Superannuation

The Council contributes to the Local Government Superannuation Scheme (LGSS) (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 scheme 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.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

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

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which the 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.

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

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

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

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

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

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

Note	Consolidated		Council	
	2015 \$	2014 \$	2015 \$	2014 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:				
	395,006	364,842	363,028	327,608

24 Trust funds

Trust funds held for outside parties

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

	2015 \$	2014 \$	2015 \$	2014 \$
	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</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.



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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

Net result	7,770,981	(7,202,708)	8,656,592	6,615,275
Non-cash items:				
Depreciation and amortisation	1,276,238	2,440,816	1,075,729	2,321,477
Capital revenue – leased vacant land	(2,697,151)	(111,882)	(2,697,151)	(111,882)
Non-cash trade additions	(112,502)	-	(112,502)	-
Impairment provision for doubtful debts	105,186	(7,511)	18,257	(7,511)
Gains/loss on revaluation of finance leases	717,905	(38,812)	717,905	(38,812)
	<u>895,311</u>	<u>2,286,601</u>	<u>(1,197,762)</u>	<u>1,867,161</u>
Investing and development activities:				
Net (profit)/loss on disposal of non-current assets	27,020	(24,502)	27,000	(24,502)
Loss on transferring assets via finance lease	-	8,478,753	-	8,478,753
Capital grants and contributions	(2,010,350)	(2,032,488)	(2,010,350)	(2,932,488)
	<u>(1,983,349)</u>	<u>8,451,763</u>	<u>(1,983,349)</u>	<u>8,451,763</u>
Changes in operating assets and liabilities:				
Increase/decrease in receivables	(1,503,951)	(421,370)	(1,407,493)	(390,671)
(Increase)/decrease in inventory	40,448	(55,000)	14,936	(46,111)
Increase/(decrease) in payables	281,581	221,870	771,769	393,297
Increase/(decrease) in other provisions	(12,413)	31,756	(17,422)	12,645
	<u>194,345</u>	<u>(222,694)</u>	<u>153,209</u>	<u>(130,040)</u>
Net cash inflow from operating activities	<u>6,383,876</u>	<u>412,736</u>	<u>4,217,071</u>	<u>376,697</u>

26 Correction of error

During the 2013-14 financial year, Council transferred a number of its houses to the State by way of a 40 year finance lease. These houses were removed from Council's asset register and a finance lease asset recognised at the time of transfer. During the current year, it was discovered that House H25 had been inadvertently included in the lease and that the lease had subsequently been amended to exclude this house. The amendment had occurred in the 2013-14 financial year. Accordingly, a correction has been made to the 2013-14 numbers to eliminate this house. The impact on the 2013-14 comparative numbers is as follows:

	Consolidated Housing As at 30 June 2014	Council Housing As at 30 June 2014
Increase in gross value of housing assets	357,848	357,848
Increase in accumulated depreciation of housing assets	(53,244)	(53,244)
Increase net property, plant and equipment	304,596	304,596
Increase in net related surplus	304,596	304,596
	<u>Year ended 30 June 2014</u>	<u>Year ended 30 June 2014</u>
Increase in net result	304,596	304,596
Increase in total comprehensive income	304,596	304,596

27 Events after the reporting period

There were no material adjusting events after the balance date



**Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015**

28 Financial Instruments

Lockhart River Aboriginal Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

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

Lockhart River Aboriginal Shire Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Lockhart River Aboriginal Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	Consolidated		Council	
		2015	2014	2015	2014
Financial assets		\$	\$	\$	\$
Cash and cash equivalents	11	4,855,783	3,104,374	4,101,197	2,394,262
Trade and other receivables	12	1,869,112	884,598	1,722,670	747,361
Other financial assets	14	7,530,972	5,695,564	7,530,972	5,695,564
Total financial assets		14,255,867	9,684,536	13,354,839	8,837,187

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund, Commonwealth Bank and Macquarie Bank Cash Fund. The QTC Cash Fund, Commonwealth Bank and Macquarie Bank Cash Funds are asset management portfolios that invest with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund, Commonwealth Bank, and Macquarie Bank Cash Funds are capital guaranteed. All investments are required to have a minimum credit rating of "A", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.



**Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015**

Trade and other receivables

Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in respect of receivables in the Council's area.

Ageing of receivables and the amount of any impairment is disclosed in the following table:

	Consolidated		Council	
	2015	2014	2015	2014
	\$	\$	\$	\$
Not past due	1,561,782	659,370	1,462,594	569,133
Past due 31-60 days	141,882	123,240	123,815	110,432
Past due 61-90 days	126,717	26,595	111,385	5,630
More than 90 days	178,535	109,001	76,739	95,774
Impaired	(139,805)	(33,600)	(51,664)	(33,606)
Total	1,869,112	884,598	1,722,670	747,361

The impairment of trade receivables is a provision for doubtful debts that have been outstanding for more than 12 months and every effort to collect the money has been unsuccessful including disputed invoices. The impairment provision is based on specific invoices from identifiable accounts/debtors.

Liquidity risk

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

Lockhart River Aboriginal Shire Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

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

Consolidated	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2015					
Trade and other payables	2,084,756	-	-	2,084,756	2,084,756
	<u>2,084,756</u>	<u>-</u>	<u>-</u>	<u>2,084,756</u>	<u>2,084,756</u>
2014					
Trade and other payables	1,095,720	-	-	1,095,720	1,095,720
	<u>1,095,720</u>	<u>-</u>	<u>-</u>	<u>1,095,720</u>	<u>1,095,720</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015
Council

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2015					
Trade and other payables	2,002,977	-	-	2,002,977	2,002,977
	<u>2,002,977</u>	<u>-</u>	<u>-</u>	<u>2,002,977</u>	<u>2,002,977</u>
2014					
Trade and other payables	1,201,296	-	-	1,201,296	1,201,296
	<u>1,201,296</u>	<u>-</u>	<u>-</u>	<u>1,201,296</u>	<u>1,201,296</u>

The outflows in the above table are not expected to occur significantly earlier or for significantly different amounts than indicated in the table.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

Lockhart River Aboriginal Shire Council is exposed to interest rate risk through investments with OTC, Commonwealth Bank, and Macquarie Bank.

The Council has access to a mix of variable and fixed rate funding options through OTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
Consolidated					
2015					
OTC cash fund	3,613,491	36,135	(36,135)	36,135	(36,135)
Commonwealth Bank	31,285	313	(313)	313	(313)
Macquarie Bank cash fund	682,427	6,824	(6,824)	6,824	(6,824)
Net total	<u>4,327,203</u>	<u>43,272</u>	<u>(43,272)</u>	<u>43,272</u>	<u>(43,272)</u>
2014					
OTC cash fund	2,060,827	20,608	(20,608)	20,608	(20,608)
Commonwealth Bank	30,557	306	(306)	306	(306)
Macquarie Bank cash fund	565,220	5,652	(5,652)	5,652	(5,652)
Net total	<u>2,656,604</u>	<u>26,566</u>	<u>(26,566)</u>	<u>26,566</u>	<u>(26,566)</u>



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
Council					
2015					
OTC cash fund	3,613,491	36,135	(36,135)	36,135	(36,135)
Commonwealth Bank	31,285	313	(313)	313	(313)
Net total	3,644,776	36,448	(36,448)	36,448	(36,448)
2014					
OTC cash fund	2,060,627	20,608	(20,608)	20,608	(20,608)
Commonwealth Bank	30,557	306	(306)	306	(306)
Net total	2,091,384	20,914	(20,914)	20,914	(20,914)

Lockhart River Aboriginal Shire Council does not have any loan from any financial institution.

Fair value

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

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Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

29 Tied grants by project

The following note has been prepared on accruals basis.

	Balance 01/07/2014	Revenue	Expense	Transfers between grants	Balance 30/06/2015
	\$	\$	\$	\$	\$
Commonwealth government grants					
Dept Education, Employment and Workplace Relations					
<i>Outside School Care</i>	-	153,167	143,167	-	10,000
Total - DEEWR grants	-	153,167	143,167	-	10,000
Dept of Families, Housing, Community Services Indigenous Affairs					
<i>Family Together (Kuunchi Kakana)</i>	-	92,012	92,012	-	-
Total - DFHCSIA grants	-	92,012	92,012	-	-
Dept of Health and Ageing					
<i>Community Development</i>	-	197,312	197,312	-	-
<i>Mens Healing Place (capital)</i>	100,000	-	-	-	100,000
Total - DOHA grants	100,000	197,312	197,312	-	100,000
Dept of Infrastructure and Transport					
<i>Radio Station - Capital</i>	15,215	-	15,215	-	-
<i>Regional Aviation Access Program (RAAP)</i>	-	242,000	207,400	-	34,600
<i>Roads to Recovery (R2R)</i>	412,767	62,995	513,053	-	(37,271)
Total - DIT grants	428,002	304,995	735,668	-	(2,671)
Dept of Communications					
<i>Indigenous Broadcasting Program</i>	-	15,000	16,637	1,637	-
Total - DOC grants	-	15,000	16,637	1,637	-
Dept of Human Services					
<i>Centrelink</i>	-	58,399	58,399	-	-
Total - DOC grants	-	58,399	58,399	-	-
Total - Commonwealth government	528,001	820,885	1,243,195	1,637	107,329



Lockhart River Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2015

29 Tied grants by project Continued

	Balance 01/07/2014	Revenue	Expense	Transfers between grants	Balance 30/06/2015
	\$	\$	\$	\$	\$
State government grants					
Dept of Local Government, Community Recovery & Resilience					
<i>State Government Financial Aid</i>	-	1,140,872	950,666	(180,206)	-
<i>Indigenous Economic Development</i>	-	80,000	80,000	-	-
<i>Revenue Replacement Program</i>	-	98,900	98,900	-	-
<i>Fiscal Equalisation Grant</i>	-	1,395,667	1,395,667	-	-
<i>Identified Roads Grant</i>	-	186,637	290,664	104,227	-
<i>Business Incentive Scheme</i>	-	7,500	7,500	-	-
<i>Service Delivery Fund</i>	-	213,396	213,396	-	-
<i>Street Lighting</i>	6,203	-	6,203	-	-
<i>Warehouse Upgrade</i>	-	-	34,110	34,110	-
<i>GraffitiSTOP</i>	-	1,960	-	(1,960)	-
<i>Get Ready Queensland</i>	-	2,890	-	(2,890)	-
<i>Drainage Master Plan</i>	(33,204)	12,685	20,491	41,010	-
Total - DIP Grants	(27,001)	3,140,506	3,087,796	(15,709)	-
Dept of Justice and Attorney-General					
<i>Local Justice Initiatives Program</i>	52,113	74,500	110,673	-	15,940
Total - DJ&AG grants	52,113	74,500	110,673	-	15,940
Queensland Reconstruction Authority					
<i>NDRRA - Emergency Works</i>	(24,878)	266,784	241,669	(237)	-
<i>NDRRA - Restoration Works</i>	43,388	1,705,355	2,796,742	-	(1,047,999)
Total NDRRA	18,510	1,972,139	3,038,411	(237)	(1,047,999)
Dept of Emergency Services					
<i>State Emergency Services</i>	23,240	12,555	214	-	35,582
Total - DES grants	23,240	12,555	214	-	35,582
Dept Disability Services Qld					
<i>HACC - Operations</i>	(13,273)	227,186	194,175	-	19,749
<i>National Job Creation Package</i>	-	34,773	34,773	-	-
<i>HACC - Transition Costs</i>	40,000	-	40,000	-	-
Total - DSDQ grants	26,727	261,969	268,947	-	19,749
Queensland Health					
<i>Environmental Health & Animal Control</i>	16,826	150,309	156,662	-	10,272
Total - QH grants	16,826	150,309	156,662	-	10,272
Dept of Communities, Child Safety and Disability Services					
<i>Domestic & Family Violence Prevention Health</i>					
<i>YARI: Youth At Risk</i>	-	4,000	4,000	-	-
<i>Mens' Support Services</i>	(38,286)	156,676	144,839	-	(26,248)
<i>Womens Shelter</i>	-	115,000	84,802	-	30,198
<i>Community Safety Planning</i>	10,000	390,588	305,625	-	84,761
Total - DCC grants	(28,286)	666,462	539,466	-	98,710



Lockhart River Aboriginal Shire Council
 Notes to the financial statements
 For the year ended 30 June 2015

29 Tied grants by project Continued

	Balance 01/07/2014	Revenue	Expense	Transfers between grants	Balance 30/06/2015
	\$	\$	\$	\$	\$
Department of Transport & Main Roads					
ATSI TIDS - Taylor's Landing Culvert	21,791	-	21,791	-	-
Total - DTMR grants	21,791	-	21,791	-	-
State Library of Queensland					
Indigenous Knowledge Centre Grant	-	15,800	30,109	14,309	-
Total - SLQ grants	-	15,800	30,109	14,309	-
Total - State government	103,921	6,294,240	7,264,270	(1,637)	(867,746)
Total grants	631,923	7,115,124	8,507,465	-	(760,416)
	109,640		Add back over-expended grants		1,111,519
	741,563		Total unspent grant revenue		351,101

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Lockhart River Aboriginal Shire Council
Financial statements
For the year ended 30 June 2015


Management Certificate
For the year ended 30 June 2015

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

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

- (1) 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
- (2) the general purpose financial statements, as set out on pages 1 to 46, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.


Mayor
Name: Cr Wayne Butcher
Date: 30/10/15


Chief Executive Officer
Name: DAVID CLARKE
Date: 30/10/15



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Lockhart River Aboriginal Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Lockhart River Aboriginal Shire Council, which comprises the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statements 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 the Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

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 the *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 the Lockhart River Aboriginal Shire Council and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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


D A STOLZ FCPA
Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Lockhart River Aboriginal Shire Council
Current-year Financial Sustainability
For the year ended 30 June 2015

Measures of Financial Sustainability	How the measure is calculated	Actual - Consolidated	Actual - Council	Target
Council's performance at 30 June 2015 against key financial ratios and targets:				
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	21%	25%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	346%	400%	greater than 80%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-40%	-37%	not greater than 60%


Note 1 - Basis of Preparation

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

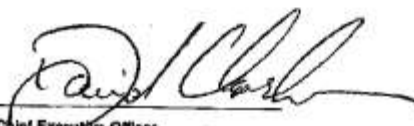
Certificate of Accuracy
 For the year ended 30 June 2015

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

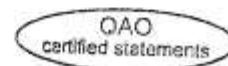
In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



 Mayor
 Name *Cr. Wayne Butcher*
 Date: *30, 10, 15*



 Chief Executive Officer
 Name *David Clarke*
 Date: *30, 10, 15*



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Lockhart River Aboriginal 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 Lockhart River Aboriginal Shire Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

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

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

Opinion

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

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




D A STOLZ FCPA
Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Lockhart River Aboriginal Shire Council
 Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2015

Measures of Financial Sustainability	Measure	Target	Projected for the years ended									
			Actuals at 30 June 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Consolidated	Operating surplus ratio	Between 0% and 10%	21%	1%	3%	5%	6%	5%	7%	2%	4%	5%
	Asset sustainability ratio	greater than 90%	346%	749%	79%	65%	67%	133%	167%	124%	0%	0%
	Net financial liabilities ratio	not greater than 50%	-40%	-63%	-57%	-33%	-42%	-38%	-30%	-27%	-46%	-54%
Council	Operating surplus ratio	Between 0% and 10%	25%	0%	3%	5%	5%	3%	6%	1%	4%	7%
	Asset sustainability ratio	greater than 90%	408%	820%	73%	57%	12%	117%	168%	140%	0%	0%
	Net financial liabilities ratio	not greater than 60%	-37%	-60%	-57%	-54%	-42%	-40%	-32%	-23%	-44%	-51%

Lockhart River Aboriginal 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.