

# Lockhart River Aboriginal Shire Council



**Annual Report 2015 - 2016**

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## OUR COMMUNITY

### Annual Report at a glance

This is another prosperous year for Lockhart River Aboriginal Shire Council. During the year more services were delivered and that improved livelihood to Lockhart community. The Annual Report will provide an overview of Council's performance and statement of wealth for the period 1 July 2015 – 30 June 2016.

In this report, Council's achievements for the financial year will be highlighted including the challenges encountered during the same period. Generally, the Council experienced expansion in its operations and construction of new infrastructure assets. The capacity of the Council to undertake this was tested and proven. Several methodologies were used to accomplish such works in collaboration with subcontracting partners. We are proud of the outcome and we will keep doing it.

The role of the Council of being accountable to the community residents did not waiver and the intent of this report is show how each role was fulfilled. The Council's obligations to other parties like staff, Councillors, Government Departments and other interested groups was no less during the year.

For the Council to achieve its objectives, the use of 5-Year Corporate Plan, Operational Plan, and Budgeting Tool was inevitable to avoid getting out of the course. Copies of these documents are available in our website including Annual Report and the Council's Financial Statements. The can be accessed at any time free of charge electronically on Council website [www.lockhart.qld.gov.au](http://www.lockhart.qld.gov.au).

Our Chief Executive Officer encourages feedback and comments on our services and as such they should be directed to him on 07 4060 7144 or email [ceo@lockhart.qld.gov.au](mailto:ceo@lockhart.qld.gov.au).

Please spare a moment of your time to read and enjoy this annual report presented herein.

## Mayor's Report

This year's accomplishments at Lockhart River Aboriginal Shire have energized the Council, employees and community into wanting more during the next financial year. Many positive changes have been achieved despite the relentless challenges that were encountered. First, my special welcome to the newly elected Councillors Dorothy Hobson and Marshall Symonds who joined us after the March 2016 elections. These are known members of the community that possess unique experience and talents that will blend into our Leadership and Governance team. Then the re-election of myself, Deputy mayor Norman Bally and Councillor Paul Piva is another evidence that our Community have put trust in our leadership.



*Mayor Wayne Butcher*

For the departing Councillors Rebecca Elu and Veronica Piva, we have appreciated the enormous good work they have done to our community during their previous term as elected members. We wish them well in all their future endeavors and we will keep calling upon them to give a hand in community projects as their leadership and governance skills are very critical and valuable to our community.

The changes to Shire boundaries was approved and implemented by the Queensland Government around March 2016. As a result our Council received 22 stormwater culverts, 5km of sealed roads and 2km of unsealed formed roads into our asset registers as transferred from Cook Shire Council. This brought in more challenges for managing and maintaining the expanded infrastructure.

The education of the young people should be encouraged by the parents and all community members to help and support every child to get educated. The school enrolment during the year was very encouraging as well as the number of local students joining high school. The Council continued to provide paid work experience for senior secondary students during the school breaks. This initiative has become very popular and I would like to assure the high school students that the Council will always make such opportunities available to them.

The local employment increased significantly during the year especially in civil works projects and building construction works that show their workforce dominated by the local people. This had further support from the emergence of new local entrepreneurships and small business development. We had successful participation from small businesses in our civil construction projects. This has provided new opportunities to establish local businesses in future. Also, the Council established a vibrant building

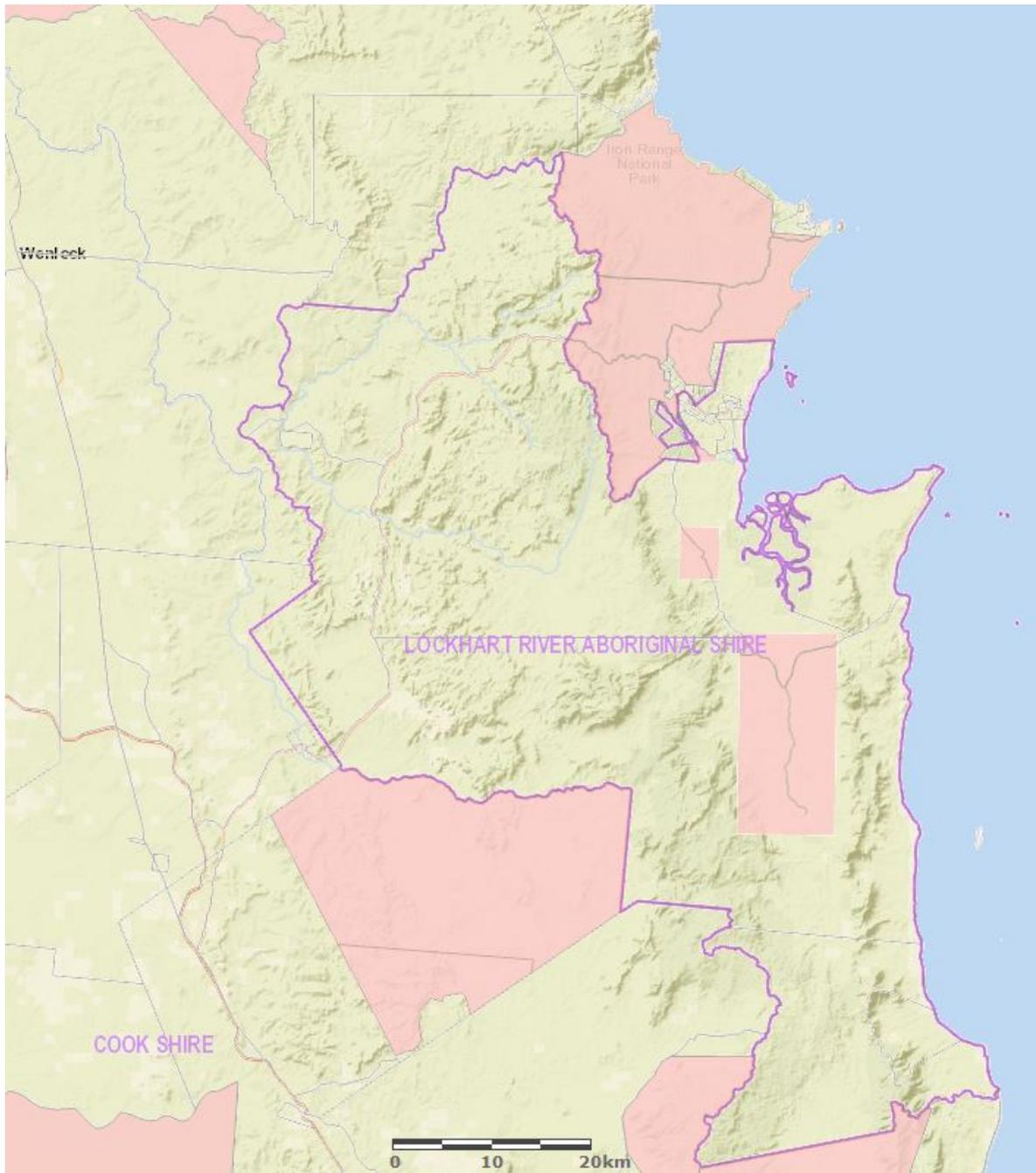
team that completed two new houses (40% of BAS allocation) and are scheduled to construct five new houses (100% BAS allocation) in 2016/17. This is a typical local capacity and capability building spirit that has been achieved in our Community. On the same note, I can confirm that our apprenticeship program was very successful as the enrolment of apprentices and traineeships in building construction, plumbing and mechanical areas increased tremendously during the year.

The Council supported home ownership initiative whereby at least ten properties were transferred to local ownership and I would like to encourage the new owners to take good care of their properties. The community maintained the beauty of our environment and backyards. The Council will continue to support that by providing resources and training to our hard working parks & gardens team to make public areas safe and clean.

The Council's financial and other operations achieved good performance outcome and this is a reflection on our positive community image. The audit received approval by the Auditor-General and unmodified audit opinion was issued on our financial statements accordingly. The Council recorded operating surplus from its financial operations and these are good results we would all like to continue achieving and translating into services for our community.

May I take this opportunity to thank and congratulate our Councillors for their leadership and co-operation that enabled such a realistic strategic direction of Lockhart River community. Also, I would like to thank our Chief Executive Officer, senior management team and all employees for working hard to achieve these results. We will continue our spirit of togetherness into this new financial year.

## Map of Lockhart River



Source: <http://gsatial.information.qld.gov.au/IQAtlas>

## Map of Lockhart River Township



## 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, pawpaw, 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



*The hospital*

### 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.



*School entrance*

Puuya Foundation is operating early childhood learning centre in the community.

### Library and Radio

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.

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



*Library building*

### Puuya Centre

The Puuya Centre is the 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. It is a convenient facility for group meetings away from town centre.

## 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. Contact Enoch Tel: 07 4060 7341.



*Art Centre*

## 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 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. Major transporters provide road services 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. All the barge services are based at the Wharf along Quintell Beach.

## Accommodation

Accommodation is available at the following places.

- Iron Range Cabins at the Airport
- Puuchiwu at Piiramo Street
- Greenhouse cabins at Lockhart River Road

Tel: 07 4060 7147 (Preferred)

Tel: 07 4060 7134

Tel: 07 4060 7067

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.



*Retail Store*

Jamie Stores is a small privately owned convenience store in the community located across the street from the main retail store. Contact Marshall Symonds (owner) Tel: 07 4060 7368.



*Bank & Post Office*

## 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.

These services are operated by the Council.

## 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.



*Ivy Park*

## Parks and beaches

There is Ivy Park with safe playing equipment located near the Retail Store.

BMX track is accessible and located near the Council Chambers.

Football oval is located next to the Community Hall and suitable for all field sports.

Esplanade is located at the Quintell Beach area with a BBQ shelter.

## Power

Electricity in the Community is generated by Ergon Energy.



*Ergon Energy*

## Other Facilities

There is a spacious Community Hall for public meetings and other community events and functions. Other facilities include the kids club, Women's centre, My Pathways Training Centre (Land and sea



*Anglican Church*

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.

There is one cemetery facility located within the community operated by the Council.

## Private Enterprises

The following are prosperous and potentially expanding local businesses by the local people and for the local people:

- Lockhart River Car Hire that provide vehicle hire services to visitors to the area.
- Piva Cleaning Services to provide domestic and commercial cleaning services
- W&P Machine Hire to hire heavy plant and equipment for construction works
- JP Hobson Contracting for loader plant services
- PC Ropeyarn Contracting for water truck services.
- Rodney Accoom Contracting for fencing services

Other local private enterprises

- Newton Spencer Contracting Services for general construction works
- Tonlay Pty Ltd for building construction works
- Jamie's Stores for convenience store services and transport 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 dry season from May to October.

Temperatures averages 29°C



*Sewer Ponds Fencing*

## OUR COUNCIL

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 on 19 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 register of 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. 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.

## 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

Elected members

				
<p>Mayor:                      Cr Wayne Butcher                      Ph: 0428 180 325                      E: <a href="mailto:mayor@lockhart.qld.gov.au">mayor@lockhart.qld.gov.au</a></p> <p>Portfolio: Governance,                      Employment, Training                      and Leadership, Land,                      Sea, Homeland (Land                      trust)</p>	<p>Deputy Mayor:                      Cr Norman Bally                      Ph: 0409 692 172                      E: <a href="mailto:dmayor@lockhart.qld.gov.au">dmayor@lockhart.qld.gov.au</a></p> <p>Portfolio: Housing,                      Infrastructure, Roads,                      Parks and Gardens</p>	<p>Councillor                      Cr Paul Piva                      Ph: 0427 607 035                      E: <a href="mailto:paul.piva@lockhart.qld.gov.au">paul.piva@lockhart.qld.gov.au</a></p> <p>Portfolio: Education,                      Economic Development                      and Enterprise</p>	<p>Councillor                      Cr Dorothy Hobson                      Ph:                      E: <a href="mailto:dorothy.hobson2@lockhart.qld.gov.au">dorothy.hobson2@lockhart.qld.gov.au</a></p> <p>Portfolio: Youth, Sports                      and Recreation</p>	<p>Councillor                      Cr. Marshall Symonds                      Ph: 0427 350 978                      E: <a href="mailto:marshall.symonds@lockhart.qld.gov.au">marshall.symonds@lockhart.qld.gov.au</a></p> <p>Portfolio: Health, Law,                      Justice and Order</p>

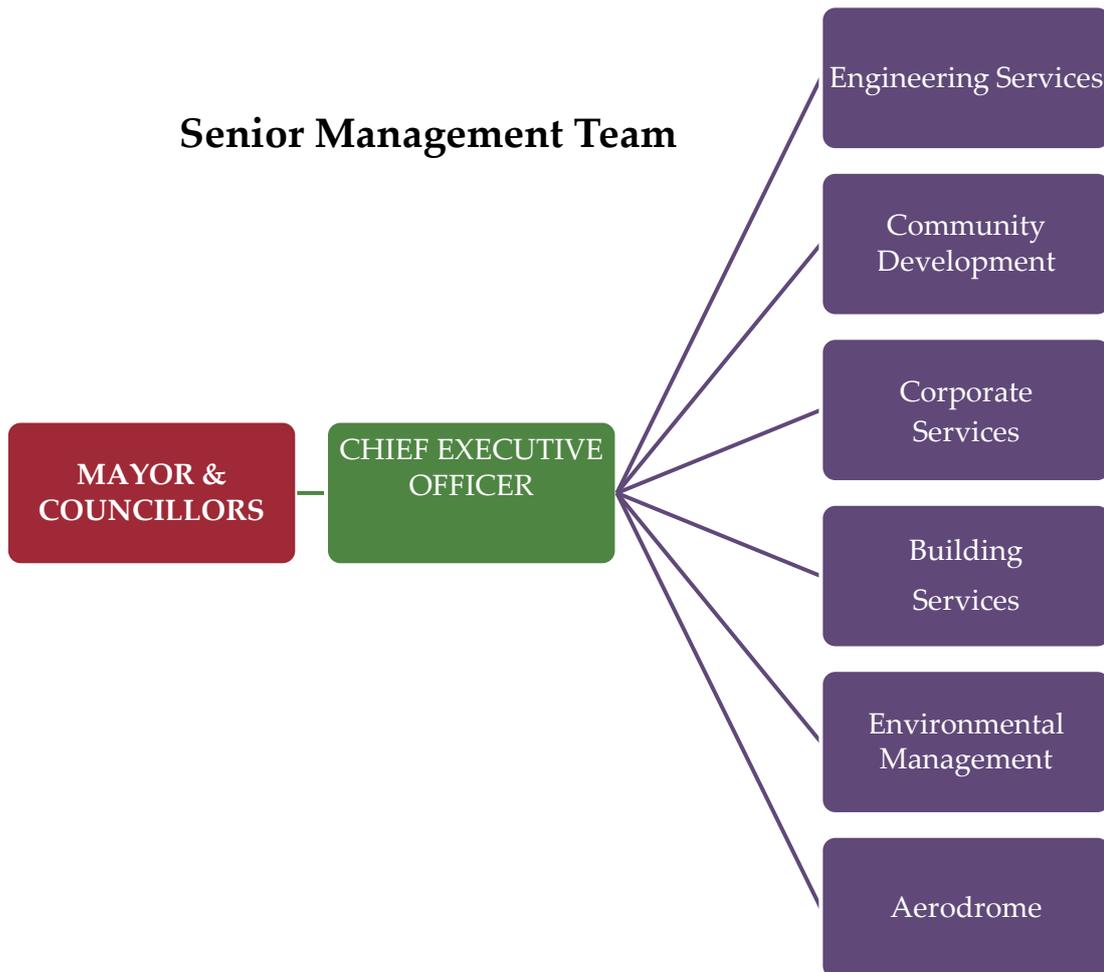
## Senior Management Team



## Organizational Structure

The structure consists of five departments/sections, namely Leadership and Governance, Engineering Services, Building Services, Community Development Services, Corporate Services, and Environmental Management 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:



The Council is the parent of controlled entity, Lockhart River Aerodrome Company Pty Ltd.

## DISCLOSURES

**Councillors meetings attendance and remuneration**

The Councillors' remuneration is reviewed and determined by the Local Government Remuneration Tribunal annually. The following is the schedule of meetings attendance and remunerations for the period July 2015 – June 2016.

Councillor	Council Meetings attended	Total Meetings	Remuneration	Superannuation	Expenses claimed	Facilities provided
Cr. Wayne Butcher (Mayor)	12	13	99,563	11,947	20,420	Vehicle, laptop, iPhone & iPad
Cr. Norman Bally (Deputy Mayor)	11	13	56,681	6,801	10,646	iPhone & iPad
Cr. Paul Piva	11	13	49,124	5,895	10,564	iPad
Cr. Veronica Piva	8	9	35,298	4,235	3,114	iPad
Cr. Rebecca Elu	7	9	35,298	4,235	6,444	iPad
Cr. Marshall Symonds	4	4	13,826	1,313	3,028	iPad
Cr. Dorothy Hobson	4	4	13,826	1,659	1,855	iPad

**Senior Management Team**

During the 2015/16 financial year, the following were the members of Senior Management team:

Chief Executive Officer:	Mr. David Clarke
Engineering Services Supervisor:	Mr. Warren Davis
Building Services Supervisor:	Mr. Edmond Regis
Manager Community Development:	Ms. Anita Egginton
Manager Finance & Administration:	Mr. Stanley Mugwiria
Aerodrome Company	Mr. Michael Castrisos
Environmental Management	Mr. Paul Jensen

## Executive Remuneration

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

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 recognizes the operations of Puuya Foundation that has continued to support parents and teachers by establishing the Early Childhood Learning Centre. The Centre has been completed and its services to benefit community kids have commenced. Also it provides employment to local people.

## Significant business

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

## Invitations to provide expressions of interest

In June 2016 the Council advertised for Preferred Suppliers of all range of services and products to be included in our register of pre-qualified for a period of 2 years.

## 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:-

- Risk management
- Review of non-current assets valuations
- Audit Committee Charter and Strategic Internal Audit Plan

Two internal audit reports were 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 controls 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 2015-16, the Council received an **unmodified audit opinion** and that means Council's operations have received a good report.

## Assessment of Corporate Plan and Operational Plan

The 5-Year Corporate Plan, Operational Plan and Budget documents were discussed and adopted on 16 July 2016.

The Council reviewed the 2013-18 Corporate Plan to align with changes to funding sources and service levels. However no major changes were identified.

The progress review of the 2015-16 Operational Plan was done and discussed between the Council and senior management during the year. This plan is under implementation.

## 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. The preparation and adoption of 2015-16 Annual Report will ensure that 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 year except for contributions to assist local people with funeral costs and support of cultural activities that amounted to \$51,400.

## List of Registers available to the public

The following registers are held by the Council:

- Register of interests of Councillors
- Conflict of interest / materials personal interest declaration register
- Register of Election Gifts and Benefits
- Register of Interest of Chief Executive Officer & Senior Contract Employees
- Register of Delegation (including financial)
- Register of Council Meeting Minutes
- Asset Register
- Road Register
- Housing Register
- Prequalified Suppliers Register
- Register of Regular and Performance Agreements
- Council Local Laws register
- Register of dogs
- Asbestos Register
- Register of kids who receive Christmas gifts from Council
- Register of awards and recognition
- Register of Cemetery
- Fraud Register

## 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:

<b>Compliance Requirements</b>	
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](http://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 staff 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.

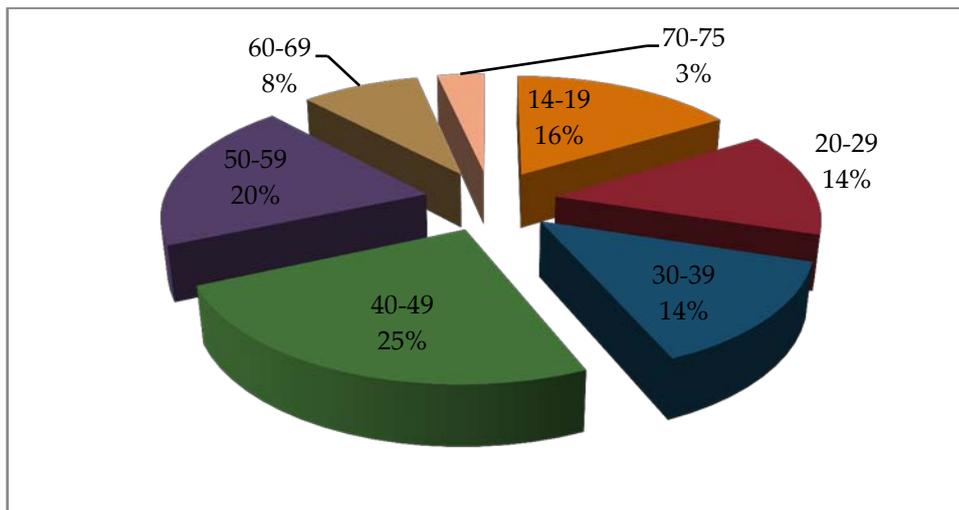
Our workforce comprises people of different ages, cultures, religions, values, beliefs, educations, languages, abilities and gender.

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 62 per cent while women are 38 per cent and this is an improvement from previous years as women representation has been increasing. The balance of male and female in the Leadership and Governance area declined to 80:20 with only one lady elected to the Council.

Employees by age:



Majority of employees are in the age bracket of 30 – 59 years and employees’ age disparity is 61.

## 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 updated annually 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. 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:

Bridges	1
Stormwater culverts and floodways	83
Rural roads - unsealed	143km
Rural roads - sealed	18km
Urban sealed roads	11km
<b>Total length of road and bridge network</b>	<b>172km</b>



*Sealed Road Works*

## 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.



*Road Gang*

- The R2R & TIDS jointly funded Esplanade upgrade commenced but completed in 2016/17
- NDRRA funded Restoration Works undertaken on Old Mission Road, Kuttinni East Road, Yellow Sand Pit Road, Taylor's Landing Road, and Line Hill Road.
- RADS funded Airport Drainage Works was significantly completed
- Additional grant of \$0.74m for REPA 13.15 (Wachee Creek – Old Site) and \$1.6m for REPA 14.16 (Pascoe River Crossing) was received
- Road Gang recorded direct private works revenue of about \$35k during the year
- CRF funding of \$4.3m for construction of crossings along Portland Road was confirmed.

### Building Services

The goal was to provide adequate and quality housing that satisfy the needs of the community today and in the future as well as encourage community members towards home ownership. Also to become principle contractor for all building and maintenance works at Lockhart River.

- Council Building Services maintained leadership in all housing construction works through improved communication and competitive bidding for BAS jobs
- Council building team constructed 5 new houses in partnership with renowned subcontractors (Council crew completed 2 out of the 5 on their own)
- New driveways and fences were completed during the year
- Council building team completed 5 major housing renovations and upgrades
- Recorded highest private works revenue of \$6.4m during the year
- About 17 properties were transferred to Queensland Government under the 40 Year Lease Agreement
- Home ownership initiative achieved transfer of 10 properties under perpetual leases to local owners
- Contractor's Camp was expanded with new dongas (3 two-bedroom dongas and 2 4-room units)
- Church renovation was undertaken by the Council crew and other local sub-contractors
- Acquired a new open tray truck with crane for transporting building materials.



*Building Crew*

## Environmental Management

The goal is to provide efficient, effective and sustainable water, sewerage and waste management services to the Community and by providing an effective animal management.

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

- Water quality sampling and testing demonstrated compliance with NHMRC Drinking Water Standards
- Water Testing Kit and its Shed was acquired for testing water samples locally
- Major repair and maintenance was carried on the bore 5 equipment and treatment plant
- Sewer ponds fencing was undertaken
- Sewer and water connection to the 5 new houses was completed
- Parks and gardens maintained mowing service levels
- Weekly refuse collection was achieved
- One fulltime employee assigned at Landfill site
- EHO team attended training in handing chemicals and pest control.



*Morgan Hobson – EHO at work testing water.*



*Animal Management team preparing dog food.*

## 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 goal is to encourage and participate in the continuing development of Community Services and cultural activities and to strengthen individual and Community Puuya.

Special thanks to the State and Federal Governments for the following regularly funded programs that continued to benefit the community members throughout the financial year

- Mens' Support Services – position of Coordinator was filled up locally
- HACC – strong team with new compliance reporting software
- Women Shelter – more activities and clients
- Family Support Services – new services introduced
- Community Radio and Library Services – expanded services
- Justice Group – reduced activities and services recorded
- Youth At Risk Initiative – more activities and services
- Indigenous Primary Health Care Program – reduced level of activities and services noted
- Outside School Hours Care – more activities and services recorded



*Women's Shelter team*

- Puuya Foundation – early learning centre completed and services commenced.

## Governance & Leadership Services

To deliver strong responsible leadership by supporting the needs of the Community setting clear direction through transparent, fair and accountable practices as well as working as one, while complying with the relevant legislations and Council policies.

- Old Council term ended on 19 March 2016 with a statewide election
- New Council elected – Mayor and 2 Councillors re-elected and 2 newly elected members
- 12 Ordinary meetings and 1 special meeting held during the year
- Council portfolios were re-organized to focus on needs of the community
- Waanta Newsletter produced and circulated 4 editions
- Elected members had 2 public meetings
- Council donations reported \$51k as the support was extended to include sporting and cultural activities
- Audit Committee was established
- Two internal audit visits and reports were discussed
- Improved employment for local young people
- Changes to new Shire boundaries was approved to include airport and some infrastructure assets transferred from Cook Shire to Lockhart River Shire



*Governance & Leadership team*

## 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 services include accounting, financial management, customer care, record management, information technology, bank and post office, centrelink services and human resources.

The goal was to provide professional financial management and administration support to enable Council meet its statutory obligations. The following achievements were noted during the year;

- Unmodified audit opinion on the financial statements for the year ended 30 June 2016.
- 2016/17 Operational Plan and Budget completed on time
- Council website improved
- Risk Management Register (first version)
- New computers acquired and installed



*Corporate Services Meeting*

## Lockhart River Aerodrome Company

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

During the year under review:

- Previous management retired followed by successful replacement
- Drainage works was significantly completed to clear water under the pavement
- New pedestrian crossing culverts were constructed
- Commencement of early stages of runway pavement rehabilitation works



*Airport Cabins.*

## 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 2015/16 Snapshot (consolidated)

Key highlights of the financial year include:

**a) Some of the major capital expenditure during the year includes:**

Plant & Equipment	\$394,265
Buildings and Housing	\$850,408
Roads and Bridge Network infrastructure	\$5,552,069
Water assets	\$12,210
Other Infrastructure assets	\$1,571,679

**b) Operating Surplus for the year** **\$3,458,964**

### 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 2016.

*About the Management Certificate*

The Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting a true and fair view" and are required to be adopted by Council to ensure responsibility 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.

#### 1.1 Statement of Comprehensive Income

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

**1.2 Balance Sheet**

End of year Council's Financial Position that includes Assets, Liabilities and Community Equity.

**1.3 Statement of Changes in Equity**

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

**1.4 Statement of Cash Flows**

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

**1.5 Notes to the Financial Statements**

Provide more details to the line numbers of the 4 "primary" financial statements.

**About the Auditor's Report**

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 a true and fair view of the Council's financial performance and position. Our Council received unmodified audit opinion (good audit report) from Queensland Audit Office.

**Where to find a complete version of 2015/16 Financial Statements (Consolidated)**

A complete version of Council's Financial Statements for the 12 months to 30 June 2016 can be found at our website: [www.lockhart.qld.gov.au](http://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

#### 1.6 Council's Consolidated Statement of Comprehensive Income (Profit & Loss) for 2015/16

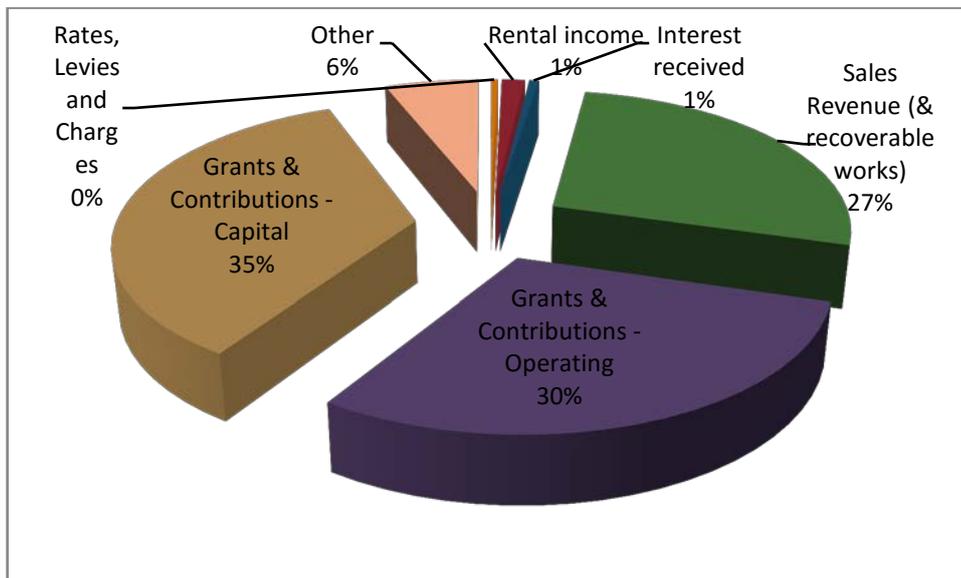
Council's headline consolidated operating result for the 2015/16 year was operating surplus of **\$3,458,964**. This surplus is mainly due to increase in grant funding that remained unspent and moderate increment in revenue from recoverable works.

The following are the key financial performance highlights (Consolidated):

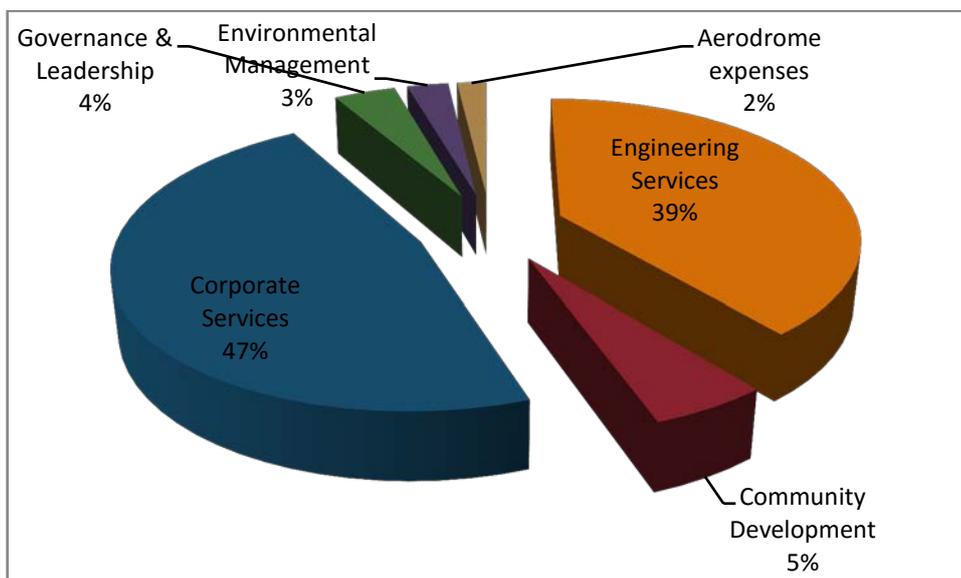
	Actual \$ 2016	Budget \$ 2016	Actual \$ 2015
Revenues (excl. income for capital purposes)	18,346,306	28,641,277	13,307,153
Expenditure	(15,770,374)	(31,625,906)	(10,529,174)
<b>Net Result before Capital Grants &amp; Contributions</b>	<b>2,575,932</b>	<b>(2,984,629)</b>	<b>2,777,979</b>
Capital Grants & Contributions	9,856,397	15,707,129	5,020,003
Capital income	-	-	(27,000)
Capital expenses	(8,973,365)	-	-
<b>Net Result</b>	<b>3,458,964</b>	<b>12,722,500</b>	<b>7,770,981</b>

In the overall, the Council and senior management believe the financial results for 15/16 to be satisfactory.

**Council's Consolidated Revenue Sources for the year 2015-16**



**Council's Consolidated Total Expenditure by function for the year 2015-16**



**1.7 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 \$ 2016	Actual \$ 2015
<b>The major items that make up Council's wealth include the following assets:</b>		
Available Cash & Investments ****	8,842,350	4,855,783
Debtors	2,625,805	2,554,396
Inventories	282,814	237,634
Other financial assets - Current	272,720	221,211
Other financial assets - Non Current	10,534,735	7,309,761
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	1,654,486	310,242
- Land and Improvements	1,100,000	1,430,000
- Buildings	10,026,808	13,526,920
- Housing	7,917,623	20,095,998
- Plant and Equipment	1,157,514	1,250,858
- Furniture and office equipment	137,335	- 48,079
- Road, Drainage and Bridge Network	21,867,223	14,946,036
- Water	3,337,661	3,382,780
- Sewerage	3,521,395	3,403,088
- Other Infrastructure Assets	1,785,876	2,180,741
	<u>75,064,346</u>	<u>75,657,369</u>
<b>Council has funded some of its operations and assets by the following liabilities:</b>		
Trade and other payables	1,996,052	2,348,904
Current provisions	68,074	74,521
Non-current provisions	<u>1,737,053</u>	<u>114,839</u>
	<u>3,801,179</u>	<u>2,538,264</u>
<b>Net Community Equity</b>	<u><u>71,263,166</u></u>	<u><u>73,119,105</u></u>
***Cash & Investments "restricted" for future funding purposes	3,226,222	351,101

### 1.8 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)	2016	2015	2014	2013	2012
	<i>Consolidated</i>				
<b>Inflows:</b>					
Fees & Charges	121,790	116,069	111,821	113,851	66,045
Other revenue	1,681,091	166,166	244,557	115,167	5,270
Rental Income	417,708	418,245	673,279	649,629	656,454
Interest Received	176,110	77,487	54,713	107,569	277,382
Sales Revenue	7,616,782	7,404,352	2,901,423	772,829	722,452
Grants, Subsidies, Contributions & Donations - Operating & Capital	18,189,221	10,144,837	6,949,836	8,106,742	14,212,504
<b>Total Income from Continuing Operations</b>	<b>28,202,703</b>	<b>18,327,156</b>	<b>10,935,629</b>	<b>9,865,787</b>	<b>15,940,107</b>
Sale Proceeds from PP&E	-	42,182	57,056	-	1,364
Finance lease receipts	256,814	343,838	50,860	-	-
<b>Outflows:</b>					
Employee Benefits	4,547,114	3,967,194	3,723,923	4,216,879	4,079,898
Materials & Services	9,800,996	4,453,118	3,554,770	4,300,724	8,838,190
Finance Costs	37,375	114,719	- 3,514	- 4,961	13,417
			-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>14,385,485</b>	<b>8,535,031</b>	<b>7,275,179</b>	<b>8,512,642</b>	<b>12,931,505</b>
Total Cash purchases of PP&E	6,445,208	5,028,936	4,620,991	1,023,785	860,015
Total Loan Repayments (incl. Finance Leases)	-	-	-	-	-
<b>Operating Surplus/(Deficit) (excl. Capital Income &amp; Expenses)</b>	<b>2,575,932</b>	<b>2,777,979</b>	<b>1,363,516</b>	<b>(805,266)</b>	<b>1,192,948</b>
<b>Financial Position Figures (\$'000)</b>					
	2016	2015	2014	2013	2012
Current Assets	12,023,689	7,869,023	3,711,552	4,161,419	9,478,204
Current Liabilities	2,064,126	2,423,426	1,519,322	1,095,101	6,764,595
<b>Net Current Assets</b>	<b>9,959,563</b>	<b>5,445,597</b>	<b>2,192,230</b>	<b>3,066,318</b>	<b>2,713,609</b>
Cash & Cash Equivalents	8,842,350	4,855,783	2,394,262	3,434,241	3,233,764
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	-	-	-	-
Total Value of PP&E (excl. Land & Improvements)	82,065,338	77,596,356	63,621,467	66,860,923	66,151,576
Total Accumulated Depreciation	29,559,416	17,117,771	17,258,185	11,092,206	9,103,035
Indicative Remaining Useful Life (as a % of GBV)	64%	78%	73%	83%	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 requirement by the Local Government Act 2009 and 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.

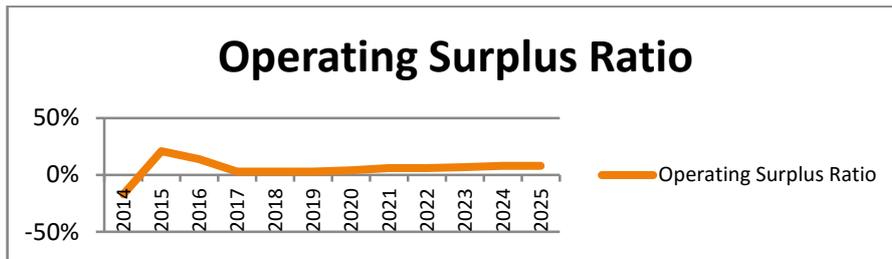
This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

### **Net Financial Liabilities Ratio**

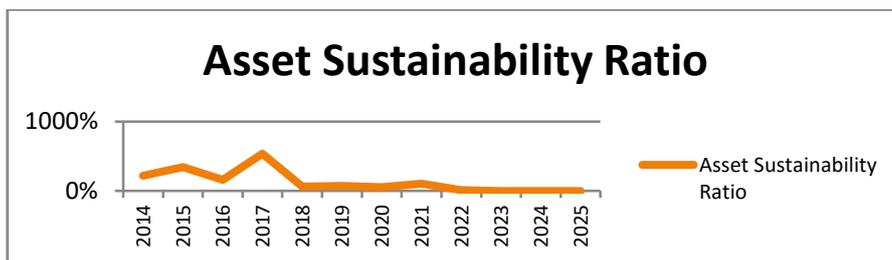
*Total Liabilities less Current Assets divided by Total Operating Revenue*

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	Long Term Financial Plan Projections											
		Actual 2014	Actual 2015	Actual 2016	Budget 2017	Yr 1 2018	Yr 2 2019	Yr 3 2020	Yr 4 2021	Yr 5 2022	Yr 6 2023	Yr 7 2024	Yr 8 2025
<b>Ratio</b>													
Operating Surplus Ratio	0 - 10%	-17%	21%	14%	3%	3%	3%	4%	6%	6%	7%	8%	8%
Asset Sustainability Ratio	> 90%	220%	346%	158%	536%	63%	71%	54%	104%	15%	0%	0%	0%
Net Financial Liabilities Ratio	< 60%	-26%	-40%	-45%	-42%	-10%	-10%	-17%	-21%	-22%	-33%	-38%	-44%



*In 2015/16 financial year, the Council reported operating surplus ratio of 14% that was above 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 158% 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 -45% 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.*

## APPENDIX - ANNUAL FINANCIAL STATEMENTS

**Lockhart River Aboriginal Shire Council**  
**Financial Statements**  
**for the year ended 30 June 2016**

# Lockhart River Aboriginal Shire Council

## Financial statements

For the year ended 30 June 2016

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**Lockhart River Aboriginal Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2016

	Note	Consolidated		Council	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent revenue</b>					
Rates, levies and charges	3(a)	121,790	116,069	121,790	116,069
Rental income	3(b)	417,708	418,245	412,468	390,616
Interest received	3(c)	176,110	77,487	163,677	60,063
Sales revenue	3(d)	7,616,782	7,404,352	6,537,306	6,439,640
Other income	3(e)	1,681,091	166,166	1,681,091	166,166
Grants, subsidies, contributions and donations	4(a)	8,332,824	5,124,834	8,332,824	5,124,834
		<u>18,346,306</u>	<u>13,307,153</u>	<u>17,249,157</u>	<u>12,297,388</u>
<b>Capital revenue</b>					
Grants, subsidies, contributions and donations	4(b)	9,856,397	5,020,003	9,856,397	5,020,003
<b>Total income</b>		<u>28,202,703</u>	<u>18,327,155</u>	<u>27,105,554</u>	<u>17,317,391</u>
<b>Expenses</b>					
<b>Recurrent expenses</b>					
Employee benefits	5	(4,547,114)	(3,967,194)	(4,029,143)	(3,543,390)
Materials and services	6	(9,800,996)	(4,453,118)	(9,195,213)	(3,894,493)
Finance costs	7	(37,375)	(114,719)	(41,643)	(22,481)
Depreciation and amortisation	15	(1,384,889)	(1,276,238)	(1,188,990)	(1,075,729)
Other expenses	8	-	(717,905)	-	(717,905)
		<u>(15,770,374)</u>	<u>(10,529,174)</u>	<u>(14,454,989)</u>	<u>(9,253,998)</u>
<b>Capital expenses</b>					
	9	(8,973,365)	(27,000)	(9,825,910)	(27,000)
<b>Total expenses</b>		<u>(24,743,739)</u>	<u>(10,556,174)</u>	<u>(24,280,899)</u>	<u>(9,280,999)</u>
<b>Net result</b>		<u>3,458,964</u>	<u>7,770,981</u>	<u>2,824,655</u>	<u>8,036,392</u>
<b>Other comprehensive income items that will not be reclassified to net result</b>					
Increase / (decrease) in asset revaluation surplus		(3,828,837)	4,259,880	(2,667,735)	3,770,652
<b>Total other comprehensive income for the year</b>		<u>(3,828,837)</u>	<u>4,259,880</u>	<u>(2,667,735)</u>	<u>3,770,652</u>
<b>Total comprehensive income for the year</b>		<u>(369,873)</u>	<u>12,030,860</u>	<u>156,920</u>	<u>11,807,044</u>

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

**Lockhart River Aboriginal Shire Council**  
**Statement of Financial Position**  
**as at 30 June 2016**

	Note	Consolidated		Council	
		2016 \$	2015 \$	2016 \$	2015 \$
<b>Current assets</b>					
Cash and cash equivalents	10	8,842,350	4,855,783	8,114,111	4,101,197
Trade and other receivables	11	2,625,805	2,554,396	2,460,542	2,404,484
Inventories	12	282,814	237,634	176,546	143,487
Other financial assets	13	272,720	221,211	272,720	221,211
<b>Total current assets</b>		<u>12,023,689</u>	<u>7,869,023</u>	<u>11,023,919</u>	<u>6,870,379</u>
<b>Non-current assets</b>					
Other financial assets	13	10,534,735	7,309,761	10,534,735	7,309,761
Investments	14	-	-	100	100
Property, plant and equipment	15	52,505,922	60,478,585	47,131,355	54,312,627
<b>Total non-current assets</b>		<u>63,040,657</u>	<u>67,788,347</u>	<u>57,666,190</u>	<u>61,622,489</u>
<b>Total assets</b>		<u>75,064,346</u>	<u>75,657,370</u>	<u>68,690,108</u>	<u>68,492,868</u>
<b>Current liabilities</b>					
Trade and other payables	17	1,996,052	2,348,904	1,793,191	2,204,502
Provisions	18	68,074	74,521	43,453	61,517
<b>Total current liabilities</b>		<u>2,064,126</u>	<u>2,423,426</u>	<u>1,836,645</u>	<u>2,266,019</u>
<b>Non-current liabilities</b>					
Trade and other payables	17	302,055	-	302,055	-
Provisions	18	1,434,998	114,839	1,425,948	102,243
<b>Total non-current liabilities</b>		<u>1,737,053</u>	<u>114,839</u>	<u>1,728,003</u>	<u>102,243</u>
<b>Total liabilities</b>		<u>3,801,179</u>	<u>2,538,265</u>	<u>3,564,648</u>	<u>2,368,263</u>
<b>Net community assets</b>		<u>71,263,166</u>	<u>73,119,105</u>	<u>65,125,460</u>	<u>66,124,605</u>
<b>Community equity</b>					
Asset revaluation surplus	19	30,876,842	35,738,392	29,164,757	32,535,205
Retained surplus		40,386,324	37,380,713	35,960,703	33,589,400
<b>Total community equity</b>		<u>71,263,166</u>	<u>73,119,105</u>	<u>65,125,460</u>	<u>66,124,605</u>

*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 2016**

**Consolidated**

		Asset revaluation surplus 19	Retained surplus	Total
		\$	\$	\$
<b>Balance as at 1 July 2015</b>		35,738,392	37,380,713	73,119,105
Opening balance adjustment	25	(1,032,713)	(453,352)	(1,486,065)
<b>Restated Balance as at 1 July 2015</b>		<u>34,705,679</u>	<u>36,927,362</u>	<u>71,633,041</u>
Net result		-	3,458,964	3,458,964
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		(3,828,837)	-	(3,828,837)
<b>Total comprehensive income for the year</b>		<u>(3,828,837)</u>	<u>3,458,964</u>	<u>(369,873)</u>
<b>Balance as at 30 June 2016</b>		<u>30,876,842</u>	<u>40,386,324</u>	<u>71,263,166</u>
<b>Balance as at 1 July 2014</b>		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
<b>Total comprehensive income for the year</b>		<u>4,259,880</u>	<u>7,770,981</u>	<u>12,030,861</u>
<b>Balance as at 30 June 2015</b>		<u>35,738,392</u>	<u>37,380,713</u>	<u>73,119,105</u>

*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 2016**

Council	Asset revaluation surplus 19	Retained Surplus	Total
	\$	\$	\$
<b>Balance as at 1 July 2015</b>	32,535,205	33,589,400	66,124,605
Opening balance adjustment	(702,713)	(453,352)	(1,156,065)
<b>Restated Balance as at 1 July 2015</b>	31,832,492	33,136,048	64,968,540
Net operating surplus	-	2,824,655	2,824,655
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	(2,667,735)	-	(2,667,735)
<b>Total comprehensive income for the year</b>	(2,667,735)	2,824,655	156,920
<b>Balance as at 30 June 2016</b>	29,164,757	35,960,703	65,125,460
<b>Balance as at 1 July 2014</b>	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
<b>Total comprehensive income for the year</b>	3,770,652	8,036,392	11,807,044
<b>Balance as at 30 June 2015</b>	32,535,205	33,589,400	66,124,605

*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 2016**

Note	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from customers	7,750,332	6,446,903	6,728,392	5,332,639
Payments to suppliers and employees	(14,422,987)	(7,683,494)	(13,400,093)	(6,691,080)
	<u>(6,672,655)</u>	<u>(1,236,591)</u>	<u>(6,671,701)</u>	<u>(1,358,441)</u>
Interest received	176,110	77,487	163,677	60,063
Rental income	417,708	418,245	412,468	390,616
Non capital grants and contributions	8,332,824	5,124,834	8,332,824	5,124,834
<b>Net cash inflow (outflow) from operating activities</b>	24 <u>2,253,987</u>	<u>4,383,975</u>	<u>2,237,268</u>	<u>4,217,072</u>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(6,445,208)	(5,028,936)	(6,402,141)	(4,906,507)
Finance lease receipts	256,814	343,838	256,814	343,838
Proceeds from sale of property plant and equipment	-	42,182	-	42,182
Grants, subsidies, contributions and donations	7,920,973	2,010,350	7,920,973	2,010,350
<b>Net cash inflow (outflow) from investing activities</b>	<u>1,732,579</u>	<u>(2,632,567)</u>	<u>1,775,646</u>	<u>(2,510,138)</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<u>3,986,567</u>	<u>1,751,408</u>	<u>4,012,914</u>	<u>1,706,934</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>	4,855,783	3,104,375	4,101,197	2,394,262
<b>Cash and cash equivalents at end of the financial year</b>	10 <u>8,842,350</u>	<u>4,855,783</u>	<u>8,114,112</u>	<u>4,101,197</u>

*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 2016**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 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.

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 2016 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.N and Note 14.

**1.D Constitution**

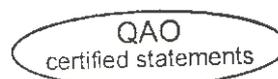
The Lockhart River Aboriginal Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

**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 2016**

**1.G 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.

**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 with exception of AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

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.N), at fair value. Had this requirement been adopted at 30 June 2016, management estimate that the fair value of this investment would have been \$6,137,803 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.

AASB 15 is effective from 1 January 2019 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.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 16 *Leases* is effective from 1 January 2019 and will replace AASB 107 *Leases* and a number of Interpretations. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term more than 12 months. However the lessor accounting requirement has not significantly changed from previous AASB 117 *Leases*.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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.

Council has revised the remaining service potential for both the short and long life components of a number of revalued assets as a result of a condition assessment being performed during the 2016 comprehensive valuation. The estimates of useful lives have been revised accordingly. In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the impact of \$2.9m that this has had on the financial statements has been accounted for as a consequence of changes in estimates. Due to availability of more information on condition and dimensions of Council road assets there were notable increases in units rates on the formation, pavement and surface components of unsealed and sealed roads.

Council undertook a detailed assessment of the cost to rehabilitate the dump site when it is closed. It was identified that Council would be required to spend \$1.195m to restore the dump site to be in compliance with the requirements of the Federal and State legislation. This has been treated as change in estimates in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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.O, Note 15 and Note 16

Impairment of property, plant and equipment - Note 1.P

Provisions - Note 1.S and Note 18

Valuation of finance leases - Note 1.Q, Note 13 and Note 16

Contingent liabilities - Note 21.

**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 10.

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.

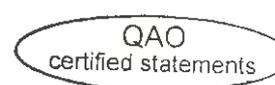
The Council received infrastructure assets recognised at a fair value of \$1,935,424 from Cook Shire Council due to shire boundary changes and the corresponding capital revenue contribution was recognised.

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 2016**

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.Q)

Financial liabilities

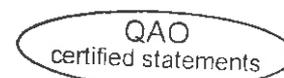
Payables - measured at amortised cost (Note 1.R)

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 27.

**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 with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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.

All known bad debts were written-off at 30 June. 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.

**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).

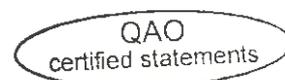
These goods are valued at lower of cost and net realisable value.

**1.N 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 2016 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 (the Company), 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.

As the holder of 100% of the shares in Lockhart River Aerodrome Company Pty Ltd, 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.



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**1.0 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 Council management and independent external consultants 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.

Valuation

Land, buildings, housing 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 amortised 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.

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certified statements

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

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.

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

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.

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 significant 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.

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 15.

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a 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

In addition to Council's freehold land holdings, the Council is also 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.

**1.P 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.

**1.Q 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 95 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,829 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.

Council transferred 10 dwellings under the perpetual lease agreement due to ongoing home ownership program for properties previously owned as deed of grant in trust. Council did not and will not receive any lease payments for these transferred properties except for rent of \$1.00 per annum if requested from the lessee.

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.R 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 2016**

**1.S 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 17 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 17 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 22.

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 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 18 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.

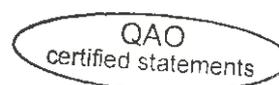
**1.T Asset revaluation surplus**

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.



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**1.U Restoration provision**

A provision is made for the cost of restoration in respect of Council's refuse dump where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of this facility. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

The provision represents the present value of the anticipated future costs associated with the closure of the dump site, decontamination and monitoring of historical residues and leaching on the site. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for the dump site is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2025 and that the restoration will occur progressively over the subsequent three years.

As the refuse dump is on DOGIT land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

**1.V 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.W 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 23).

The monies are disclosed in the notes to the financial statements for information purposes only in Note 23.

**1.X 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.

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 2016**

**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**

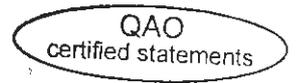
The goal of this function is to protect and support our community and natural environment by sustainably managing refuse, healthy and safe community through sustainable water services and managing sewerage infrastructure. The function provides refuse collection and disposal services, pest management,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

Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016

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

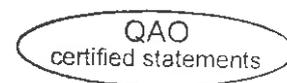
Functions	Year ended 30 June 2016						Elimination of inter-function transactions	Total income	Gross program income		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets	
	Recurrent		Capital		2016	2016			2016	2016						2016
	Grants	Other	Grants	Other												
	2016	2016	2016	2016												
Engineering Services	3,838,136	6,459,691	4,519,721	-	14,817,548	(9,681,115)	616,712	5,136,434	21,389,574							
Community Development	1,364,360	8,564	-	-	1,372,924	(1,335,061)	37,864	37,864	-							
Corporate Services	2,873,522	2,448,077	5,336,676	-	10,658,275	(1,823,960)	(9,825,910)	3,497,639	(991,595)							
Governance & Leadership	-	-	-	-	-	(967,259)	-	(967,259)	-							
Environmental Management	256,806	-	-	-	256,806	(647,595)	-	(390,789)	(967,259)							
Total Council	8,332,824	8,916,332	9,856,397	-	27,105,553	(14,454,989)	(9,825,910)	2,794,168	2,824,655							
Controlled entity net of eliminations	-	1,307,186	852,545	-	1,097,151	(1,525,421)	-	(218,235)	534,310							
<b>Total consolidated</b>	<b>8,332,824</b>	<b>10,223,518</b>	<b>10,708,942</b>	<b>-</b>	<b>28,202,704</b>	<b>(15,980,410)</b>	<b>(9,825,910)</b>	<b>2,575,933</b>	<b>3,458,965</b>							

Functions	Year ended 30 June 2015						Elimination of inter-function transactions	Total income	Gross program income		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets	
	Recurrent		Capital		2015	2015			2015	2015						2015
	Grants	Other	Grants	Other												
	2015	2015	2015	2015												
Engineering Services	216,727	5,737,135	1,705,355	-	7,659,217	(3,781,865)	2,171,997	3,877,352	14,910,141							
Community Development	1,502,920	-	-	-	1,502,920	(1,410,345)	-	92,575	-							
Corporate Services	3,254,878	1,435,418	417,497	2,897,151	8,004,945	(2,710,520)	(27,000)	1,979,776	5,267,424							
Governance & Leadership	-	-	-	-	-	(896,642)	-	(896,642)	-							
Environmental Management	150,309	-	-	-	150,309	(454,627)	-	(304,318)	(896,642)							
Total Council	5,124,834	7,172,553	2,122,852	2,897,151	17,317,391	(9,253,999)	(27,000)	3,043,388	8,036,391							
Controlled entity net of eliminations	-	1,221,516	-	-	1,009,765	(1,486,928)	-	(265,412)	7,164,500							
<b>Total consolidated</b>	<b>5,124,834</b>	<b>8,394,069</b>	<b>2,122,852</b>	<b>2,897,151</b>	<b>18,327,156</b>	<b>(10,740,927)</b>	<b>(27,000)</b>	<b>2,777,977</b>	<b>7,770,980</b>							



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>3 Revenue analysis</b>				
<b>(a) Rates, levies and charges</b>				
General rates	121,790	116,069	121,790	116,069
	<u>121,790</u>	<u>116,069</u>	<u>121,790</u>	<u>116,069</u>
<b>(b) Rental income</b>				
Other rental income	417,708	418,245	412,468	390,616
	<u>417,708</u>	<u>418,245</u>	<u>412,468</u>	<u>390,616</u>
<b>(c) Interest received</b>				
Interest received from term deposits	168,621	72,556	156,220	55,132
Other sources	7,489	4,931	7,457	4,931
	<u>176,110</u>	<u>77,487</u>	<u>163,677</u>	<u>60,063</u>
<b>(d) Sales revenue</b>				
<b>Sale of services</b>				
Contract and recoverable works	6,430,208	6,312,791	6,430,208	6,312,791
Accommodation	382,122	394,060	41,817	65,688
External plant hire	-	10,369	-	10,369
Motor vehicle repairs	10,163	7,125	10,163	7,125
	<u>6,822,493</u>	<u>6,724,344</u>	<u>6,482,188</u>	<u>6,395,972</u>
<b>Sale of goods</b>				
Gas bottles	45,656	34,309	45,656	34,309
Post office	9,462	9,359	9,462	9,359
Other sales	739,171	636,340	-	-
	<u>794,289</u>	<u>680,008</u>	<u>55,118</u>	<u>43,668</u>
Total sales revenue	<u>7,616,782</u>	<u>7,404,352</u>	<u>6,537,306</u>	<u>6,439,640</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.				
<b>(e) Other income</b>				
Agency commissions	5,448	5,483	5,448	5,483
Gain on revaluation of finance leases	1,555,735	-	1,555,735	-
Other income	119,908	160,683	119,908	160,683
	<u>1,681,091</u>	<u>166,166</u>	<u>1,681,091</u>	<u>166,166</u>



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>4 Grants, subsidies, contributions and donations</b>				
<b>(a) Recurrent</b>				
State government subsidies and grants	7,505,283	4,588,885	7,505,283	4,588,885
Commonwealth government subsidies and grants	807,177	515,890	807,177	515,890
Donations	20,364	20,059	20,364	20,059
	<u>8,332,824</u>	<u>5,124,834</u>	<u>8,332,824</u>	<u>5,124,834</u>
<b>(b) Capital</b>				
State government subsidies and grants	7,451,514	1,705,355	7,451,514	1,705,355
Commonwealth government subsidies and grants	469,459	304,995	469,459	304,995
	<u>7,920,973</u>	<u>2,010,350</u>	<u>7,920,973</u>	<u>2,010,350</u>
<b>Non-cash capital contribution</b>				
Roads contributed due to change in Council boundaries	1,935,424	112,502	1,935,424	112,502
	<u>9,856,397</u>	<u>2,122,852</u>	<u>9,856,397</u>	<u>2,122,852</u>
<b>Finance lease income</b>				
40 year finance leases for houses constructed or to be constructed on Council property	-	2,897,151	-	2,897,151
	<u>9,856,397</u>	<u>5,020,003</u>	<u>9,856,397</u>	<u>5,020,003</u>
<b>Conditions over contributions</b>				
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:				
Non-reciprocal grants for expenditure on services	309,137	172,989	309,137	172,989
Non-reciprocal grants for expenditure on infrastructure	2,771,504	34,600	2,771,504	34,600
	<u>3,080,641</u>	<u>207,589</u>	<u>3,080,641</u>	<u>207,589</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	35,582	43,512	35,582	43,512
Non-reciprocal grants for expenditure on infrastructure	110,000	100,000	110,000	100,000
	<u>145,581</u>	<u>143,512</u>	<u>145,581</u>	<u>143,512</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>5 Employee benefits</b>				
Total staff wages and salaries	3,539,230	3,016,130	3,117,816	2,652,765
Councillors' remuneration	303,615	294,926	303,615	294,926
Annual, sick and long service leave entitlements	364,298	381,554	301,268	354,089
Superannuation	389,006	395,606	355,655	363,028
	4,596,149	4,088,216	4,078,354	3,664,808
Other employee related expenses	56,968	55,138	56,792	54,742
	4,653,117	4,143,354	4,135,146	3,719,550
Less: Capitalised employee expenses	(106,003)	(176,160)	(106,003)	(176,160)
	4,547,114	3,967,194	4,029,143	3,543,390

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.
Elected members	5	5	5	5
Administration staff	81	75	75	69
Total full time equivalent employees	86	80	80	74

<b>6 Materials and services</b>	\$	\$	\$	\$
Administration supplies and consumables	1,245,546	3,190,149	865,005	2,846,049
Audit of annual financial statements by the Auditor-General of Queensland	104,400	100,926	81,000	77,946
Communications and IT	168,844	100,822	135,754	74,343
Consultants	154,384	55,213	110,233	55,213
Donations paid	110,566	51,399	110,566	51,399
Power	109,310	125,551	82,346	97,316
Repairs and maintenance	7,578,611	341,441	7,521,399	283,450
Rentals - operating leases	37,800	36,600	37,800	36,600
Subscriptions and registrations	42,833	38,914	41,515	38,914
Insurance	129,279	272,090	102,017	210,268
Legal fees	7,089	-	7,089	-
Travel	99,252	125,211	96,059	116,801
Other materials and services	13,082	14,804	4,430	6,194
Total materials and services	9,800,996	4,453,118	9,195,213	3,894,493

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2015	2015
	\$	\$	\$	\$
<b>7 Finance costs</b>				
Finance costs charged by the Queensland Treasury Corporation	5,636	1,740	5,636	1,740
Bank charges	7,419	6,780	2,775	2,484
Impairment of debts	11 24,321	106,199	33,233	18,257
	<u>37,375</u>	<u>114,719</u>	<u>41,643</u>	<u>22,481</u>
<b>8 Other expenses</b>				
Loss on revaluation of finance leases	-	717,905	-	717,905
	<u>-</u>	<u>717,905</u>	<u>-</u>	<u>717,905</u>
<b>9 Capital expenses</b>				
<b>40 year leases</b>				
Book value of houses transferred	15 6,406,578	-	6,406,578	-
Less: Initial recognition of finance leases	(1,977,560)	-	(1,977,560)	-
	<u>4,429,018</u>	<u>-</u>	<u>4,429,018</u>	<u>-</u>
<b>Capital works transferred to controlled entity</b>				
Runway drainage works	-	-	453,064	-
Runway pavement rehabilitation works	-	-	399,481	-
	<u>-</u>	<u>-</u>	<u>852,545</u>	<u>-</u>
<b>Loss on disposal of non-current assets</b>				
Book value of property, plant and equipment disposed of	3,246,926	69,182	3,246,926	69,182
Less: Proceeds from the sale of property, plant and equipment	-	(42,182)	-	(42,182)
Total amount	<u>3,246,926</u>	<u>27,000</u>	<u>3,246,926</u>	<u>27,000</u>
<b>Refuse restoration</b>				
Initial provision for refuse restoration	1,297,421	-	1,297,421	-
	<u>1,297,421</u>	<u>-</u>	<u>1,297,421</u>	<u>-</u>
Total capital expenses	<u>8,973,365</u>	<u>27,000</u>	<u>9,825,910</u>	<u>27,000</u>
<b>10 Cash and cash equivalents</b>				
Cash at bank and on hand	1,501,553	528,579	1,318,142	456,420
Deposits at call	7,340,796	4,327,203	6,795,969	3,644,776
Balance per Statement of Cash Flows	<u>8,842,350</u>	<u>4,855,783</u>	<u>8,114,111</u>	<u>4,101,197</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	3,226,222	351,101	3,226,222	351,101
Total unspent restricted cash	<u>3,226,222</u>	<u>351,101</u>	<u>3,226,222</u>	<u>351,101</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 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>11 Trade and other receivables</b>				
<b>Current</b>				
Trade debtors	2,055,053	2,008,917	1,810,928	1,774,534
Less impairment	(164,126)	(139,806)	(85,096)	(51,864)
Accrued revenue	734,879	685,284	734,711	681,814
	<u>2,625,805</u>	<u>2,554,396</u>	<u>2,460,542</u>	<u>2,404,484</u>
No interest is charged on trade debtors.				
Movement in accumulated impairment losses (trade debtors) is as follows:				
Opening balance at 1 July	139,806	33,607	51,864	33,607
Additional impairments recognised	24,321	106,198	33,233	18,257
Impairments reversed	-	-	-	-
Closing balance at 30 June	<u>164,127</u>	<u>139,806</u>	<u>85,096</u>	<u>51,864</u>
<b>12 Inventories</b>				
<b>Inventories held for sale</b>				
Fuel and motel stock	106,268	94,147	-	-
	<u>106,268</u>	<u>94,147</u>	<u>-</u>	<u>-</u>
<b>Inventories held for distribution</b>				
Plant and equipment stores	176,546	143,487	176,546	143,487
	<u>176,546</u>	<u>143,487</u>	<u>176,546</u>	<u>143,487</u>
Total inventories	<u>282,814</u>	<u>237,634</u>	<u>176,546</u>	<u>143,487</u>

QAO  
certified statements

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>13 Other financial assets</b>				
Current				
Finance leases	272,720	221,211	272,720	221,211
	<u>272,720</u>	<u>221,211</u>	<u>272,720</u>	<u>221,211</u>
Non-current				
Finance leases	10,534,735	7,309,761	10,534,735	7,309,761
	<u>10,534,735</u>	<u>7,309,761</u>	<u>10,534,735</u>	<u>7,309,761</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	272,719	221,211	272,719	221,211
Later than one year but not later than five years	1,090,875	884,842	1,090,875	884,842
Later than five years	9,055,651	7,517,429	9,055,651	7,517,429
	<u>10,419,245</u>	<u>8,623,482</u>	<u>10,419,245</u>	<u>8,623,482</u>
Add: Estimated contingent rent	6,698,180	5,700,622	6,698,180	5,700,622
Less: Present value adjustment	(6,309,972)	(6,793,132)	(6,309,972)	(6,793,132)
Fair value of lease payments	<u>10,807,454</u>	<u>7,530,972</u>	<u>10,807,454</u>	<u>7,530,972</u>

The fair value of lease payments are receivable as follows:

Not later than one year	272,719	221,211	272,719	221,211
Later than one year but not later than five years	1,096,218	868,890	1,096,218	868,890
Later than five years	9,438,518	6,440,871	9,438,518	6,440,871
	<u>10,807,454</u>	<u>7,530,972</u>	<u>10,807,454</u>	<u>7,530,972</u>

Movements in finance leases were as follows:

Opening balance	7,530,972	5,695,564	7,530,972	5,695,564
Add: Initial recognition of new leases of Council houses	1,977,560	-	1,977,560	-
Add: Initial recognition of new lease re vacant land	-	2,897,151	-	2,897,151
Less: Lease receipts	(256,814)	(343,838)	(256,814)	(343,838)
Add: Gain/(loss) on revaluation	1,555,735	(717,905)	1,555,735	(717,905)
Closing balance	<u>10,807,454</u>	<u>7,530,972</u>	<u>10,807,454</u>	<u>7,530,972</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.50% (2015: 2.50%) and a discount rate of 2.30% (2015: 3.25%).

**14 Investments**

Interest in controlled entity Lockhart River Aerodrome Company Pty Ltd			100	100
			<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 2016**

**15 Property, plant and equipment**

**Consolidated - 30 June 2016**

	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	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
Basis of measurement																						
<b>Asset values</b>																						
Opening gross value as at 1 July 2015	1,430,000		15,942,061	3,474,241	23,928,437	3,474,241	549,976	18,878,326	5,819,518	4,959,227	2,303,728	310,242									77,596,355	
Adjustment to opening value	(330,000)		(1,337,261)		(253,368)																	(1,920,629)
Additions	-		343,804	334,889	506,604	334,889	59,376	5,552,069	12,210		227,434	1,344,245									8,380,633	
Disposals	-		-	-	(10,191,987)	-	-	-	-	-	(927,374)	-	-	-	-	-	-	-	-	-	-	(11,019,360)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-		870,500	-	325,496	-	-	7,545,162	(124,490)	122,582	289,089	-	-	-	-	-	-	-	-	-	-	9,028,340
Transfers between classes	-	(1,035,594)	-	-	-	(561,775)	534,776	740,124	35,080	111,270	176,119	-	-	-	-	-	-	-	-	-	-	-
<b>Closing gross value as at 30 June 2016</b>	<b>1,100,000</b>	<b>14,783,510</b>	<b>14,315,183</b>	<b>3,247,355</b>	<b>1,144,128</b>	<b>3,247,355</b>	<b>1,144,128</b>	<b>32,716,281</b>	<b>5,742,318</b>	<b>5,193,080</b>	<b>2,168,997</b>	<b>1,654,486</b>	<b>82,065,338</b>									

Note

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**Accumulated depreciation and impairment**

Opening balance as at 1 July 2015	-	2,415,140	3,832,438	2,223,383	598,053	3,932,890	2,436,739	1,556,140	122,988	-	-	-	17,117,771
Adjustment to opening value	-	(366,326)	(68,236)	-	-	-	-	-	-	-	-	-	(434,564)
Depreciation provided in period	-	184,679	257,998	241,058	61,143	466,076	96,876	54,639	22,420	-	-	-	1,384,889
Depreciation on disposals	-	-	(1,325,948)	-	-	-	-	-	(39,908)	-	-	-	(1,365,857)
Revaluation adjustment to asset revaluation surplus	-	2,937,634	3,696,854	-	-	6,069,871	(133,119)	56,076	239,861	-	-	-	12,857,177
Transfers between classes	-	(414,425)	4,456	(374,600)	347,597	390,221	4,161	4,830	37,760	-	-	-	-
<b>Accumulated depreciation as at 30 June 2016</b>	<b>-</b>	<b>4,756,702</b>	<b>6,397,559</b>	<b>2,089,841</b>	<b>1,006,793</b>	<b>10,849,058</b>	<b>2,404,657</b>	<b>1,671,685</b>	<b>383,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,559,416</b>

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**Consolidated book value as at 30 June 2016**

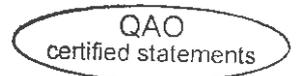
Range of estimated useful life in years	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130					
1,100,000	10,026,808	7,917,623	1,157,514	137,335	21,867,223	3,337,661	3,521,395	1,785,876	1,854,486	52,505,922			
Land: Not depreciated.													

**Consolidated book value as at 30 June 2016**

Range of estimated useful life in years	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130					
1,100,000	10,026,808	7,917,623	1,157,514	137,335	21,867,223	3,337,661	3,521,395	1,785,876	1,854,486	52,505,922			
Land: Not depreciated.													

Additions comprise:

Renewals	-	343,804	506,604	144,216	59,376	-	12,210	-	213,651	903,802	2,183,693
Other additions	-	-	-	190,673	-	5,552,069	-	-	13,753	440,443	6,196,939
Total additions	-	343,804	506,604	334,889	59,376	5,552,069	12,210	-	227,434	1,344,245	8,380,633



**Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

15 Property, plant and equipment

Consolidated - 30 June 2015

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**

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
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,430,000	15,591,226	23,483,077	3,543,659	539,420	16,880,970	5,825,058	4,805,776	923,510	120,804	72,943,499
-	33,411	344,912	-	10,556	3,456,236	-	-	985,875	310,449	5,141,439
-	(95,760)	-	(69,416)	-	-	-	-	-	-	(165,178)
-	413,184	100,448	-	-	(1,518,454)	194,460	153,451	333,506	-	(323,405)
-	-	-	-	-	60,174	-	-	60,837	(121,011)	-
1,430,000	15,942,061	23,928,437	3,474,241	549,976	18,878,926	5,819,518	4,959,227	2,303,728	310,242	77,596,355

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**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**

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-	2,419,395	4,238,692	2,015,935	527,007	7,440,858	2,333,368	1,521,017	24,540	-	20,520,812
-	197,451	296,578	260,172	71,046	286,928	88,904	52,522	22,637	-	1,276,238
-	(43,272)	-	(52,724)	-	-	-	-	-	-	(95,996)
-	(158,434)	(702,832)	-	-	(3,794,896)	14,467	(17,399)	75,811	-	(4,583,283)
-	2,415,140	3,832,438	2,223,383	598,053	3,932,890	2,436,739	1,556,140	122,988	-	17,117,771

**Consolidated book value as at 30 June 2015**

Range of estimated useful life in years

1,430,000	13,526,920	20,095,999	1,250,858	(48,077)	14,946,036	3,382,779	3,403,088	2,180,740	310,242	60,478,585
Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-

Additions comprise:

Renewals

Other additions

Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	33,411	344,912	-	10,556	2,983,514	-	-	1,046,712	-	4,419,105
-	-	-	-	-	532,895	-	-	-	189,438	722,333
-	33,411	344,912	-	10,556	3,516,409	-	-	1,046,712	189,438	5,141,438

**Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

**15 Property, plant and equipment**

**Council - 30 June 2016**

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	
		Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
25	1,100,000	11,688,873	23,928,437	23,928,437	2,582,966	499,605	15,402,072	5,511,236	4,907,887	2,294,916	207,193	68,123,185									
	-	(1,337,261)	(253,368)	(253,368)	-	-	-	-	-	-	-	(1,590,629)									
	-	343,804	506,604	506,604	322,921	43,376	5,552,069	12,210	-	227,434	476,602	7,485,021									
9	-	-	(10,191,987)	(10,191,987)	-	-	7,421,767	(137,128)	-	(827,374)	-	(1,019,360)									
19	-	703,683	325,496	325,496	-	-	-	-	-	115,192	277,420	8,706,431									
	-	-	-	-	-	-	-	-	-	-	-	-									
	-	-	-	-	-	-	-	-	-	-	-	-									
	1,100,000	11,399,099	14,315,183	14,315,183	2,905,887	542,981	28,375,909	5,386,318	5,023,080	1,972,397	683,795	71,704,648									

**Closing gross value as at 30 June 2016**

**Accumulated depreciation and impairment**

25	-	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
	-	(366,326)	(68,238)	(68,238)	-	-	-	-	-	(434,564)
9	-	133,788	257,998	234,850	40,758	365,136	87,338	50,411	18,712	1,188,990
19	-	-	(1,325,948)	(1,325,948)	-	-	-	-	(39,908)	(1,365,857)
	-	1,970,265	3,696,854	3,696,854	-	-	5,596,193	7,826	231,752	11,374,166
	-	-	-	-	-	-	-	-	-	-
	-	3,194,146	6,397,561	1,764,686	477,436	8,643,955	2,194,049	1,586,685	315,377	24,573,294

**Accumulated depreciation as at 30 June 2016**

**Total written down value as at 30 June 2016**

	1,100,000	8,204,952	7,917,622	1,141,201	65,546	19,732,554	3,192,269	3,436,395	1,657,020	683,795	47,131,355
	Land: Not depreciated.	10 - 130	40 - 90	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-

Range of estimated useful life in years

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	343,804	506,604	144,216	43,376	-	12,210	-	213,681	36,158	1,300,050
Other additions	-	-	-	178,705	-	5,552,069	-	-	13,763	440,443	6,184,971
Total additions	-	343,804	506,604	322,921	43,376	5,552,069	12,210	-	227,434	476,602	7,485,021

**Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

**15 Property, plant and equipment**

**Council - 30 June 2015**

Basis of measurement <b>Asset values</b>	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	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	
Opening gross value as at 1 July 2014	1,100,000	-	11,402,381	23,483,077	2,652,384	489,049	13,735,887	5,322,668	4,756,046	917,010	120,805	63,979,307	-	-	-	-	-	-	-	-	\$
Additions	-	33,411	(95,760)	344,912	-	10,556	3,436,856	-	-	-	-	207,400	5,019,009	-	-	-	-	-	-	-	63,979,307
Disposals	-	-	348,841	(89,418)	-	-	(1,830,844)	-	-	-	-	-	(165,178)	-	-	-	-	-	-	-	(709,952)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	-	-	100,448	-	-	60,174	-	-	-	-	-	151,841	-	-	-	-	-	-	-	(165,178)
Transfers between classes	-	-	-	-	-	-	60,174	-	-	-	-	-	151,841	-	-	-	-	-	-	-	(709,952)
<b>Closing gross value as at 30 June 2015</b>	<b>1,100,000</b>	<b>11,688,873</b>	<b>23,928,437</b>	<b>2,582,966</b>	<b>499,605</b>	<b>15,402,072</b>	<b>5,511,236</b>	<b>4,907,887</b>	<b>2,294,916</b>	<b>207,193</b>	<b>68,123,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,123,185</b>

Note

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**Accumulated depreciation and impairment**

Opening balance as at 1 July 2014	-	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	-	-	-	-	-	-	-	-	17,311,429
Depreciation provided in period	-	147,610	296,578	246,235	47,975	193,804	79,530	48,336	15,662	-	-	1,075,729	-	-	-	-	-	-	-	-	1,075,729
Depreciation on disposals	-	(43,272)	-	(52,724)	-	-	-	-	-	-	-	(95,996)	-	-	-	-	-	-	-	-	(95,996)
Revaluation adjustment to asset revaluation surplus	-	(85,402)	(702,832)	-	-	(3,766,955)	20,030	(13,535)	68,091	-	-	(4,480,604)	-	-	-	-	-	-	-	-	(4,480,604)
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2015</b>	<b>-</b>	<b>1,456,420</b>	<b>3,836,895</b>	<b>1,529,836</b>	<b>436,678</b>	<b>2,682,026</b>	<b>2,235,435</b>	<b>1,528,448</b>	<b>104,821</b>	<b>-</b>	<b>-</b>	<b>13,810,558</b>	<b>-</b>	<b>13,810,558</b>							

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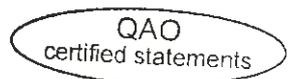
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**Total written down value as at 30 June 2015**

Range of estimated useful life in years	10 - 130	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	54,312,827	-	-	-	-	-	-	-	-	-	54,312,827
	40 - 90	-	-	3 - 10	3 - 7	20 - 140	10 - 120	20 - 140	4 - 130	-	-	-	-	-	-	-	-	-	-	-	-

Additions comprise:

Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other additions	-	33,411	344,912	10,556	2,964,135	532,895	-	-	1,046,712	86,389	619,284	-	-	-	-	-	-	-	-	-	4,399,726
Total additions	-	33,411	344,912	10,556	3,497,030	532,895	-	-	1,046,712	86,389	619,284	-	-	-	-	-	-	-	-	-	5,019,009



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**16 Fair value measurements**

**(f) Recognised fair value measurements**

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

- Property, plant and equipment
- Land
  - Buildings
  - Housing
  - 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 other notes.

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

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

Level 1 - Fair value based on quoted prices (unadjusted) 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 specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets measured and recognised at fair value at 30 June 2016.

**Consolidated**

**At 30 June 2016**

		Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
		2016	2015	2016	2015	2016	2015
<b>Recurring fair value measurements</b>							
Finance leases receivable	13	-	-	10,807,454	7,530,972	10,807,454	7,530,972
Land	15	-	-	1,100,000	1,430,000	1,100,000	1,430,000
Buildings (commercial buildings)	15	-	-	10,026,808	13,526,920	10,026,808	13,526,920
Housing (residential buildings)	15	-	-	7,917,623	20,095,999	7,917,623	20,095,999
Runway, road, drainage and bridge network	15	-	-	21,867,223	14,946,036	21,867,223	14,946,036
Water infrastructure	15	-	-	3,337,661	3,382,779	3,337,661	3,382,779
Sewerage infrastructure	15	-	-	3,521,395	3,403,088	3,521,395	3,403,088
Other infrastructure assets	15	-	-	1,785,876	2,180,740	1,785,876	2,180,740
		-	-	60,364,041	66,496,534	60,364,041	66,496,534

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**16 Fair value measurements cont.**

**Council**

**At 30 June 2016**

		Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
		2016	2015	2016	2015	2016	2015
<b>Recurring fair value measurements</b>							
Finance leases receivable	13	-	-	10,807,454	7,530,972	10,807,454	7,530,972
Land	15	-	-	1,100,000	1,100,000	1,100,000	1,100,000
Buildings (commercial buildings)	15	-	-	8,204,952	10,232,453	8,204,952	10,232,453
Housing (residential buildings)	15	-	-	7,917,622	20,091,542	7,917,622	20,091,542
Road, drainage and bridge network	15	-	-	19,732,554	12,720,047	19,732,554	12,720,047
Water infrastructure	15	-	-	3,192,269	3,275,801	3,192,269	3,275,801
Sewerage infrastructure	15	-	-	3,436,395	3,379,439	3,436,395	3,379,439
Other infrastructure assets	15	-	-	1,657,020	2,190,095	1,657,020	2,190,095
		-	-	56,048,267	60,520,349	56,048,267	60,520,349

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.

**(ii) 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, APV Valuers, CT Management Group Consultant and Internal Audit.

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

As at 30 June 2016, a comprehensive 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:

**(ii) a) Condition of the asset**

Condition rating	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	Barely 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  
Notes to the financial statements  
For the year ended 30 June 2016

16 Fair value measurements cont.

(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%	94%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%	85%	99%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	40%	54%	70%	90%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short term. Very low level of remaining service potential.	10%	20%	34%	45%	70%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%	0%	0%
6	Theoretical end of life. Fully written off	Theoretical end of life. Fully written off				

(ii) c) Cost of land restricted in use

Due to the restricted nature and unique characteristics of this 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 2016**

**16 Fair value measurements cont.**

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

Since Council adopted AASB13 *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 to determining the fair value for each asset class:

Assets	Level of valuation input	Valuation technique
Finance leases receivable	3	Discounted present value
Land	3	Sales comparison approach
Buildings	3	Current replacement cost approach
Other structures	3	Current replacement cost approach
Unsealed road	3	Current replacement cost approach
Unsealed road	3	Current replacement cost approach
Kerb & 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 the 22 year government bond yield rate of 2.3% and adjusted for the inflation rate of 2.5%. The 2015-16 rent and rates amount was calculated using Brisbane All Group March 2016 CPI of 108.5 on the base CPI of 104.6 prior to lease commencement on 21 February 2014, base CPI of 106.7 prior to lease commencement on 1 February 2015 and base CPI of 108.1 prior to lease commencement on 1 October 2015. Consequently, the fair value was determined using level 3 inputs.

**Land (level 3)**

Land fair value was determined through comprehensive valuation by independent valuer, APV Valuers effective 30 June 2016. 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 it 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)**

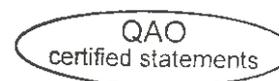
**Current replacement cost**

The fair value of buildings were determined through comprehensive valuation by independent valuer, APV Valuers effective 30 June 2016.

The approach estimated the replacement cost for each building by componentising 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 at a whole of asset level and then split into the following significant components:

- Sub Structure
- Super Structure
- Floor Coverings
- Fit-out & Fittings
- Roof
- Electrical Services
- Hydraulic Services
- Mechanical Services
- Fire Services
- Transport Services
- Security Services



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**16 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 and condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. While the unit rates based on square metres can be supported by market evidence (level 2), the 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 16 (ii) a) above.

Remaining service potential relating to each corresponding condition score for each of the patterns of consumption was utilised in accordance with Note 16 (ii) b) above.

**Infrastructure assets (level 3)**

All Council infrastructure assets fair values were determined through comprehensive valuation by independent valuer, APV Valuers effective 30 June 2016 using written down current replacement cost. This valuation comprises the asset's current replacement cost 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 expired 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 redundant 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 current replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

**a) Runway and roads**

A comprehensive valuation of the runway and road infrastructure was carried out on 30 June 2016 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 componentised into formation, pavement and surface (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 runway and road 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 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, runway and roads were disaggregated into significant components which exhibited different useful lives. The identified and significant components are as follows:

- Formation
- Pavement
- Surface/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 16 (ii) b) above.

Estimated useful lives are disclosed in Note 15.

**b) Bridges**

A comprehensive valuation to determine the fair values of bridge assets was undertaken by independent valuers, APV Valuers, effective 30 June 2016.

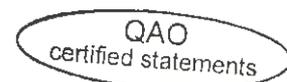
*Current replacement cost*

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 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 16 (ii) a) above.



**Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

**16 Fair value measurements cont.**

**c) Drainage and other infrastructure**

A comprehensive valuation to determine the fair values of drainage infrastructure was undertaken by independent valuers, APV Valuers, effective 30 June 2016.

*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 sewerage.

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 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 16 (ii) b) above.

Estimated useful lives are disclosed in Note 15.

**d) Water and sewerage**

*Current replacement cost*

Water and sewerage infrastructure fair values were determined through comprehensive valuation by independent valuers, APV Valuers effective 30 June 2016. 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 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.

Factors taken into account in determining replacement costs were the development factors (development requirement of such remote and rural areas) and soil factors (easiness 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 Note 16 (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.

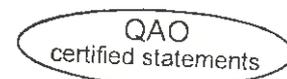
For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

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.

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

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

The changes in level 3 assets with recurring fair value measurements are detailed in Note 15 (property, plant and equipment) and Note 3 (revenue analysis). 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  
For the year ended 30 June 2016

	Consolidated		Council	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>17 Trade and other payables</b>				
<b>Current</b>				
Creditors and accruals	1,852,834	1,802,461	1,584,238	1,734,274
Annual leave	292,345	264,148	169,117	201,525
GST payable	50,367	251,653	39,330	244,047
Other entitlements	506	30,642	506	24,656
	<u>1,996,052</u>	<u>2,348,904</u>	<u>1,793,191</u>	<u>2,204,502</u>
<b>Non-current</b>				
Creditors and accruals	302,055	-	302,055	-
	<u>302,055</u>	<u>-</u>	<u>302,055</u>	<u>-</u>
<b>18 Provisions</b>				
<b>Current</b>				
Long service leave	68,074	74,521	43,453	61,517
	<u>68,074</u>	<u>74,521</u>	<u>43,453</u>	<u>61,517</u>
<b>Non-current</b>				
Long service leave	137,577	114,839	128,527	102,243
Refuse restoration	1,297,421	-	1,297,421	-
	<u>1,434,998</u>	<u>114,839</u>	<u>1,425,948</u>	<u>102,243</u>
Details of movements in provisions:				
<b>Long service leave</b>				
Balance at beginning of financial year	189,361	201,774	163,761	181,182
Long service leave entitlement arising	53,077	51,255	45,006	46,246
Long service entitlement paid	(36,786)	(63,668)	(36,786)	(63,668)
Balance at end of financial year	<u>205,651</u>	<u>189,361</u>	<u>171,980</u>	<u>163,761</u>
<b>Refuse restoration</b>				
Balance at beginning of financial year	-	-	-	-
Increase in provision due to unwinding of discount	-	-	-	-
Increase (decrease) in provision	1,297,421	-	1,297,421	-
Balance at end of financial year	<u>1,297,421</u>	<u>-</u>	<u>1,297,421</u>	<u>-</u>
This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$1,195,000 and this cost is expected to be incurred in 2028 after closing the site in 2025 and allowing a period for settlement.				
<b>19 Asset revaluation surplus</b>				
<b>Movements in the asset revaluation surplus were as follows:</b>				
Balance at beginning of financial year	35,738,392	31,478,512	32,535,205	28,764,553
Net adjustment to non-current assets at end of period to reflect a change in current fair value:				
Adjustment to opening balance	(1,032,714)	-	(702,714)	-
Land	-	-	-	-
Buildings	(2,067,134)	571,619	(1,266,582)	434,244
Housing	(3,371,357)	803,280	(3,371,357)	803,280
Runway, road, drainage and bridge network	1,485,291	2,276,442	1,625,574	1,936,111
Water	8,629	179,993	(8,404)	168,538
Sewerage	66,506	170,851	107,366	165,377
Other infrastructure assets	49,228	257,695	45,668	263,102
Balance at end of financial year	<u>30,876,841</u>	<u>35,738,392</u>	<u>29,164,756</u>	<u>32,535,205</u>

**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Asset revaluation surplus analysis</b>				
The closing balance of the asset revaluation surplus comprises the following asset categories:				
Land	800,000	1,130,000	800,000	800,000
Buildings	3,466,998	6,096,217	3,241,963	5,070,630
Housing	14,918,797	18,430,783	14,918,796	18,430,782
Road, drainage and bridge network	7,104,594	5,619,303	5,836,217	4,010,643
Water	2,611,272	2,602,643	2,405,623	2,414,027
Sewerage	1,505,919	1,439,413	1,507,295	1,399,929
Other infrastructure assets	469,261	420,033	454,862	409,194
	<u>30,876,841</u>	<u>35,798,392</u>	<u>29,164,756</u>	<u>32,535,205</u>

**20 Commitments for expenditure**

**Operating leases**

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

Within one year	52,800	51,600	38,400	37,200
One to five years	118,400	153,700	60,800	96,100
More than five years	86,400	100,800	-	-
	<u>257,600</u>	<u>306,100</u>	<u>99,200</u>	<u>133,300</u>

**21 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 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Rehabilitation of Airport Land**

The controlled entity of the Council (the Company) has entered into a 20 year lease agreement with the Queensland Government to use the land at Lockhart River Airport. In accordance with the lease agreement the Company may be required to remove all improvements to the land at the expiry of the lease in 2027. The likelihood that the Company will be required to rehabilitate the land is low due to the importance of the runway asset to the Lockhart River community and accordingly, no provision has been taken up in these financial statements in that regard.

**Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

**22 Superannuation**

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

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation 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 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

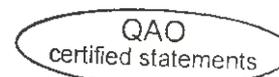
Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members'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

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Lockhart River Aboriginal Shire Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

	Note	Consolidated		Council	
		2016 \$	2015 \$	2016 \$	2015 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	389,006	395,606	355,655	363,028
<b>23 Trust funds</b>					
<b>Trust funds held for outside parties</b>					
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		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 2016**

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>				
Net result	3,458,964	7,770,981	2,824,655	8,036,392
Non-cash items:				
Depreciation and amortisation	1,384,889	1,276,238	1,188,990	1,075,729
Capital revenue - leased vacant land	-	(2,897,151)	-	(2,897,151)
Non-cash roads additions	(1,935,424)	(112,502)	(1,935,424)	(112,502)
Impairment provision for doubtful debts	24,321	106,198	33,233	18,257
Refuse restoration provision	1,297,421	-	1,297,421	-
Gain/loss on revaluation of finance leases	(1,555,735)	717,905	(1,555,735)	717,905
	<u>(784,528)</u>	<u>(909,319)</u>	<u>(971,515)</u>	<u>(1,197,762)</u>
Investing and development activities:				
Net (profit)/loss on disposal of non-current assets	3,246,926	27,000	3,246,926	27,000
Loss on transferring assets via finance lease	4,429,018	-	4,429,018	-
Runway pavement works contributed to controlled entity	-	-	852,545	-
Capital grants and contributions	(7,920,973)	(2,010,350)	(7,920,973)	(2,010,350)
	<u>(245,029)</u>	<u>(1,983,350)</u>	<u>607,516</u>	<u>(1,983,349)</u>
Changes in operating assets and liabilities:				
(Increase)/ decrease in receivables	(95,730)	(1,503,961)	(89,290)	(1,407,493)
(Increase)/decrease in inventory	(45,180)	40,448	(33,059)	14,936
Increase/(decrease) in payables	(50,798)	981,581	(109,256)	771,769
Increase/(decrease) in other provisions	18,291	(12,413)	8,220	(17,422)
	<u>(175,417)</u>	<u>(494,345)</u>	<u>(223,385)</u>	<u>(638,210)</u>
Net cash inflow from operating activities	<u>2,253,987</u>	<u>4,383,975</u>	<u>2,237,268</u>	<u>4,217,070</u>

**25 Opening balance adjustment**

Upon review of Council's asset register as at 30 June 2016, information came to light that would indicate that the Women's Shelter and neighbouring accommodation unit previously recognised as Council assets do not belong to Council.

Upon review of the controlled entity's asset register as at 30 June 2016, information came to light that would indicate that the land previously recognised as an asset belongs to the Queensland Government and currently leased to the Company until 2027. As the lease is an operating lease, the land should not be shown as an asset.

An adjustment has been made to the opening balances at 1 July 2015 as follows:

	Consolidated	Council
	As at	As at
	1 July 2015	1 July 2015
<b>Land</b>		
Gross amount	(390,000)	-
Accumulated depreciation	-	-
Net value	<u>(390,000)</u>	<u>-</u>
<b>Buildings</b>		
Gross amount	(1,337,261)	(1,337,261)
Accumulated depreciation	366,326	366,326
Net value	<u>(970,935)</u>	<u>(970,935)</u>
<b>Housing</b>		
Gross amount	(253,368)	(253,368)
Accumulated depreciation	68,238	68,238
Net value	<u>(185,130)</u>	<u>(185,130)</u>
Net decrease in non current assets	<u>(1,486,065)</u>	<u>(1,156,065)</u>
Net decrease in retained earnings	(453,351)	(453,351)
Net decrease in revaluation reserves	(1,032,714)	(702,714)
	<u>(1,486,065)</u>	<u>(1,156,065)</u>

**26 Events after the reporting period**

There were no material adjusting events after the balance date

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**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**27 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*.

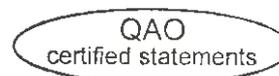
No collateral is held as security relating to the financial assets held by Lockhart River Aboriginal Shire Council.

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:

		Consolidated		Council	
		2016	2015	2016	2015
Financial assets		\$	\$	\$	\$
Cash and cash equivalents	10	8,842,350	4,855,783	8,114,111	4,101,197
Trade and other receivables	11	1,890,927	1,869,112	1,725,832	1,722,670
Other financial assets	13	10,807,454	7,530,972	10,807,454	7,530,972
<b>Total financial assets</b>		<b>21,540,730</b>	<b>14,255,866</b>	<b>20,647,397</b>	<b>13,354,839</b>

*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 2016**

*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.

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

	Consolidated		Council	
	2016	2015	2016	2015
	\$	\$	\$	\$
Not past due	943,482	1,561,782	837,074	1,462,594
Past due 31-60 days	851,220	141,882	821,617	123,815
Past due 61-90 days	48,097	126,717	20,952	111,385
More than 90 days	212,254	178,535	131,285	76,739
Impaired	(164,126)	(139,805)	(85,096)	(51,864)
<b>Total</b>	<b>1,890,927</b>	<b>1,869,112</b>	<b>1,725,832</b>	<b>1,722,670</b>

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
	\$	\$	\$	\$	\$
<b>2016</b>					
Trade and other payables	1,703,707	302,055	-	2,005,762	2,005,762
	<u>1,703,707</u>	<u>302,055</u>	<u>-</u>	<u>2,005,762</u>	<u>2,005,762</u>
<b>2015</b>					
Trade and other payables	2,084,755	-	-	2,084,755	2,084,755
	<u>2,084,755</u>	<u>-</u>	<u>-</u>	<u>2,084,755</u>	<u>2,084,755</u>

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**Lockhart River Aboriginal Shire Council**  
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**For the year ended 30 June 2016**  
**Council**

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2016</b>					
Trade and other payables	1,624,074	302,055	-	1,926,129	1,926,129
	<u>1,624,074</u>	<u>302,055</u>	<u>-</u>	<u>1,926,129</u>	<u>1,926,129</u>
<b>2015</b>					
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>

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 QTC, Commonwealth Bank, and Macquarie Bank.

The Council has access to a mix of variable and fixed rate funding options through QTC 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
	\$	\$	\$	\$	\$
<b>Consolidated</b>					
<b>2016</b>					
QTC cash fund	6,764,075	67,641	(67,641)	67,641	(67,641)
Commonwealth Bank	31,893	319	(319)	319	(319)
Macquarie Bank cash fund	544,828	5,448	(5,448)	5,448	(5,448)
<b>Net total</b>	<u>7,340,796</u>	<u>73,408</u>	<u>(73,408)</u>	<u>73,408</u>	<u>(73,408)</u>
<b>2015</b>					
QTC 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)
<b>Net total</b>	<u>4,327,203</u>	<u>43,272</u>	<u>(43,272)</u>	<u>43,272</u>	<u>(43,272)</u>



**Lockhart River Aboriginal Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

<b>Council</b>	<b>Net carrying amount</b>	<b>Effect on Net Result</b>		<b>Effect on Equity</b>	
		<b>\$</b>	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>
<b>2016</b>					
QTC cash fund	6,764,075	67,641	(67,641)	67,641	(67,641)
Commonwealth Bank	31,893	319	(319)	319	(319)
<b>Net total</b>	<b>6,795,968</b>	<b>67,960</b>	<b>(67,960)</b>	<b>67,960</b>	<b>(67,960)</b>
<b>2015</b>					
QTC cash fund	3,613,491	36,135	(36,135)	36,135	(36,135)
Commonwealth Bank	31,285	313	(313)	313	(313)
<b>Net total</b>	<b>3,644,776</b>	<b>36,448</b>	<b>(36,448)</b>	<b>36,448</b>	<b>(36,448)</b>

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 2016

28 Tied grants by project

The following note has been prepared on accruals basis.

	Balance 30/06/2015 \$	Revenue \$	Expense \$	Transfers between grants \$	Balance 30/06/2016 \$
<b>Commonwealth government grants</b>					
<b>Department of Education and Training</b>					
<i>Outside School Care</i>	10,000	150,028	148,010	-	12,017
<b>Total - DOEAT grants</b>	<b>10,000</b>	<b>150,028</b>	<b>148,010</b>	<b>-</b>	<b>12,017</b>
<b>Department of the Prime Minister and Cabinet</b>					
<i>Family Support Services</i>	-	94,202	57,413	-	36,789
<i>Community Radio</i>	-	30,195	15,832	-	14,363
<i>Business Development-Peninsula Business Alliance</i>	-	47,000	42,726	-	4,274
<b>Total - DOTPAC grants</b>	<b>-</b>	<b>171,397</b>	<b>115,971</b>	<b>-</b>	<b>55,426</b>
<b>Department of Health</b>					
<i>Indigenous Primary Health Care Services</i>	-	200,271	97,784	-	102,487
<i>Mens Healing Place (capital)</i>	100,000	-	-	-	100,000
<i>National Job Creation Package</i>	-	35,398	35,398	-	-
<i>Commonwealth Home Support Programme(CHSP)</i>	-	175,163	187,992	12,882	53
<i>HACC - Transition Costs</i>	-	15,000	15,000	-	-
<b>Total - DOHAA grants</b>	<b>100,000</b>	<b>425,832</b>	<b>336,174</b>	<b>12,882</b>	<b>202,540</b>
<b>Department of Infrastructure and Transport</b>					
<i>Regional Aviation Access Program (RAAP)</i>	34,600	183,000	245,664	-	(28,064)
<i>Roads to Recovery (R2R)</i>	(37,271)	286,459	88,276	-	160,912
<b>Total - DIT grants</b>	<b>(2,671)</b>	<b>469,459</b>	<b>333,940</b>	<b>-</b>	<b>132,848</b>
<b>Department of Human Services</b>					
<i>Centrelink Agency Services</i>	-	59,860	59,860	-	-
<b>Total - DOHS grants</b>	<b>-</b>	<b>59,860</b>	<b>59,860</b>	<b>-</b>	<b>-</b>
<b>Total - Commonwealth government</b>	<b>107,329</b>	<b>1,276,576</b>	<b>993,956</b>	<b>12,882</b>	<b>402,831</b>

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28 Tied grants by project Continued

	Balance 30/06/2015	Revenue	Expense	Transfers between grants	Balance 30/06/2016
	\$	\$	\$	\$	\$
<b>State government grants</b>					
<b>Dept of Infrastructure, Local Government and Planning</b>					
<i>State Government Financial Aid</i>	-	1,206,790	1,206,790	-	-
<i>Indigenous Economic Development</i>	-	88,000	88,000	-	-
<i>Revenue Replacement Program</i>	-	98,900	98,900	-	-
<i>Fiscal Equalisation Grant</i>	-	1,431,008	1,431,008	-	-
<i>Identified Roads Grant</i>	-	98,025	98,025	-	-
<i>Service Delivery Fund</i>	-	20,500	20,500	-	-
<i>GraffitiSTOP</i>	-	1,960	1,960	-	-
<i>Get Ready Queensland</i>	-	5,166	5,166	-	-
<i>Community Resilience Funding</i>	-	1,249,153	-	-	1,249,153
<b>Total - DOILGAP Grants</b>	-	<b>4,199,502</b>	<b>2,950,349</b>	-	<b>1,249,153</b>
<b>Department of State Development</b>					
<i>Royalties For Regions (R4R)-Runway Rehabilitation</i>	-	1,682,640	338,016	-	1,344,624
<i>Water Park Project</i>	-	-	11,625	-	(11,625)
<b>Total - DOSD grants</b>	-	<b>1,682,640</b>	<b>349,641</b>	-	<b>1,332,999</b>
<b>Department of Justice and Attorney-General</b>					
<i>Local Justice Initiatives Program</i>	15,940	70,000	96,258	-	(10,318)
<b>Total - DOJAAG grants</b>	<b>15,940</b>	<b>70,000</b>	<b>96,258</b>	-	<b>(10,318)</b>
<b>Queensland Reconstruction Authority</b>					
<i>NDRRA - Emergency Works</i>	-	65,543	5,706	-	59,837
<i>NDRRA - Restoration Works</i>	(1,047,999)	6,050,225	5,167,570	-	(165,344)
<b>Total NDRRA</b>	<b>(1,047,999)</b>	<b>6,115,768</b>	<b>5,173,276</b>	-	<b>(105,507)</b>
<b>Dept of Emergency Services</b>					
<i>State Emergency Services</i>	35,582	14,662	311	-	49,933
<b>Total - DOES grants</b>	<b>35,582</b>	<b>14,662</b>	<b>311</b>	-	<b>49,933</b>
<b>Department of Communities, Child Safety and Disability Services</b>					
<i>YARI/ Youth At Risk</i>	(26,248)	173,234	153,801	-	(6,815)
<i>Community Care (HACC Operations)</i>	19,749	40,152	47,019	(12,882)	(0)
<i>Mens' Support Services</i>	30,198	59,156	92,272	-	(2,919)
<i>Community Safety Planning</i>	10,000	-	-	-	10,000
<b>Total - DSDQ grants</b>	<b>33,698</b>	<b>272,542</b>	<b>293,092</b>	<b>12,882</b>	<b>266</b>
<b>Queensland Health</b>					
<i>Environmental Health &amp; Animal Control</i>	10,272	157,906	149,172	-	19,007
<b>Total - QH grants</b>	<b>10,272</b>	<b>157,906</b>	<b>149,172</b>	-	<b>19,007</b>
<b>Department of Housing and Public Works</b>					
<i>Paytham Women's Shelter</i>	84,761	274,819	339,798	-	19,782
<b>Total - DOCCSADS grants</b>	<b>84,761</b>	<b>274,819</b>	<b>339,798</b>	-	<b>19,782</b>

Lockhart River Aboriginal Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016

28 Tied grants by project Continued

	Balance 30/06/2015	Revenue	Expense	Transfers between grants	Balance 30/06/2016
	\$	\$	\$	\$	\$
<b>Department of Transport and Main Roads</b>					
<i>ATSI TIDS -Improve Drainage- Main Access Road</i>	-	2,075,247	2,078,817	-	(3,570)
<i>ATSI TIDS - Airport Bridge</i>	-	47,029	30,214	-	16,816
<b>Total - DTAMR grants</b>	-	<b>2,122,276</b>	<b>2,109,030</b>	-	<b>13,246</b>
<b>Department of Education and Training</b>					
<i>Skilling Queenslander-First Start Program</i>	-	37,500	11,323	-	26,177
<b>Total - DOEAT grants</b>	-	<b>37,500</b>	<b>11,323</b>	-	<b>26,177</b>
<b>State Library of Queensland</b>					
<i>Indigenous Knowledge Centre Grant</i>	-	9,243	34,965	-	(25,722)
<b>Total - SLOQ grants</b>	-	<b>9,243</b>	<b>34,965</b>	-	<b>(25,722)</b>
<b>Total - State government</b>	<b>(867,746)</b>	<b>14,956,857</b>	<b>11,507,215</b>	<b>(12,882)</b>	<b>2,569,015</b>
<b>Total grants</b>	<b>(760,418)</b>	<b>16,233,434</b>	<b>12,501,171</b>	<b>-</b>	<b>2,971,845</b>
	<u>1,111,519</u>		Add back over-expended grants		<u>254,377</u>
	<u><b>351,101</b></u>		<b>Total unspent grant revenue</b>		<u><b>3,226,222</b></u>

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Lockhart River Aboriginal Shire Council  
Financial statements  
For the year ended 30 June 2016

Management Certificate  
For the year ended 30 June 2016

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 44, 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.

  
Mayer  
Name **WAYNE BUTCHER**  
Date: **28/10/2016**

  
Chief Executive Officer  
Name **DAVID CLARKE**  
Date: **28/10/16**

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## 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 the Lockhart River Aboriginal Shire Council, which comprises the statements of financial position as at 30 June 2016, 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 Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entity it controls 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 *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 2015 to 30 June 2016 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.


C G STRICKLAND CA  
(as delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane