



Mapoon Aboriginal Shire Council

Annual Report 2021 - 2022

Disclaimer

Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative and should be referred to as such. Whilst Mapoon Aboriginal Shire Council has exercised, reasonable care in preparing this document to represent that it is totally accurate or complete, Council or its officers accept no responsibility for any loss occasioned to any person acting or refraining from acting in reliance upon any material.

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Our Welcome

Welcome to the Mapoon Aboriginal Shire Council's Annual Report 2021 - 2022. This Report provides an insight into the Council's achievements and the standards of delivering services to the Mapoon Community and region. The Report also shows progress in delivering the actions set out from the Corporate Plan 2018 - 2023 and the Operational Plan 2021 - 2022. The Annual Report is one of the ways the Council connects with the community and is the culmination of regular reporting.

It shows:

- Council's commitment to achieving its vision for the region
- The result of actioning the Corporate and Operational Plans
- Details of Council's achievements
- Details of the services that have been provided to the region

About this Report

Designed to foster a vibrant, culturally rich community where local government services and facilities are delivered in a way that is responsive to the needs and aspirations of the community, this Annual Report compares our performance against what we said we would do in the 2021 - 2022 financial year and provides an account of all our activities and other relevant and required information.

The sentiment of our agenda is the community we serve and the trust that rests with Council to preserve the region's outstanding cultural values, natural assets and our environment for current and future generations. Through good governance, good decision making, compliance of legislative obligations, community engagement, risk management strategies, financial management and customer services we have excelled in what we set in our Operational Plan. Through the facilities we deliver and maintain for our community – from sporting fields to community halls to the important work we do with our residents in protecting our foreshores, maintaining our public parks and gardens and working to improve the health and quality of our waterways. This is the day-to-day work of the Council that often goes unnoticed but is a crucial part of ensuring the richness and vitality of our community and way of life is consistently improving. The Council's partnerships across the community in many of these services and initiatives are a testament not only to the dedication and commitment of our staff but also the personal investment that our community is making in its own future.

Message from the Mayor

MAYOR AILEEN ADDO



Last financial year has been a challenging year for our Council with Covid and ensuring that our building and other programs were implemented. We have had a variety of meetings on a continual basis throughout and have had to regularly update our Disaster Plans to coincide with the directions of the of the Chief Health Officer.

Council CEO Naseem Chetty has been on extended leave this year, Acting CEO Steve Linnane filled the seat during this time, I am grateful for his assistance.

The Thriving Communities Committee was established this year and I am very grateful for our community members Jerry Burke, Ricky Guivarra, Ailsa Ling, Polly Smith and Diane Ludwick for putting their hands up to be part of the committee along with Deputy Mayor Cameron Hudson and myself. Cr Kiri Tabuai was also part of the committee before she became a councillor. The Committee looks at all aspects of the service delivery from the State Government and the Community Safety Plan.

A variety of capital projects which have been undertaken. The following projects were started and were significantly underway during the financial year were commenced and well towards completion by June 2022.

- Mapoon Church was commenced this financial year and was opened in December 2021
- The new Aged Care facility which has four two independent living units
- The Cultural Centre
- Four new units at the Paanja Lodge
- Five new Social Houses
- New Barge Ramp

In the Financial Year 21/22 all the above projects will be completed. We are looking forward to the commencement of the following projects in 22/23:

- The new Retail Store
- New Disaster Control Centre
- New Turtle Interpretative centre and Rangers Offices
- Social Housing – Five (5) Residences

Council continues to encourage local businesses and attract businesses to our community which will develop more job opportunities. We endeavour and encourage community members to develop skills by participating in training and skills development.

Council has received again an unqualified audit from the Queensland Audit Office. This highlights that council continues to deliver quality financial and operational systems/processes and will continue to strengthen this into the future.

The Council has been getting some very good feedback on the Rangers programme and I would like to congratulate the staff in the area. The Building Team led by Tom Smith have been very busy as well. All the staff including the admin staff have been enormously productive during the year and I do thank them for their efforts.

I want to thank all my Councillors for an incredible year. Deputy Mayor Cameron Hudson and the Councillors have been working hard and attending many productive meetings and community events. I would also like to thank Margaret Mara for her service to the community up until her resignation and congratulate Cr Kiri Tabuai on her appointment to Council.

Mayor
Aileen Addo

Our Councillors

Following the Queensland Local Government By - election on the 6th of September 2021, we welcomed in our newly elected member Cr Kiri Tabuai who replaced Margaret Mara.



**Mayor Aileen
Addo**



**Cr Daphne De
Jersey**



**Cr Cameron
Hudson**



**Cr Dawn
Braun**



**CR Kiri
Tabuai**

Our duty as elected councillors, as part of the governing body of a council, is spelled out in section 12 of the *Queensland Local Government Act 2009*. Our Council

- Represents the current and future interests of the residents of Mapoon and ensure these aspirations are actioned in a timely fashion.
- All councillors have the following responsibilities—
 - a. ensuring the local government—
 - i. discharges its responsibilities under this Act; and
 - ii. achieves its corporate plan; and
 - iii. complies with all laws that apply to local governments
 - b. providing high-quality leadership to the local government and the community
 - c. participating in council meetings, policy development, and decision-making, for the benefit of the local government area
 - d. being accountable to the community for the local government's performance

All our Councillors play a key role to make sure there is effective consultation with the community and therefore ensure that project planning and outcomes are aligned with community expectations. To ensure effective community consultation each of our Councillors have a portfolio to attend to with the community.

Navigating such a strategic role whilst balancing community and organisational politics can be very challenging for our Councillors, and we can all be proud of the way Council has carried itself and gone about business during 2021 - 2022.

Our Councillors portfolio allocations are as follows:

Mayor Addo — Housing, Health & Aged Care, Social Events and Emergency Services

Councillor Braun — Enterprise Development, Education and Social Events

Councillor De Jersey — Land & Sea, Community Safety & Justice and Social Events

Councillor Tabuai — Community Services and Social Events

Councillor Hudson — Committee Member for WCCCA, Alcan Ely Bauxite Mine Trust and Social Events

MAPOON ABORIGINAL SHIRE COUNCIL REGION

Mapoon is located on the western side of Cape York, 960km northwest of Cairns and 75km north of Weipa. Road access is often closed during the wet season. Mapoon covers an area of 530km².

There are 6 Clan estates clustered intensively along the narrow coastal flood plain and occupying a very large expanse in the forest and savannah woodland country of the upland.

Mapoon is located at the site of the former Batavia River Mission that was established at Cullen Point in 1891 on the traditional lands of the Tjungundji people. Within a few years, the Mission became known as Mapoon, believed to be an anglicised translation of a Tjungundji word meaning 'place where people fight on the sandhills'. Founding Moravian Missionaries, James Gibson Ward and Reverend John Nicholas Hey, bought several South Sea Islander men to Mapoon as assistants. Many children from the Gulf region were removed to Mapoon by the Government when the Mission became an Industrial School in 1901. Around this time, Aboriginal groups from the Pine and Pennefather Rivers began moving into the Mission as the reserve was expanded south to incorporate the traditional lands of the Thanakwithi people. For these reasons, Mapoon is an ethnically diverse community.

The traditional owners/custodians in Mapoon are the Tjungundji (Choong-un-gee) peoples. Traditional Owners/Custodians recognised within the Mapoon Deed of Grant in Trust area:

- Mbakwithi (Buck-with-ee)
- Teapathiggi (Tyap-a-thig-ee)
- Thanakwith (Thun-a-kwith)
- Tjungundji (Choong-un-gee)
- Warrangku (Waarr-ang-ku)
- Yupungathi (U-pun-ga-thee)

The predominant languages spoken in Mapoon are Creole and English.

Progressively since the late 1970s as people returned to Mapoon, our infrastructure and utilities have continued to be upgraded and now we have public utilities and infrastructure the community can be proud of. We have a high standard of reticulated town water supply and power is delivered by Ergon and we have recently had an upgrade to 4G from Telstra. Our new airstrip is all-weather with an automatic lighting system and is suitable for charter and emergency flights. We continue to expand our bitumen road network and we have secured funding for an upgrade of our landfill to incorporate a transfer station.

OUR COUNCIL TEAM

We have developed a Council team of many nationalities and cultures and have a very diverse mix in our workplace. Despite being a group of people with different expertise and life experience we are able through robust discussion, planning and innovative approaches to work in harmony achieving successful outcomes. This unique mix of people comes together to help make our organisation sustainable and progressive.

Our focus for the 2021 - 2022 Financial Year has been Economic Development & Infrastructure Development. Two of our key issues and focus areas are environmental management, including feral animal management and control as well as tourism and visitor management. Our aims are to improve our economic climate and encourage entrepreneurs toward venturing out to business development and provision of visitor management signage to educate and encourage tourists to respect the country and its custodians.

INFRASTRUCTURE DEPARTMENT

Financial Year 21-22 was again busy with the completion of a number of larger projects, planning and design was well underway for both the new ranger base and waste transfer station with works to commence early 2023 to both sites.

Numerous projects have progressed or been completed including:

- The Five new Social Houses on Weipa Road
- New Retail Store
- New Ranger Base development
- New Transfer Station development
- The Cultural Centre
- Extension to Paanja Lodge accommodation 4x2 bedroom cottages
- Barge Ramp Upgrade
- New 1.2 Megalitre Water Storage Tank



New store on Wheeler street
Budget \$2.4 M
Expected completion 2023



Paanja Lodge Expansion

- 4x2 bedroom units
- Covered carparking
- Small solar farm
- Completion was June 2022 with a budget of \$1.1 mil

ENVIRONMENT DEPARTMENT

The Environmental Services, Rangers and Parks and Gardens have had a busy and productive year including attending to matters of;

BIOSECURITY

- Coastal Surveillance trips take place on a regular basis, targeting marine debris hotspots along with surveillance of any foreign matter that washes up on Mapoon's coastlines. All GPS locations, observations and photos sent through via the Biosecurity Top Watch App.
- Rangers have partnered with Biosecurity in a IRCCP (Indigenous Rangers Coastal Clean-up Project). This involves major marine debris clean-ups conducted in areas that have previously been untouched. Stakeholders from the area that include Border Force, QLD Police, Rio Tinto, Metro Mining join Rangers in this massive effort to dispose of tons of debris collected.

WATER QUALITY

- This year Rangers completed a certification in Water Quality Testing, allowing them to better understand all aspects of this field. Rangers have set GPS locations at the mouth of all river systems allowing them to monitor and compare data from previous assessments.
- Water Quality checks are also conducted in 9 swamp systems within the area. Many observations are made, and data taken to assess the condition of these areas, ensuring they remain healthy.

COMMUNITY

- Rangers work with Western Cape College Mapoon Campus in providing a Junior Rangers program. The lessons are very informative, providing students with an insight of the Rangers important work and any other topics that are relevant to our area. E.g., Crocodile awareness, turtle monitoring, marine debris and animal species found within the area.
- This year Western Cape Clontarf Academy Leadership program joined Rangers on several occasions, encouraging students to work hard at school, and one day become a Ranger and Care for Country.

VISITOR MANAGEMENT

- Day use and barge ramp areas cleaned and maintained weekly.
- Facilities at Cullen Point Campground are cleaned and maintained throughout the visitor season along with regular permit checks ensuring visitors comply.
- Janie Creek and Batavia campgrounds are closed, and Rangers conduct weekly patrols to ensure closures are adhered to.

FIRE MANAGEMENT

- Ranger's conduct controlled on ground burning of the inland areas around Fish Creek, Turtle Yard, and Batavia. Rangers follow their fire permit requirements, along with recording a GPS location of every ignition point.
- A lot of 183,00 hectares of country is inaccessible, Rangers also conduct Aerial Incendiary burning in those areas. Three Rangers achieved their certifications as Aerial Bombardiers this year.

CULTURAL HERITAGE MAINTENANCE

- Rangers maintain year-round the Old Peoples Resting Place, Old Cemetery, New Cemetery along with the First Contact Site and the Unmarked Grave sites. New signage was placed at the fenced sites.

PARKS AND GARDENS

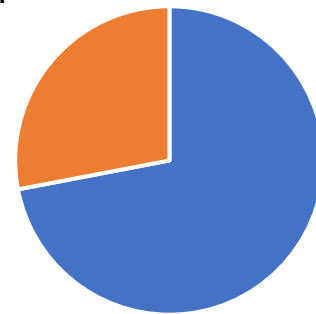
- Water supply now available to all garden beds within the community with some having sprinkler systems with timers fitted. The beds then then be watered in the cooler periods to avoid water evaporation.
- Parks and Gardens employees work hard to maintain Anzac Park, Council Yard, Contractors Dongas, Nature Strips, Paanja Lodge, Cultural Centre, and the Church. They are also responsible for the Recreational Hall, Aged Care Facility along with Aged Care Clients.
- Roadside rubbish pickups conducted every week from Cullen Point to the Airport.

HUMAN RESOURCES

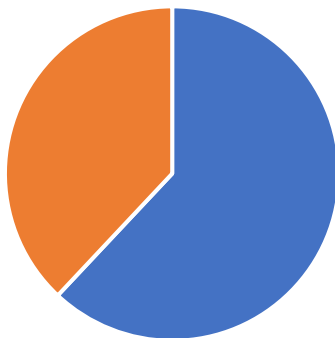
Mapoon Aboriginal Shire Council is committed to fostering good governance and sound management practices within all its operational processes and service delivery.

With a strong focus and the implementation of ethical procedures, managers have increased ownership and responsibility, resulting in smoother project delivery. Internal control processes have been reviewed and updated to exceed compliance with legislation and create effective business management.

| | | |
|----------------|----|-----|
| Indigenous | 36 | 72% |
| Non-Indigenous | 14 | 28% |



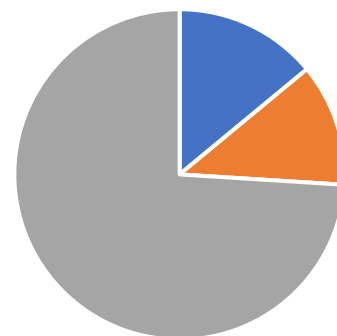
■ Indigenous ■ Non-indigenous



■ Male ■ Female

| | | |
|--------|----|-----|
| Male | 31 | 62% |
| Female | 19 | 38% |

| | | |
|-----------------|----|------|
| Employees Total | 50 | 100% |
| Casual | 7 | 14% |
| Part Time | 6 | 12% |
| Full Time | 37 | 74% |



■ Casual ■ Part-time ■ Full-time

COMMUNITY SERVICES

Community Aged & Disability Services are currently providing services to clients based under the following programs;

1. CHSP Commonwealth Home Support
2. HCP Home Care Packages
3. QCSS Qld Community Care Services
4. CDSS Department of Communities Disability and Seniors-Community Transport

There was a total of 32 Aboriginal and Torres Strait Islander clients participating in the programs.

Delivery has included Meals, Transport, Domestic Assistance, Personal Care, Home Maintenance,

Gardening and Safety, Social Support Group and Social Support Individual, Flexible Respite.

Training- Funding for staff enrolled in Cert III Individual Support will be managed by the Council.

Services for Social Support Group Activities and Pension Bus Runs into Weipa have been reinstated.

Support services with Meal's delivery, Domestic Assistance, and local transportation in community have been reintroduced.

Recent changes to funding based on reimbursement of activities and performance reporting were also announced during the year.

PLAYGROUP

The Playgroup Program is currently federally funded. Children participated with their parents in activities either indoors or outdoors.

Activities included healthy eating information and presentation, identification learning and pronunciation, expressional drawing and name spelling on items produced.

Encouraging parents to participate in their children's learning has been a major focus during the year. We have utilised Apunipima Primary Health to give educational health sessions to families regarding healthy eating and children's teeth hygiene.

We have had Maternal Child and Health visit mums for antenatal visits, this has been an informal way of mums partaking in check-ups. Aim to see more of this in the future.

ACCOMMODATION SERVICES

Four new Cabins at Paanja Lodge were completed and brought into service. Visitors from across Australia have booked these Cabins and enjoyed the atmosphere these have brought to Mapoon.

The Cabins are enjoying a significant improvement in occupation since The Cape has opened and COVID protocols have been relaxed. Occupancy at the Contractor's Dongas have seen a downturn in business due to the drop in conditions of the rooms.

MAPOON CULTURAL CENTRE

The Cultural Centre has been opened; and the Indigenous Knowledge Centre located at the Cultural Centre was also opened and set up for use by community members.

The Centre includes a library with a range of books, videos and games that are suitable for all age groups. The Centre also has computers which will enable visitors to access websites to conduct and monitor activities to do with personal information and other government agencies.

FITNESS CENTRE

Although limited, the Mapoon Fitness Centre has had some success throughout the year with support from PCYC staff as an instructional trainer.

Gym membership fees were reduced during COVID but has been returned to normal fees.

FACILITIES PROVIDED TO COUNCILLORS

Section 186 (b) of the Queensland Local Government Regulation 2012 requires an Annual report must detail particular information about facilities provided to Councillors.

| Councillor | Facility provided |
|----------------------|--|
| Mayor Addo | Mayor's Office, vehicle, telephone, IT, corporate clothing, travel |
| Councillor Braun | Telephone, IT, office space, corporate, clothing, travel |
| Councillor Hudson | Telephone, IT, office space, corporate clothing, travel |
| Councillor De Jersey | Telephone, IT, office space, corporate clothing, travel |
| Councillor Mara | Telephone, IT, office space, corporate clothing, travel |
| Councillor Tabuai | Telephone, IT, office space, corporate clothing, travel |

EXPENSES REIMBURSEMENT POLICY

Section 186 (c) of the Queensland Local Government Regulation 2012 requires an Annual report must detail particular information about Councils Expenses Reimbursement Policy.

“Councils Local Government’s Expenses Reimbursement Policy is reviewed annually and is made available to Councillors, staff, and the public via Council’s website [http:// www.mapoon.qld.gov.au](http://www.mapoon.qld.gov.au).

The policy is reviewed annually to maintain its integrity and ensure it meets the standards required and the policy was last reviewed as per Council Resolution NO. 116/2020 VERSION V2

COUNCILLOR MEETING ATTENDANCE

Section 186 (d) of the *Queensland Local Government Regulation 2012* requires an Annual report must detail particular information about the number of meetings each Councillor attended during the financial year.

| Councillor | No. of Meetings attended |
|----------------------|--------------------------|
| Mayor Addo | 12 |
| Councillor Hudson | 9 |
| Councillor Braun | 12 |
| Councillor de Jersey | 11 |
| Councillor Mara | 1 |
| Councillor Tabuai | 9 |

COMPLAINTS MADE ABOUT COUNCILLORS

Section 186 (g) of the *Queensland Local Government Regulation 2012* requires an Annual report must detail particular information about the number of complaints about Councillors received during the financial year.

The number of each of the following during the financial year—

- Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C (2) of the Act - One
- Complaints referred to the Department's Chief Executive under section 176C (3) (a)(i) of the Act - Nil
- Complaints referred to the Mayor under section 176C (3)(a)(ii) or (b)(i) of the Act
Nil
- Complaints referred to the Department's Chief Executive under section 176C (4) of the Act - 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 - Three
- Complaints to which section 176C (6) of the Act applied - Nil

ADMINISTRATIVE ACTION COMPLAINTS

Section 187 (1) of the Queensland Local Government Regulation 2012 requires an Annual report must detail particular information about the number of Administrative Action complaints received during the financial year.

“Council has developed a fair and transparent process and policy for dealing with administrative action complaints. Policy is reviewed annually and is made available to Councillors, staff, and the public via Council’s website. The policy is reviewed annually to maintain its integrity and ensure it meets the standards required. The policy has been developed with a draft to be tabled at the November 2020 Ordinary Meeting of Council for approval. The policy will then be available via Council’s website - <http://www.mapoon.qld.gov.au> or from the Council Office at Mapoon.

Furthermore, Section 187 (2) of *Queensland Local Government Regulation 2012* sets out the requirement to report additional information regarding administrative action complaints during the financial year as follows.

- Complaints made to the local government – Nil
- Complaints resolved by the local government under the complaint’s management process - Nil
- Complaints not resolved by the local government under the complaint’s management process – Nil
- Complaints under paragraph (a)(iii) that were made in a previous financial year - Nil

COMPETITIVE NEUTRALITY PRINCIPLE APPLIED TO SIGNIFICANT BUSINESS ACTIVITIES

Council did not conduct any significant business activities during the 2021-2022 financial year.

OVERSEAS TRAVEL

Section 188 of the Queensland Local Government Regulation 2012 requires an Annual report must detail particular information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year.

- The name of the councillor - Nil
- The name of, and position held by, the local government employee - Nil
- The destination of the overseas travel – Not applicable
- The purpose of the overseas travel – Not applicable
- The cost of the overseas travel – Not applicable

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

Section 189 of Queensland Local Government Regulation 2012 requires an Annual report must detail particular information about the Local Government's expenditure on grants to community organisations as follows:

| | | | |
|-----|--|--|--|
| NIL | | | |
| | | | |
| | | | |

- The local government's expenditure for the financial year on grants to community organisations
- The name of each community organisation to which an amount was allocated from the fund; and
- The amount and purpose of the allocation.

NB - It should be noted that individual Councillors do not have a discretionary fund to make allocations for community grants.

COUNCILLOR EXPENSES REIMBURSEMENT AND FACILITIES POLICY SECTION 185 (a) (b) LGR 2012

Council adopted the Councillors Expenses Reimbursement on 21 June 2022 and a copy of the resolution is provided below in accordance with section 250 of the Local Government Regulation 2012. The Procurement Policy outlines the requirements under section 206 (2) of the Local Government Regulation 2012 and is included in the same resolution.

RESOLUTION C104/22

Moved: Cr Cameron Hudson

Seconded: Cr Kiri Tabuai

That the Councillor Expense Reimbursement Policy be adopted

CARRIED

FINANCIAL PLANNING AND ACCOUNTABILITY

Section 190 of the Queensland Local Government Regulation 2012 outlines the requirement for the annual report to contain the following information which is not covered elsewhere in this report.

- Details of any action taken for, and expenditure on, a service, facility, or activity
 - (i) supplied by another local government under an agreement for conducting a joint government Activity - Nil
 - (ii) for which the local government levied special rates or charges for the financial year - Nil
- The number of invitations to change tenders under section 228(7) during the financial year - Nil
- A list of the registers kept by the local government – Councils list of Registers is under constant review and is currently available on Council's website at <https://www.mapoon.qld.gov.au>
- A summary of all concessions for rates and charges granted by the local government – Not applicable
- The report on the Internal Audit for the financial year – Councils Internal Audit Report is currently available from the Council Office Mapoon or from Council's QAO auditors Grant Thornton upon request.
- A statement about the local government's activities during the financial year to implement its plan for equal opportunity in employment – Council continues to be very proactive in promoting equal employment opportunity in employment and this can be seen by the diversity and balance of our workforce. Council's Equal Employment Opportunity Policy is currently under review to maintain our high standards in this respect.

- A summary of investigation notices given in the financial year under section 48 for competitive neutrality complaints – Nil

COMMUNITY FINANCIAL REPORT FOR 2021 - 2022

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.

2021/22 SNAPSHOT

Key highlights of the 2021/22 financial year include:

- The continued upgrading of council facilities, including a new retail store
- The completion of the cultural centre
- The completion of the staff accommodation
- The upgrading of barge ramp
- The expansion of short stay accommodation
- The construction of 5 social houses

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 2022.

About the Management Certificate

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

About the Financial Statements

The Financial Statements incorporate 4 "primary" financial statements and accompanying notes which are as follows.

A Statement of Comprehensive Income

The Statement of Comprehensive Income is a summary of Council's financial performance for the year, listing both regular income and expenses and other

comprehensive income which records items such as changes in the fair values of Council's assets and investments.

A Statement of Financial Position

The Financial Position is a snapshot of what the Council owns (Assets) and owes (Liabilities).

A Statement of Changes in Equity

Equity is the Council's "net wealth", it is what the council owns once liabilities are taken away from assets. The Statement of Changes In Equity details the overall change for the year (in dollars) of Council's "net wealth".

A Statement of Cash Flows

The Statement of Cash Flows indicates where Council's cash came from and where it was spent.

Notes to the Financial Statements

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

About the Auditor's Reports

Council's Financial Statements are required to be audited by the Queensland Audit Office (QAO). The audit of many Queensland Councils is contracted to Audit firms that specialise in Local Government. The Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

Internal Audit Function Section LGR s190(1)(h)

Council's internal audit function is undertaken by Altius Advisors.

The internal audit program focused on assisting Council in addressing the following areas:

- Review of implementation and process for recording revenue under AASB15 and 1058.
- Assets – review of indexation and assistance with preparation and update of asset register.
- Position Paper – Provision for landfill restoration.
- QAO General Purpose Financial Statement preparation.

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

Council's Statement of Comprehensive Income (Profit & Loss) for 2021/22

Council's Operating Result 2021/22

Council's headline operating result for the 2021/22 year was \$6.890M surplus.

| \$ '000 | Actual 2022 | Budget 2022 |
|--|----------------|----------------|
| Revenues (Excluding revaluation of leases) | 13,592 | 23,848 |
| Expenditure | 12,234 | 24,153 |
| Net Result before Revaluation of leases | 1,359 - | 306 |
| Revaluation of assets | 5,531 | - |
| Net Operating Result | 6,890 - | 306 |

The council's surplus for 2021/22 was \$6.890M. The budgeted surplus once capital expenditure had been capitalised was \$306K. The variance is due to the asset revaluation. Overall Council & Management believe the financial result for 2021/22 to be satisfactory.

Mapoon Aboriginal Shire Council Statement of Comprehensive Income for the financial year ended 30 June 2022

Income (000s)

| | | |
|--|---------------|-------------|
| Fees and charges | 35 | 0% |
| Rental income | 547 | 4% |
| Interest received | 16 | 0% |
| Sales revenue | 2,346 | 17% |
| Other income | 195 | 1% |
| Grants, subsidies, contributions and donations | 5,515 | 41% |
| Capital Revenue | 4,937 | 36% |
| Total Income | 13,591 | 100% |

Expenses (000s)

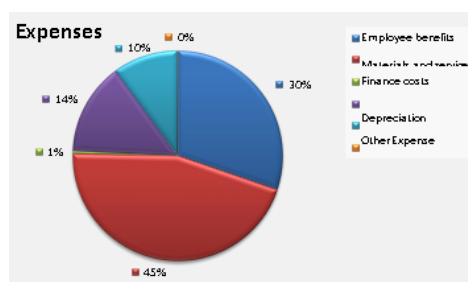
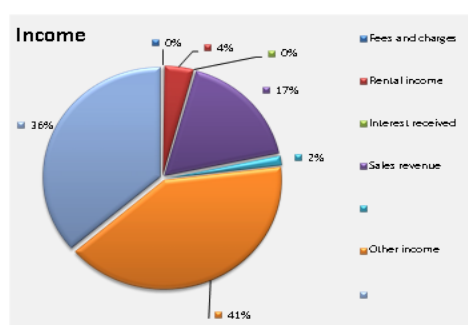
| | | |
|------------------------|---------------|-------------|
| Employee benefits | 3,699 | 30% |
| Materials and services | 5,513 | 45% |
| Finance costs | 49 | 0% |
| Depreciation | 1,746 | 14% |
| Other Expense | 1,220 | 10% |
| Capital expenses | 7 | 0% |
| Total Expenses | 12,234 | 100% |

Other Comprehensive Income (000s)

| | |
|--|-------|
| Increase / (decrease) in asset revaluation surplus | 5,531 |
|--|-------|

Net Result (000s)

6,889



Executive Finance Managers Commentary

Mapoon Aboriginal Shire Council made a surplus of \$6.890M for the year ending 30 June 2022. If the revaluing of assets and leases is excluded, the council made a surplus of \$1.359M.

Income

A component of the council's \$13.592M revenue were Mapoon Store sales of \$1.014M, this revenue is offset by the costs of running the store which resulted in it making a loss in the 2021/22 year of \$93,724. The Council established the store, not to make a profit but to provide a service and extra employment to the residents of Mapoon, giving the residents the opportunity to shop locally rather than travelling to Weipa to purchase goods. In October 2021 the Council leased Mapoon Store to a third party except for the Service Station and ATM services.

In the 2021/22 period Council generated (Non grant Income) sales in the following main areas

| | |
|------------------------------|--------------|
| ▪ Social Housing Maintenance | \$ 1,279,358 |
| ▪ Landsea Contract Income | \$ 341,564 |
| ▪ Store Sales | \$ 1,013,649 |
| ▪ Accommodation | \$ 350,618 |
| ▪ Administration | \$ 117,782 |

Expenses

Depreciation

Depreciation represents 14% of Councils expenses. Depreciation is the estimated cost of wear and tear on all Councils assets including buildings, water pipes, motor vehicles, roads etc. Mapoon Council does not receive any grants to cover the cost of depreciation, this may create future problems when the Council needs to replace these assets but lacks the funds to do so. Depreciation is the largest contributing factor to the Council making a loss.

Materials & Services

Materials and services represent the cost of all Councils purchases, including the purchase of goods to be sold in the store, insurance, consultants, communication and IT, materials and contractors for repairs and maintenance, office supplies and power costs, etc.

Employee benefits

Employee benefits represent the councils labour costs, this amount includes wages, councillor remuneration and superannuation.

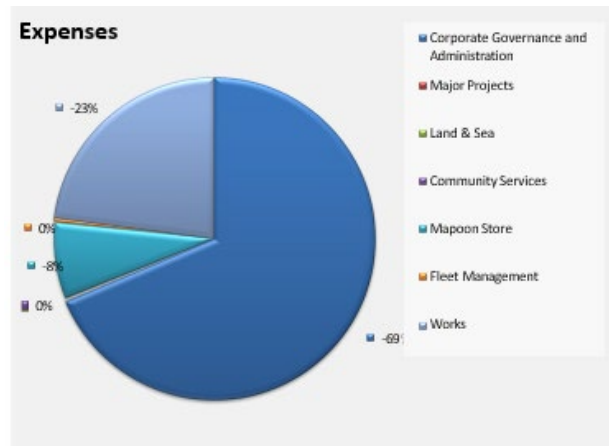
Finance Costs

Finance costs are comprised of Bank fees and the write off and provision for bad and doubtful debts.

Council expenses by function for the financial year ended 30 June 2022

Expenses

| | | \$ '000 | |
|---|---|---------------|-------------|
| Corporate Governance and Administration | - | 8,478 | 69% |
| Major Projects | - | - | |
| Land & Sea | - | 14 | 0% |
| Community Services | - | 26 | 0% |
| Mapoon Store | - | 942 | 8% |
| Fleet Management | - | 58 | 0% |
| Works | - | 2,832 | 23% |
| Total Expenses | - | 12,234 | 100% |



Executive Finance Manager Commentary

The above expenses relate to the operation of council's various divisions. These divisions can be broken into the following grants/projects:

Corporate Governance and Administration

- Municipal Services
- Town Planning
- Rental Management
- Short Stay Accommodation
- Environmental Health Worker
- Indigenous Arts
- Community Housing (Rental)
- General Admin (non-grant)

Works/Major Projects

- Council Buildings
- Council Infrastructure

Land & Sea Rangers

- Working On Country
- Fire Management Operations
- Pest Offensives
- Provision of Ranger Contract Services

Community Services

- Childcare
- Natural Disaster Study
- Aged Care
- Animal Management Programs
- Cultural Heritage Management
- Art Projects
- Mapoon Day

Mapoon Store

- Store operations

Elected Members Remuneration

The remuneration of all Councillor's is a fixed amount as set out by the Local Government Remuneration Tribunal and is reviewed and adopted by the Council on an annual basis. The total remuneration and superannuation contributions of the Elected Members in the year ending 2022 are as outlined below:

| Name | Position | Remuneration (\$) | Superannuation (\$) | Total (\$) |
|------------------|-----------------|-------------------|---------------------|------------|
| Aileen Addo | Mayor | 109,725 | 12,986 | 122,711 |
| Cameron Hudson | Ex Deputy Mayor | 50,590 | 6,071 | 56,660 |
| Cameron Hudson | Councillor | 10,059 | 1,207 | 11,266 |
| Kiri Tabuai | Deputy Mayor | 12,122 | 1,455 | 13,577 |
| Kiri Tabuai | Ex Councillor | 33,275 | 3,993 | 37,268 |
| Margaret Mara | Ex Councillor | 4,833 | 580 | 5,413 |
| Dawn Braun | Councillor | 54,387 | 6,527 | 60,914 |
| Daphne De Jersey | Councillor | 52,884 | 6,346 | 59,230 |

| Paid expenses/allowances | | |
|--------------------------|-----------------|-------------|
| Name | Position | Amount (\$) |
| Aileen Addo | Mayor | 669 |
| Cameron Hudson | Councillor | 928 |
| Cameron Hudson | Ex Deputy Mayor | 3,590 |
| Margaret Mara | Councillor | 0 |
| Kiri Tabuai | Deputy Mayor | 458 |
| Kiri Tabuai | Ex Councillor | 967 |
| Dawn Braun | Councillor | 1,945 |
| Daphne De Jersey | Councillor | 1,017 |

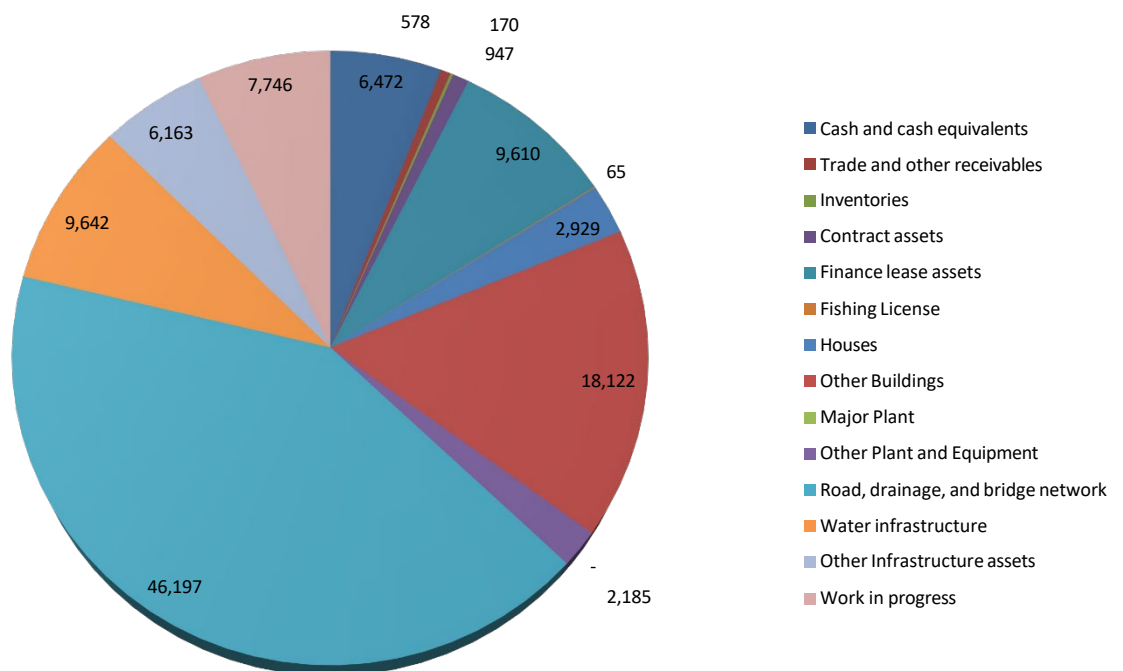
Senior Management Remuneration

As per the established organisational structure, Mapoon Aboriginal Shire Council currently employs 4 Senior Contract Employees. In accordance with the Local Government Act 2009 requirements, it is required that the number of senior contract employees with remuneration packages exceeding \$100,000.00 must be recorded for the period of 1 July 2021 to 30 June 2022. A senior contract employee refers to the Chief Executive Officer and all senior executive employees of the Local Government Council. The table below is a record of the number of senior contract employees, including terminated senior employees, whose salary exceed \$100,000.00

| Package Range | Number of senior contract employees within package range |
|-----------------------|--|
| \$100,000 - \$200,000 | 3 |
| | |

Council's Wealth

| | Actual 2022 | Actual 2021 |
|---|----------------|----------------|
| The major items that make up Council's wealth include the following assets: | | |
| | \$ '000 | \$ '000 |
| Cash and cash equivalents | 6,472 | 8,434 |
| Trade and other receivables | 578 | 543 |
| Inventories | 170 | 338 |
| Contract assets | 947 | 1,786 |
| Finance lease assets | 9,610 | 11,085 |
| Fishing License | 65 | 65 |
| Houses | 2,929 | 2,707 |
| Other Buildings | 18,122 | 13,233 |
| Major Plant | - | 18 |
| Other Plant and Equipment | 2,185 | 1,489 |
| Road, drainage and bridge network | 46,197 | 43,285 |
| Water infrastructure | 9,642 | 5,935 |
| Other Infrastructure assets | 6,163 | 4,987 |
| Work in progress | 7,746 | 10,739 |
| Total Assets | 110,827 | 104,644 |
| Council has funded some of its operations and assets by the following liabilities: | | |
| Creditors- People the council owes money to | 3,641 | 4,348 |
| Net Community Equity (wealth) | 107,186 | 100,296 |

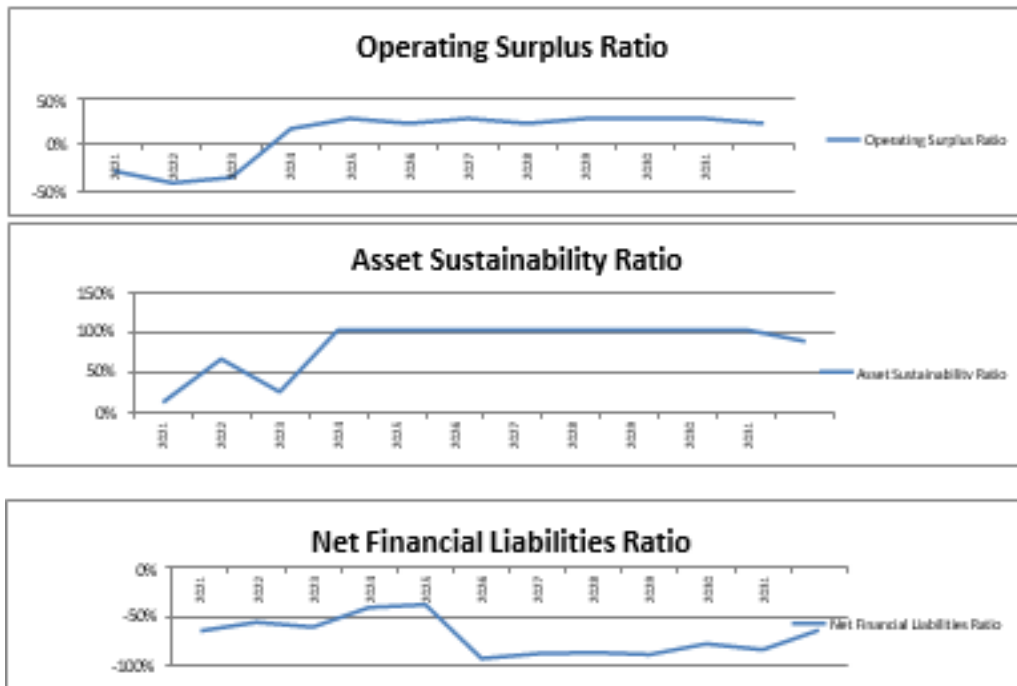


Mapoon Aboriginal Shire Council 5 Year Snapshot as at 30 June 2022

| Financial Performance Figures (\$'000) | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Income | | | | | |
| Fees and charges | 36 | 35 | 37 | 36 | 34 |
| Rental income | 547 | 612 | 593 | 522 | 305 |
| Interest received | 16 | 26 | 140 | 64 | 66 |
| Sales revenue | 2,346 | 3,694 | 3,825 | 4,613 | 5,006 |
| Other income | 195 | 241 | 1,250 | 162 | 18 |
| Grants, subsidies, contributions, and donations | 5,515 | 6,287 | 4,629 | 5,178 | 3,716 |
| - Operating & Capital | 4,937 | 6,919 | 6,645 | 8,695 | 4,670 |
| Total Income from Continuing Operations | 13,592 | 17,815 | 17,119 | 19,270 | 13,814 |
| Income from revaluation of Housing Leases and assets | - | - | - | 2,153 | - |
| Total Income | 13,592 | 17,815 | 17,119 | 21,422 | 13,814 |
| Expenses | | | | | |
| Employee benefits | 3,699 | 3,752 | 4,344 | 4,019 | 3,595 |
| Materials and services | 5,513 | 6,990 | 6,862 | 4,233 | 5,491 |
| Finance costs | 49 | 13 | 23 | 28 | 73 |
| Depreciation and amortisation | 1,746 | 2,660 | 2,432 | 2,104 | 1,915 |
| Other expense | 1,220 | 541 | - | - | - |
| Total Expenses from Continuing Operations | 12,227 | 13,956 | 13,660 | 10,328 | 11,073 |
| Total Capital purchases of PP&E | 7 | 663 | 991 | 127 | 360 |
| Operating Surplus/(Deficit) (excl. Capital Income & Expenses) | 1,359 | 3,197 | 2,468 | 10,967 | 2,381 |
| Financial Position Figures (\$'000) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Current Assets | 8,438 | 11,358 | 11,842 | 12,597 | 9,546 |
| Current Liabilities | 3,505 | 4,153 | 4,667 | 660 | 1,413 |
| Net Current Assets | 4,932 | 7,205 | 7,175 | 11,937 | 8,133 |
| Cash & Cash Equivalents | 6,472 | 8,434 | 10,104 | 9,074 | 7,537 |
| Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases) | - | - | - | - | - |
| Total Value of PP&E (excl. Land & Improvements) | 111,011 | 97,460 | 88,430 | 69,313 | 67,815 |
| Total Accumulated Depreciation | 18,027 | 15,067 | 23,806 | 15,038 | 15,223 |
| Net Value of PP&E | 92,984 | 82,393 | 64,624 | 54,275 | 52,592 |
| Indicative Remaining Useful Life (as a % of GBV) | 84% | 85% | 73% | 78% | 78% |

Financial Sustainability Indicators for the year ended 30 June 2022

| Ratio | Ideal % | Actual 2021 | Actual 2022 | Long Term Financial Plan Projections | | | | | | | | | | |
|---------------------------------|---------|-------------|-------------|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----|
| | | | | Yr 1 2023 | Yr 2 2024 | Yr 3 2025 | Yr 4 2026 | Yr 5 2027 | Yr 6 2028 | Yr 7 2029 | Yr 8 2030 | Yr 9 2031 | Yr 10 2032 | |
| Operating Surplus Ratio | 0 - 10 | -28% | -41% | -35% | 18% | 29% | 24% | 29% | 24% | 29% | 29% | 29% | 29% | 24% |
| Asset Sustainability Ratio | > 90 | 13% | 67% | 26% | 103% | 103% | 103% | 103% | 103% | 103% | 103% | 103% | 103% | 89% |
| Net Financial Liabilities Ratio | < 60 | -64% | -55% | -60% | -40% | -37% | -92% | -87% | -86% | -88% | -77% | -83% | -63% | |



Executive Finance Manager Comments

Operating surplus ratio

Indicates the extent to which money the council received during the year can pay the expenses Council incurred. The Operating Surplus ratio indicates that Council is unable to fund its' current operations, this is largely due to the fact that Council does not receive funding for its depreciation expense.

Asset sustainability ratio

An estimate of the extent to which the infrastructure assets held are being replaced as these reach the end of their useful life. This ratio indicates that Council is not adequately replacing its' existing assets. As with the Operating surplus ratio, this ratio is linked to the depreciation of assets not being adequately funded. It should be noted however that Council does receive funding to repair roads and public housing a fact that is not reflected in the asset sustainability ratio.

Net financial liabilities ratio

Indicates the extent to which Council liabilities can be repaid with Council revenues. Currently the Council has a healthy Net Financial liabilities ratio.

Council's Financial Management

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources in order to ensure the most effective provision of services. Whilst Council attempts to ensure that its financial management strategy is prudent, the Council's long-term financial forecast shows a financial position that falls short of funding Council infrastructure whilst also being able to meet the community's current and future needs. The Council is highly dependent upon external funding, a situation it is attempting to resolve. These ratios are based on estimates and assumptions that will be heavily impacted upon by climatic, social and economic factors.

**Mapoon Aboriginal Shire Council
Annual Financial Statements**

For the year ended 30 June 2022



Mapoon Aboriginal Shire Council

Financial Statements

For the year ended 30 June 2022

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**Mapoon Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2022**

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Note | \$ | \$ |
| Income | | |
| Revenue | | |
| Recurrent revenue | | |
| Fees and charges | 35,976 | 35,197 |
| Rental income | 547,307 | 611,659 |
| Interest received | 16,378 | 26,348 |
| Sales revenue | 2,346,001 | 3,693,975 |
| Other income | 194,555 | 241,387 |
| Grants, subsidies, contributions and donations | 5,515,351 | 6,287,195 |
| Total recurrent revenue | 8,655,568 | 10,895,760 |
| Capital revenue | | |
| Grants, subsidies, contributions and donations | 4,933,414 | 6,913,197 |
| Other capital income | 3,295 | 5,859 |
| Total capital revenue | 4,936,709 | 6,919,056 |
| Total Income | 13,592,277 | 17,814,816 |
| Expenses | | |
| Recurrent expenses | | |
| Employee benefits | (3,699,278) | (3,752,063) |
| Materials and services | (5,513,372) | (6,990,127) |
| Finance costs | (48,925) | (12,861) |
| Depreciation | (1,745,931) | (2,660,110) |
| Other expense | (1,219,507) | (540,702) |
| | (12,227,013) | (13,955,664) |
| Capital expenses | | |
| | (6,594) | (862,624) |
| Total expenses | (12,233,607) | (14,618,288) |
| Net result | 1,358,670 | 3,196,528 |
| Other comprehensive income | | |
| Items that will not be reclassified to net result | | |
| Increase / (Decrease) in asset revaluation surplus | 5,531,038 | 12,571,594 |
| Total other comprehensive income for the year | 5,531,038 | 12,571,594 |
| Total comprehensive income for the year | 6,889,708 | 15,768,122 |

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

**Mapoon Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2022**

| | Note | 2022 \$ | Restated 2021* \$ | Restated 1 July 2020* \$ |
|--------------------------------------|------|--------------------|-------------------------|--------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | 9 | 6,471,795 | 8,433,920 | 10,103,518 |
| Trade and other receivables | 10 | 577,550 | 542,953 | 496,275 |
| Inventories | 11 | 170,260 | 338,109 | 271,275 |
| Contract assets | 15 | 947,478 | 1,786,199 | 724,170 |
| Other financial assets | 12 | 270,841 | 256,448 | 246,521 |
| Total current assets | | <u>8,437,924</u> | <u>11,357,629</u> | <u>11,841,759</u> |
| Non-current assets | | | | |
| Other financial assets | 12 | 9,339,472 | 10,828,866 | 11,630,665 |
| Property, plant and equipment | 13 | 92,984,367 | 82,392,489 | 65,730,926 |
| Intangible assets - fishing licence | | 65,000 | 65,000 | 65,000 |
| Total non-current assets | | <u>102,388,839</u> | <u>93,286,355</u> | <u>77,426,591</u> |
| Total assets | | <u>110,826,763</u> | <u>104,643,984</u> | <u>89,268,350</u> |
| Current liabilities | | | | |
| Trade and other payables | 16 | 1,639,766 | 1,833,874 | 300,936 |
| Contract liabilities | 15 | 1,578,815 | 2,120,261 | 4,077,577 |
| Provisions | 17 | 287,048 | 198,383 | 288,264 |
| Total current liabilities | | <u>3,505,429</u> | <u>4,152,518</u> | <u>4,666,777</u> |
| Non-current liabilities | | | | |
| Provisions | 17 | 135,357 | 195,197 | 73,427 |
| Total non-current liabilities | | <u>135,357</u> | <u>195,197</u> | <u>73,427</u> |
| Total liabilities | | <u>3,640,786</u> | <u>4,347,715</u> | <u>4,740,203</u> |
| Net community assets | | <u>107,185,977</u> | <u>100,296,269</u> | <u>84,528,147</u> |
| Community equity | | | | |
| Asset revaluation surplus | 18 | 50,897,114 | 45,366,076 | 32,794,482 |
| Retained surplus | | 56,288,863 | 54,930,193 | 51,733,665 |
| Total community equity | | <u>107,185,977</u> | <u>100,296,269</u> | <u>84,528,147</u> |

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

** Council has made a retrospective restatement as a consequence of correction of error in accordance with AASB 108 and therefore in accordance with AASB 101 has restated the comparative figures as set out in Note 24.*

**Mapoon Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2022**

| | Asset revaluation surplus | Retained surplus* | Total |
|--|---------------------------------|----------------------|--------------------|
| Note | \$ | \$ | \$ |
| Balance as at 1 July 2021 | 45,366,076 | 54,930,193 | 100,296,269 |
| Net result | - | 1,358,670 | 1,358,670 |
| Other comprehensive income for the year | | | |
| Increase in asset revaluation surplus | 5,531,038 | - | 5,531,038 |
| Total comprehensive income for the year | <u>5,531,038</u> | <u>1,358,670</u> | <u>6,889,708</u> |
| Balance as at 30 June 2022 | <u>50,897,114</u> | <u>56,288,863</u> | <u>107,185,977</u> |
| Balance as at 1 July 2020 | 32,794,482 | 50,627,331 | 83,421,813 |
| Adjustment of opening balance on understatement of property, plant and equipment | - | 1,106,334 | 1,106,334 |
| Restated balance at 1 July 2020 | <u>32,794,482</u> | <u>51,733,665</u> | <u>84,528,147</u> |
| Net result | - | 3,196,528 | 3,196,528 |
| Other comprehensive income for the year | | | |
| Increase in asset revaluation surplus | 12,571,594 | - | 12,571,594 |
| Total comprehensive income for the year | <u>12,571,594</u> | <u>3,196,528</u> | <u>15,768,122</u> |
| Balance as at 30 June 2021 | <u>45,366,076</u> | <u>54,930,193</u> | <u>100,296,269</u> |

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

** Council has made a retrospective restatement as a consequence of correction of error in accordance with AASB 108 and therefore in accordance with AASB 101 has restated the comparative figures as set out in Note 24.*

Mapoon Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 2,975,753 | 3,859,905 |
| Payments to suppliers and employees | | <u>(9,593,437)</u> | <u>(9,300,177)</u> |
| | | (6,617,684) | (5,440,272) |
| Interest received | | 16,378 | 28,348 |
| Rental income | | 547,307 | 611,659 |
| Non capital grants and contributions | | <u>5,493,418</u> | <u>6,228,438</u> |
| Net cash inflow/ (outflow) from operating activities | 22 | <u>(560,581)</u> | <u>1,426,173</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (6,834,820) | (7,396,453) |
| Proceeds from 99 year lease | | - | 34,182 |
| Proceeds from sale of property plant and equipment | | 21,455 | 70,000 |
| Finance lease receipts | 12 | 255,494 | 251,171 |
| Grants, subsidies, contributions and donations | | <u>5,156,327</u> | <u>3,945,330</u> |
| Net cash inflow/(outflow) from investing activities | | <u>(1,401,544)</u> | <u>(3,095,770)</u> |
| Net increase/ (decrease) in cash and cash equivalents held | | <u>(1,962,125)</u> | <u>(1,669,597)</u> |
| Cash and cash equivalents at the beginning of the financial year | | 8,433,920 | 10,103,518 |
| Cash and cash equivalents at end of the financial year | 9 | <u>6,471,795</u> | <u>8,433,920</u> |

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

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

1 Information about these financial statements

1.A Basis of preparation

Mapoon Aboriginal Shire Council ("the Council") is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for certain current and non-current assets which are measured at fair value and inventory which is measured at the lower of cost and realisable value.

1.B Mapoon Land Trust

Prior to the 2020-21 financial year, the Mapoon Land Trust has been treated as separate entity with transactions kept in a separate books and excluded from the Council Financial report. In 2020-21, it was determined that the Trust and Council are not separate legal entities and that therefore the transactions and balances of the Trust should be incorporated in Council's financial statements. As a result, the assets, liabilities and equity for the Mapoon Land Trust have been recognised in the financial statements of Council. In the 2020-21 financial statements, a restatement of balances as at 1 July 2019 and 30 June 2020 was necessary to rectify the error in prior years.

1.C New and revised Accounting Standards adopted during the year

Mapoon Aboriginal Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

1.D Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Council has assessed the impact of new or amended standards listed and determined that there is no material impact. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of preparing these financial statements that could be applicable to Council.

| | Effective for NFP annual report periods beginning on or after: |
|--|---|
| <i>AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)</i> | 1 January 2023 |
| <i>AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments</i> | 1 January 2022 |
| <i>AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)</i> | 1 January 2023 |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

1.E Estimates and judgements

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

Valuation and depreciation of property, plant and equipment - Note 13 and Note 14
Impairment of property, plant and equipment- Note 14
Employee Benefits - Note 6
Valuation of finance leases - Note 12
Contract assets and liabilities - Note 15
Provisions - Note 17
Financial instruments - Note 25
Revenue recognition - Note 3 and Note 4

1.F Rounding and comparatives

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard. Comparative information is prepared on the same basis as the prior year.

1.G 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.

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

Financial assets

Cash and cash equivalents - measured at amortised cost (Note 9)
Receivables - measured at amortised cost (Note 10)
Lease receivables (finance leases) - measured at fair value (Note 12)

Financial liabilities

Payables - measured at amortised cost (Note 16)

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

1.H Taxation

Mapoon Aboriginal Shire Council is exempt from Income tax, however council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST') on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

1.I The impact of COVID-19 on the financial statements

Council's operational activities for the year ended 30 June 2022 have been impacted by the COVID-19 pandemic.

The impact of Covid has been significant at an operational level as supply issues have continued to be challenging in relation to the completion of certain capital projects. Council has also experienced a high level of absenteeism related to sick leave as a result of Covid. The financial impact it is not considered to be material.

There have not been any other significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and it is confirmed that any known impacts have been reflected in the financial statements.

As at the date of signing these financial statements, given the evolving circumstances of COVID -19, the ongoing impact on Council cannot be reliably estimated for future financial periods. This is considered a non-adjusting event for financial reporting and disclosure purposes and, as such, has no impact on the amounts reported in these financial statements.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

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 :

Corporate governance and administration

The objective of corporate governance is for the 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, Councillors and Chief Executive Officer are included in corporate governance.

Major Projects

Major infrastructure development funding which has various funding bodies contributing to a single project, e.g. Construction of the Mapoon Rural Transaction Centre/Land and Sea Building.

Land and Sea

Issues relating to the surrounding land and sea are of major importance to the Mapoon community and the Council has acknowledged this by applying for significant grant funding in this area.

Community Services

Community services and facilities including cultural, health, welfare, environmental and recreational services. This function includes a range of services benefitting the members of the community.

Mapoon Store

Until October 2021, the local Mapoon Store was a Council enterprise. After this date, the store has been operated by a third party under a lease agreement with Council. All stock in hand (for stores) was transferred to the third party at that date. Sales revenue ceased and lease revenue has subsequently been recognised since the date of the lease agreement.

Fleet Management

The Council garage is used to maintain cars and machinery. It is run as an enterprise with very few external contractors.

Works

This includes all housing construction and maintenance in addition to any road works contracts.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

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

| Functions | Year ended 30 June 2022 | | | | | | Total income | Gross program income | | Total expenses | Net result from recurring operations | Net Result | Assets |
|---|-------------------------|------------------|------------------|--------------|-------------------|---------------------|----------------|----------------------|--------------------|------------------|--------------------------------------|--------------------|--------|
| | Recurring | | Capital | | Total income | Recurring | | Capital | | | | | |
| | Grants | Other | Grants | Other | | | | | | | | | |
| | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 | |
| Corporate Governance and Administration | 2,597,481 | 791,917 | - | 3,295 | 3,492,693 | (9,471,030) | (6,594) | (4,981,632) | (4,981,632) | (4,981,631) | (4,981,631) | 21,675,940 | |
| Major Projects | 226,630 | - | 4,833,414 | - | 5,160,044 | - | - | 226,630 | 226,630 | 5,160,044 | 5,160,044 | 7,776,228 | |
| Land & Sea | 1,381,580 | 109,802 | - | - | 1,491,382 | (14,186) | - | 1,477,196 | 1,477,196 | 1,477,176 | 1,477,176 | 1,180,938 | |
| Community Services | 820,050 | - | - | - | 820,050 | (25,895) | - | 794,155 | 794,155 | 794,155 | 794,155 | 12,417,284 | |
| Mapoon Store | - | 544,007 | - | - | 544,007 | (942,137) | - | (398,130) | (398,130) | (398,130) | (398,130) | 819,181 | |
| Fleet Management | - | 9,031 | - | - | 9,031 | 58,435 | - | 67,467 | 67,467 | 67,467 | 67,467 | 1,332,402 | |
| Works | 388,630 | 1,685,481 | - | - | 2,075,091 | (2,832,202) | - | (757,111) | (757,111) | (757,111) | (757,111) | 65,624,788 | |
| Total Council | 6,816,381 | 3,140,217 | 4,933,414 | 3,295 | 13,692,277 | (12,227,913) | (6,594) | (5,671,445) | (5,671,445) | 1,266,670 | 1,266,670 | 110,826,763 | |

| Functions | Year ended 30 June 2021 | | | | | | Total income | Gross program expenses | | Total expenses | Net result from recurring operations | Net Result | Assets |
|---|-------------------------|------------------|------------------|--------------|-------------------|---------------------|------------------|------------------------|--------------------|------------------|--------------------------------------|--------------------|--------|
| | Recurring | | Capital | | Total income | Recurring | | Capital | | | | | |
| | Grants | Other | Grants | Other | | | | | | | | | |
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | |
| Corporate Governance and Administration | 2,445,196 | 954,837 | - | 5,859 | 3,415,991 | (8,283,059) | (495,380) | (4,872,866) | (4,872,866) | (5,362,487) | (5,362,487) | 25,744,864 | |
| Major Projects | 1,606,894 | - | 6,913,197 | - | 8,519,891 | - | - | 1,606,894 | 1,606,894 | 8,519,891 | 8,519,891 | 11,231,600 | |
| Land & Sea | 1,226,137 | 65,343 | - | - | 1,291,480 | (19,289) | - | 1,272,190 | 1,272,190 | 1,272,190 | 1,272,190 | 1,138,523 | |
| Community Services | 959,329 | - | - | - | 959,329 | (46,652) | - | 912,677 | 912,677 | 912,677 | 912,677 | 7,428,538 | |
| Mapoon Store | - | 2,011,110 | - | - | 2,011,110 | (2,007,456) | - | 3,654 | 3,654 | 3,654 | 3,654 | 805,438 | |
| Fleet Management | - | 1,637,176 | - | - | 1,637,176 | 171,581 | - | 171,581 | 171,581 | 171,581 | 171,581 | 968,005 | |
| Works | 49,939 | 4,608,666 | - | - | 4,707,605 | (3,770,749) | (167,244) | (2,153,733) | (2,153,733) | (2,320,977) | (2,320,977) | 57,339,987 | |
| Total Council | 6,287,195 | 4,608,666 | 6,913,197 | 5,859 | 17,814,816 | (13,966,654) | (652,624) | (3,069,803) | (3,069,803) | 3,196,628 | 3,196,628 | 104,643,984 | |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

3 Revenue

(a) Fees and charges

Revenue arising from fees and charges are recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods/ services being provided.

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

| | 2022 \$ | 2021 \$ |
|------------------------|---------------|---------------|
| Agency commissions | 35,976 | 35,308 |
| Other fees and charges | - | (111) |
| | <u>35,976</u> | <u>35,197</u> |

(b) Rental income

Rent from community housing is recognised as income on a periodic straight line basis over the lease term.

| | 2022 \$ | 2021 \$ |
|------------------------------------|----------------|----------------|
| Rental income on community housing | <u>547,307</u> | <u>611,659</u> |

(c) Sales revenue

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Council generates revenue from contracts for repairs and maintenance of community housing and from 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 based on costs incurred at the reporting date. 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. The contract work carried out is not subject to retentions.

| Note | 2022 \$ | 2021 \$ |
|---------------------------------|------------------|------------------|
| Rendering of services | | |
| Contract and recoverable works | 1,237,838 | 1,239,749 |
| Sale of services - Motor | 4,018 | 21,752 |
| Sale of services - Other | 29,952 | 11,730 |
| | <u>1,271,808</u> | <u>1,273,231</u> |
| Sale of goods | | |
| Sale of goods - Store* | 544,007 | 2,011,110 |
| Sale of goods - Other | 18,978 | 21,085 |
| Sale of goods - Service Station | 511,208 | 388,549 |
| | <u>1,074,193</u> | <u>2,420,744</u> |
| Total sales revenue | <u>2,346,001</u> | <u>3,693,975</u> |

| | 2022 \$ | 2021 \$ |
|------------------------------|----------------|----------------|
| (d) Other income | | |
| Backpay on lease receivables | - | 15,174 |
| Reimbursements | 180,467 | 133,861 |
| Miscellaneous | 14,088 | 92,352 |
| | <u>194,555</u> | <u>241,387</u> |

* In October 2021 the operation of the store was leased out to a third party with sales revenue ceasing at that date.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

4 Grants, subsidies, contributions and donations

Grant income under AASB 15

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

The performance obligations vary in each agreement but include events, disability support services, etc. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receive funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and Contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| (a) Operating | | |
| State government subsidies and grants | 3,700,002 | 4,156,707 |
| Commonwealth government subsidies and grants | 1,586,297 | 1,807,066 |
| Other subsidies and grants | 229,053 | 323,422 |
| | <u>5,515,351</u> | <u>6,287,195</u> |
| (b) Capital | | |
| State government subsidies and grants | 3,856,510 | 2,971,088 |
| Commonwealth government subsidies and grants | 229,243 | - |
| Other subsidies and grants | 847,661 | 3,942,109 |
| | <u>4,933,414</u> | <u>6,913,197</u> |

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.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

4 Grants, subsidies, contributions and donations (continued)

(c) Timing of revenue recognition for grants, subsidies, contributions and donations

| | 2022 | | 2021 | |
|----------------------|---------------------------------------|------------------------------|---------------------------------------|------------------------------|
| | Revenue recognised at a point in time | Revenue recognised over time | Revenue recognised at a point in time | Revenue recognised over time |
| | \$ | \$ | \$ | \$ |
| Grants and subsidies | 4,819,174 | 5,509,556 | 4,093,823 | 8,905,663 |
| Donations | 28,864 | 91,171 | 201,106 | - |
| | <u>4,848,038</u> | <u>5,600,727</u> | <u>4,294,729</u> | <u>8,905,663</u> |

| | Note | 2022 | 2021 |
|--|------|--------------|--------------|
| | | \$ | \$ |
| 5 Other capital income | | | |
| Gain on revaluation | | | |
| Decrease in landfill provision | | 3,295 | - |
| Gain on disposal of non-current assets | | | |
| Proceeds from sale of property, plant and equipment | | - | 34,182 |
| Less: Carrying value of disposed property, plant and equipment | | - | (28,323) |
| | | <u>3,295</u> | <u>5,859</u> |

6 Employee benefits expense

Employee benefit expenses are recorded when the service has been provided by the employee. Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

| | | | |
|--|----|------------------|------------------|
| Staff wages and salaries | | 2,668,060 | 2,757,850 |
| Councillors' remuneration | | 327,875 | 335,132 |
| Annual, sick and long service leave entitlements | | 437,056 | 308,564 |
| Superannuation | 21 | 377,431 | 407,613 |
| | | <u>3,810,422</u> | <u>3,809,159</u> |
| Other employee related expenses | | 252,855 | 358,401 |
| | | <u>4,063,277</u> | <u>4,167,560</u> |
| Less: Capitalised employee expenses | | (383,999) | (415,497) |
| | | <u>3,699,278</u> | <u>3,752,063</u> |

| | 2022 | 2021 |
|--|-----------|-----------|
| | Number | Number |
| Total Council employees at the reporting date: | | |
| Elected members | 5 | 5 |
| Administration staff | 18 | 18 |
| Depot and outdoors staff | 38 | 40 |
| Total employees | <u>61</u> | <u>83</u> |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

7 Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Administration supplies and consumables | 52,816 | 48,029 |
| Advertising and marketing and promotion | 9,621 | 13,151 |
| Audit of annual financial statements by Auditor-General of Queensland * | 71,700 | 150,229 |
| Communications and IT | 294,824 | 268,497 |
| Construction materials and expenses | 321,029 | 267,946 |
| Consultants | 920,127 | 482,840 |
| Contractors | 1,171,078 | 2,278,919 |
| Donations paid | 1,400 | 16,796 |
| Fuel | 171,177 | 123,228 |
| Insurance | 298,252 | 244,951 |
| Office supplies | 12,802 | 14,667 |
| Other materials and supplies | 349,062 | 450,520 |
| Power | 78,054 | 106,661 |
| Repairs and maintenance | 248,065 | 190,429 |
| Service fees | 129,234 | 154,055 |
| Service station | 437,947 | 243,469 |
| Store cost of sales | 528,668 | 1,611,857 |
| Grants refunded | 127,405 | - |
| Subscriptions and registrations | 92,108 | 45,342 |
| Tools and minor equipment | 33,640 | 39,999 |
| Travel | 164,363 | 238,542 |
| | <u>5,513,372</u> | <u>6,990,127</u> |

* Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$71,700 (2021 \$72,000). Included in the prior year expense is an accrual for the 2020-21 audit fee in addition to the fees for the 2019-20 financial year. An accrual had not been recognised in previous years.

8 Capital expenses

Provision for landfill restoration

| | | |
|---|----------|----------------|
| Initial recognition of provision for landfill restoration | - | 167,244 |
| | <u>-</u> | <u>167,244</u> |

Loss on disposal of non-current assets

| | | |
|--|--------------|----------|
| Proceeds from the sale of property, plant and equipment | (21,455) | - |
| Less: Carrying value of disposed property, plant and equipment | 28,049 | - |
| | <u>6,594</u> | <u>-</u> |

Loss on transfer of asset to 99-year lease

| | | |
|--|----------|----------------|
| Book value of housing asset transferred to 99 year lease | - | 565,380 |
| Less: Settlement price received | - | (70,000) |
| | <u>-</u> | <u>495,380</u> |

| | | |
|-------------------------------|--------------|----------------|
| Total capital expenses | <u>6,594</u> | <u>662,624</u> |
|-------------------------------|--------------|----------------|

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call and bank overdrafts with financial institutions.

| | 2022 | 2021 |
|--|------------------|------------------|
| Note | \$ | \$ |
| Cash at bank and on hand | 2,851,103 | 3,906,174 |
| Deposits at call | 3,620,692 | 4,527,746 |
| Balance per Statement of Financial Position / Cash Flows | <u>6,471,795</u> | <u>8,433,920</u> |

Bank accounts are held with financial institutions, which are rated AA- based on rating agency Fitch Ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote. 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.

| | | | |
|---|-----|--------------------|--------------------|
| Cash and cash equivalents | (i) | 6,471,795 | 8,433,920 |
| Less: Externally imposed restrictions on cash | | <u>(2,869,213)</u> | <u>(3,662,702)</u> |
| Unrestricted cash | | <u>3,602,582</u> | <u>4,771,218</u> |

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

(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

| | | |
|--|------------------|------------------|
| Unspent government grants and subsidies | 2,869,213 | 3,662,702 |
| Total externally imposed restrictions on cash assets | <u>2,869,213</u> | <u>3,662,702</u> |

10 Trade and other receivables

| | 2022 | 2021 |
|----------------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade debtors | 475,472 | 478,548 |
| Housing rental | 52,007 | 61,595 |
| GST recoverable | 172,047 | - |
| Prepayments | 18,741 | 132,094 |
| | <u>718,267</u> | <u>672,237</u> |
| Less: Loss Allowance | <u>(140,717)</u> | <u>(129,284)</u> |
| | <u>577,550</u> | <u>542,953</u> |

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

All known bad debts are written-off at 30 June each year. Council reviews receivable balances on an individual basis to assess the expected credit losses of trade receivables from individual customers. If an amount is recovered in a subsequent period it is recognised as revenue.

No interest is charged on Trade and Other Receivables. There is no concentration of credit risk for housing rental and trade debtors receivable.

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

The loss on impairment is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate. Movement in accumulated impairment losses (housing rental and trade debtors) is as follows:

| | | |
|-----------------------------------|----------------|----------------|
| Opening balance at 1 July | 129,284 | 124,863 |
| Additional impairments recognised | 11,433 | 4,422 |
| Closing Balance at 30 June | <u>140,717</u> | <u>129,284</u> |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

10 Trade and other receivables (continued)

Expected credit loss assessment

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers.

Loss rates are assessed on the probability of a receivable progressing through successive stages of delinquency to write-off. Council does not write off the delinquent debts relating to Mapoon residents unless the chance of debt recovery is impossible. Council will, however, impair the debt 100%.

Write offs throughout the year and End of Period Expected Credit Losses for Receivables

All amounts that were written off during the reporting period and are no longer subject to enforcement activity.

| | | Closing Balance 2022 | Historical probability of default | Loss given default | Lifetime Expected Credit Loss |
|----------------------|------------|-------------------------|---|-----------------------|-------------------------------------|
| 2022 | Aging | \$ | % | % | \$ |
| Other debtors | | | | | |
| Other debtors | Current | 327,885 | | | - |
| | 1-30 days | 8,913 | 0% | 100% | - |
| | 31-60 days | 1,620 | 0% | 100% | - |
| | 61-90 days | 720 | 0% | 100% | - |
| | 90+ days | 181,175 | 78% | 100% | 140,717 |
| | | <u>520,313</u> | | | <u>140,717</u> |
| | | Closing Balance 2021 | Historical probability of default | Loss given default | Lifetime Expected Credit Loss |
| 2021 | Aging | \$ | % | % | \$ |
| Other debtors | | | | | |
| Other debtors | Current | 160,608 | 0% | 100% | - |
| | 1-30 days | 6,813 | 0% | 100% | 6.00 |
| | 31-60 days | 13,118 | 0% | 100% | - |
| | 61-90 days | 6,586 | 0% | 100% | - |
| | 90+ days | 333,318 | 39% | 100% | 129,276 |
| | | <u>520,441</u> | | | <u>129,276</u> |

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

11 Inventories

Stores, raw materials and supermarket 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.

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| Inventories held for sale | | |
| Miscellaneous saleable items | 8,689 | 1,092 |
| Store stock * | - | 213,215 |
| Fuel stock | 89,672 | 33,080 |
| | <u>98,361</u> | <u>247,387</u> |
| Inventories held for distribution | | |
| Plant and equipment stores | 71,899 | 90,722 |
| | <u>71,899</u> | <u>90,722</u> |
| Total Inventories | <u>170,260</u> | <u>338,109</u> |

* In October 2021 the operation of the store was leased out to a third party with inventory transferred at that date.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

12 Leases

Council as a lessee

Council has no a current lease in place over the operation of the Mapoon store. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Exceptions to lease accounting

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

Leases at significantly below market value - Concessionary / peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council has elected not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated. Council does not believe that any of these leases in place are individually material.

Council as a lessor

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

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers. The lease income is recognised on a straight-line basis over the lease term.

Until October 2021, the local Mapoon Store was a Council enterprise. After this date, the store has been operated by a third party under a lease agreement with Council. Lease revenue has been recognised since the date of the lease agreement.

Finance leases

The Council has leased 83 dwellings as lessor to the Queensland Government for 40 years. The total average lease payment per dwelling in the current year was \$3,078 (2021: \$3,026). These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as recurrent revenue or expenses.

| | 2022 \$ | 2021 \$ |
|------------------------------------|------------------|-------------------|
| Current other financial assets | | |
| Finance leases receivable | 270,841 | 256,448 |
| | <u>270,841</u> | <u>256,448</u> |
| Non-current other financial assets | | |
| Finance leases receivable | 9,339,472 | 10,828,866 |
| | <u>9,339,472</u> | <u>10,828,866</u> |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

12 Leases (continued)

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

| | | |
|---|------------------|-------------------|
| Gross minimum lease payments receivable: | | |
| Not later than one year | 270,841 | 256,448 |
| Later than one year but not later than five years | 1,083,384 | 1,025,792 |
| Later than five years | 7,642,536 | 7,492,661 |
| | <u>8,996,741</u> | <u>8,774,901</u> |
| Add: estimated contingent rent | 7,714,991 | 4,888,090 |
| Less: present value adjustment | (7,101,419) | (2,577,677) |
| Fair value of lease payments | <u>9,610,313</u> | <u>11,085,314</u> |

The fair value of lease payments are receivable as follows:

| | | |
|---|------------------|-------------------|
| Not later than one year | 270,841 | 256,448 |
| Later than one year but not later than five years | 1,094,372 | 1,061,007 |
| Later than five years | 8,245,100 | 9,767,859 |
| | <u>9,610,313</u> | <u>11,085,314</u> |

Movements in lease receivables were as follows:

| | | |
|----------------------------|------------------|-------------------|
| Opening balance | 11,085,314 | 11,877,187 |
| Less: lease receipts | (255,494) | (251,171) |
| Gain/(loss) on revaluation | (1,219,507) | (540,702) |
| Closing balance | <u>9,610,313</u> | <u>11,085,314</u> |

The calculation of fair value has included an estimate of average annual CPI increases of 3.55% (2021:2.5%) and a discount rate of 3.13% (2021: 1.13%).

Finance leases are to the State of Queensland, represented by the Department of Communities, Housing and Digital Economy. The likelihood of this counterparty not having capacity to meet its financial commitments is considered low.

Over recent years, Council has entered into a number of Home Ownership lease agreements with Community residents. These lease agreements relate to Council houses and are for a term of 99 years with an initial one off settlement payment, a rent component of \$1 and a rates component of between \$2,000 - \$3,000. It is considered that the rates component does not form part of the lease agreement for accounting purposes and the leases therefore have been treated as peppercorn leases with the rates element to be recognised as revenue in the year received. It is noted that prior to the 2020-21 financial year, the houses included in the leases were recognised in the Statement of Financial Position as either housing assets in property, plant and equipment or lease assets under 40 year housing leases. The impact of the houses transferred into 99 year lease assets consequently resulted in a loss in the previous year on transfer of assets in the Statement of Comprehensive Income for Council.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

13 Property, plant and equipment

30 June 2022

Notes

Basis of measurement
Fair value category
Asset values
Opening gross value as at 1 July 2021
Additions
Renewals
Other additions
Disposals
Revaluation adjustment to other comprehensive income (asset revaluation surplus) *
Transfers between classes
Closing gross value as at 30 June 2022
Accumulated depreciation and impairment
Opening balance as at 1 July 2021
Depreciation expense
Depreciation on disposals
Revaluation adjustment to other comprehensive income (asset revaluation surplus)
Accumulated depreciation as at 30 June 2022
Book value as at 30 June 2022
Residual value
Range of estimated useful life in years

| | Houses | | Other Buildings | | Major Plant | | Other Plant and Equipment | | Road, drainage and bridge network | | Water Infrastructure | | Other Infrastructure assets | | Work in progress | | Total |
|--|--------------------|------------|--------------------|-----------|--------------------|------------|---------------------------|--------------------|-----------------------------------|--------------------|----------------------|--------------------|-----------------------------|--------------------|------------------|------|------------|
| | Fair Value Level 3 | \$ | Fair Value Level 3 | \$ | Fair Value Level 3 | \$ | Cost | Fair Value Level 3 | \$ | Fair Value Level 3 | \$ | Fair Value Level 3 | \$ | Fair Value Level 3 | \$ | Cost | |
| | 4,953,989 | 17,948,496 | 384,506 | 3,089,951 | 47,179,450 | 7,341,100 | 5,793,471 | 10,738,669 | 97,459,661 | | | | | | | | |
| Renewals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 975,837 | - | 975,837 |
| Other additions | - | - | - | 924,443 | - | - | - | - | - | - | - | - | - | - | 4,934,540 | - | 5,858,983 |
| Disposals | - | - | - | (87,643) | - | - | - | - | - | - | - | - | - | - | - | - | (87,643) |
| Revaluation adjustment to other comprehensive income (asset revaluation surplus) * | 757,958 | 1,908,484 | - | - | 3,774,357 | 604,730 | (240,981) | - | - | - | - | - | - | - | - | - | 6,804,548 |
| Transfers between classes | - | 4,110,075 | - | 77,795 | - | 3,332,182 | 1,382,793 | (8,902,845) | - | - | - | - | - | - | - | - | - |
| Closing gross value as at 30 June 2022 | 5,741,947 | 23,967,055 | 384,506 | 4,004,546 | 50,953,807 | 11,278,012 | 6,935,283 | 7,746,231 | 111,011,388 | | | | | | | | |
| Accumulated depreciation and impairment | | | | | | | | | | | | | | | | | |
| Opening balance as at 1 July 2021 | 2,277,055 | 4,715,506 | 366,326 | 1,600,889 | 3,893,961 | 1,406,500 | 806,934 | - | - | - | - | - | - | - | - | - | 15,087,172 |
| Depreciation expense | 164,520 | 563,169 | 18,180 | 277,792 | 510,466 | 105,027 | 106,777 | - | - | - | - | - | - | - | - | - | 1,745,931 |
| Depreciation on disposals | - | - | - | (59,594) | - | - | - | - | - | - | - | - | - | - | - | - | (59,594) |
| Revaluation adjustment to other comprehensive income (asset revaluation surplus) | 371,338 | 666,400 | - | - | 352,354 | 124,949 | (141,531) | - | - | - | - | - | - | - | - | - | 1,273,510 |
| Accumulated depreciation as at 30 June 2022 | 2,812,913 | 5,845,075 | 384,506 | 1,819,087 | 4,756,781 | 1,636,476 | 772,180 | - | - | - | - | - | - | - | - | - | 18,027,019 |
| Book value as at 30 June 2022 | 2,929,034 | 18,121,980 | - | 2,185,459 | 46,197,026 | 9,641,536 | 6,163,103 | 7,746,231 | 92,984,367 | | | | | | | | |
| Residual value | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Range of estimated useful life in years | 7-70 | 6-150 | 10 | 5-30 | 19-200 | 20-99 | 15-200 | - | - | - | - | - | - | - | - | - | - |

* The downward revaluation adjustment in relation to other infrastructure assets relates to costs incurred during the construction of the barge ramp which had been incorporated into the comprehensive valuation exercise in the prior year.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

13 Property, plant and equipment (continued)

30 June 2021

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2020

Correction of opening balances

Additions

Renewals

Other additions

Disposals

Revaluation adjustment to other comprehensive income

(asset revaluation surplus)

Transfers between classes

Closing gross value as at 30 June 2021

Accumulated depreciation and impairment

Opening balance as at 1 July 2020

Transfers between classes

Depreciation expense

Depreciation on disposals

Revaluation adjustment to other comprehensive income

(asset revaluation surplus)

Accumulated depreciation as at 30 June 2021

Book value as at 30 June 2021

Residual value

Range of estimated useful life in years

| Houses | Other Buildings | | Major Plant | | Other Plant and Equipment | | Road, drainage and bridge network | | Water infrastructure | | Other Infrastructure assets | | Work in progress | | Total |
|--------------|--------------------|--------------------|--------------------|---------------|---------------------------|--------------------|-----------------------------------|--------------------|----------------------|--------------------|-----------------------------|--------------|------------------|---------------|-------|
| | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Cost | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Fair Value Level 3 | Cost | Cost | | |
| \$ 5,357,407 | \$ 17,228,440 | \$ 382,421 | \$ 2,797,253 | \$ 49,501,643 | \$ 6,805,731 | \$ 9,307,959 | \$ 3,054,916 | \$ 1,106,334 | \$ 1,106,334 | \$ 296,009 | \$ 7,100,444 | \$ (945,894) | \$ 1,471,988 | \$ 86,430,770 | |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| - | - | - | 328,003 | - | - | - | - | - | - | - | - | - | - | - | |
| (830,177) | - | - | (115,717) | - | - | - | - | - | - | - | - | - | - | - | |
| 120,848 | 776,202 | - | - | 3,522,717 | 558,719 | (3,508,488) | - | - | - | - | - | - | - | 1,471,988 | |
| 335,911 | (59,146) | 2,085 | 80,411 | 155,090 | (23,350) | - | (481,001) | - | - | - | - | - | - | - | |
| 4,983,989 | 17,948,496 | 384,506 | 3,088,951 | 47,175,450 | 7,341,100 | 5,793,471 | 10,738,699 | 97,459,681 | - | - | - | - | - | - | |
| 3,193,171 | 4,925,593 | 351,248 | 1,292,613 | 7,986,128 | 2,025,113 | 4,128,198 | 6,113 | 23,806,178 | - | - | - | - | - | - | |
| - | (21,699) | (3,102) | 26,319 | 9,215 | (4,620) | - | (6,113) | - | - | - | - | - | - | - | |
| 135,307 | 723,865 | 18,180 | 316,680 | 985,388 | 182,016 | 288,674 | - | 2,680,110 | - | - | - | - | - | - | |
| (264,797) | - | - | (34,723) | - | - | - | - | (299,520) | - | - | - | - | - | - | |
| (786,626) | (912,253) | - | - | (4,996,770) | (796,009) | (3,607,938) | - | (11,099,596) | - | - | - | - | - | - | |
| 2,277,055 | 4,715,506 | 366,326 | 1,600,889 | 3,893,961 | 1,406,500 | 806,934 | - | 15,067,172 | - | - | - | - | - | - | |
| 2,706,934 | 13,232,990 | 18,180 | 1,489,061 | 43,285,489 | 5,934,600 | 4,866,537 | 10,738,699 | 82,392,489 | - | - | - | - | - | - | |
| 7-70 | 6-150 | 10 | 5-30 | 19-200 | 20-99 | 15-200 | - | - | - | - | - | - | - | - | |

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

13 Property, plant and equipment (continued)

(a) Recognition

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network.

Land under roads and reserve land under the Land Act 1994 or Land Title Act 1994 is controlled by Queensland State Government and not recognised in the Council financial statements.

Deed of Grant in Trust Land

The Council is located on land comprising an area of approximately 53,000 hectares, assigned to two separate trusts under a Deed of Grant in Trust (DOGIT) under Section 341 of the *Land Act 1994*. One trust, for which the Council is the sole trustee relates to the town area. The other trust covers the surrounding areas.

The land is administered by the Department of the Environment and Resource Management 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.

(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

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.

(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Work in progress and certain road formations are not depreciated as these assets have unlimited useful lives.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate.

Depreciation methods, estimated useful lives and residual values 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. Details of the range of estimated useful lives for each class of asset are shown in the table in this note.

Key judgements and estimates:

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

13 Property, plant and equipment (continued)

(d) Impairment

Property, plant and equipment held at cost 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.

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

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

(e) Valuation

Key judgments and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

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.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

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.

Details of valuers and methods of valuations are disclosed in Note 14.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

14 Fair Value Measurements

Key judgements and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

(i) Recognised fair value measurements

Fair values are classified into three levels as follows:

- 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, such as prices for similar assets, for the asset or liability
- Level 3 - Fair value based on unobservable inputs for the asset and liability

There were no transfers between levels of the hierarchy during the year.

The 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 techniques used to derive fair values for level 3 valuations

Specific valuation techniques used to value Council assets comprise:

| Asset class and fair value hierarchy | Valuation approach | Last comprehensive valuation date | Valuer engaged | Key assumptions and estimates (related data sources) | Index applied (change in Index recognised this year) |
|--------------------------------------|--------------------------|-----------------------------------|-------------------|---|--|
| Houses and Other Buildings (level 3) | Current Replacement Cost | 30-Jun-21 | APV Asset Valuers | <p>Replacement Cost (based on actual dimensions and unit rates derived from market evidence)</p> <p>Residual Value (based on estimated proceeds from disposal at the end of the useful life – typically assessed as nil)</p> <p>Split between short-life and long-life part (based on consideration of likely future asset management treatments)</p> <p>Valuation Profile (based on how market participants perceive the relationship between asset condition, cost to renew the asset and the associated value).</p> <p>Consumption score (based on physical characteristics as well as potential impact of changes in functionality, capacity, obsolescence and legal and other limits).</p> | <p>An Increase of 13.4% - 15.3% for the Houses asset class and an Increase of 4.1% - 15.3% for the Other Building has been adopted.</p> <p>This is based on composite price movements in labour, materials and overheads relevant to typical Council buildings over the period. Reference has been made to published indices including Rawlinson's Building Cost Index Brisbane, house construction PPI (Queensland), building construction PPI (Queensland), other residential building construction PPI (Queensland) and non-residential building construction PPI (Queensland).</p> <p>Council considered the indices recommended by the external valuer and incorporated the most up to date available information at the time of preparing the financial statements. The significant increases in material and labour costs for the final half of the 2021/22 financial year have been reflected in the indexation percentages applied.</p> |

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

14 Fair Value Measurements (continued)

| Asset class and fair value hierarchy | Valuation approach | Last comprehensive valuation date | Valuer engaged | Key assumptions and estimates (related data sources) | Index applied (change in index recognised this year) |
|--------------------------------------|--------------------------|-----------------------------------|-------------------|---|--|
| Infrastructure assets (Level 3) | Current Replacement Cost | 30-Jun-21 | APV Asset Valuers | <p>Replacement Cost (based on actual dimensions and unit rates derived from market evidence)</p> <p>Residual Value (based on estimated proceeds from disposal at the end of the useful life – typically assessed as nil)</p> <p>Split between short-life and long-life part (based on consideration of likely future asset management treatments)</p> <p>Valuation Profile (based on how market participants perceive the relationship between asset condition, cost to renew the asset and the associated value).</p> <p>Consumption score (based on physical characteristics as well as potential impact of changes in functionality, capacity, obsolescence and legal and other limits.</p> | <p>An increase of 3.0% - 13.9% has been adopted for roads and other infrastructure. These movements reflect the movements in unit rate/tender pricing for materials, labour and overheads and general consensus of price movements for projects within Cape York. Also, reference has been made to the published index of other heavy and civil construction PPI (Queensland).</p> <p>Council considered the indices recommended by the external valuer and incorporated the most up to date available information at the time of preparing the financial statements. The significant increases in material and labour costs for the final half of the 2021/22 financial year have been reflected in the indexation percentages applied.</p> |
| Roads, drainage and bridge network | Current Replacement Cost | 30-Jun-21 | APV Asset Valuers | <p>Used actual construction or purchase prices for recent projects. This may include further enquires with the supplier to ensure we have adjusted for any recent price movements. Depending on the complexity of the project it may also involve disaggregating the overall cost into greater detail. Applicable data from valuers database of actual projects cost were used and other cost guides such as Rawlinson's Construction Guide and Cordell's.</p> <p>Some assets (such as underground pipes and structures) were not inspected due to the nature and the cost involved in undertaking extensive engineering assessments. Where available, reliance was placed on condition assessment and attribute data maintained within the Council's asset management and GIS systems.</p> | <p>An increase of 8.0% has been adopted for roads and other infrastructure. These movements reflect the movements in unit rate/tender pricing for materials, labour and overheads and general consensus of price movements for projects within Cape York. Also, reference has been made to the published index of road and bridge construction PPI (Queensland).</p> <p>Council considered the indices recommended by the external valuer and incorporated the most up to date available information at the time of preparing the financial statements. The significant increases in material and labour costs for the final half of the 2021/22 financial year have been reflected in the indexation percentages applied.</p> |

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

14 Fair Value Measurements (continued)

| Asset class and fair value hierarchy | Valuation approach | Last comprehensive valuation date | Valuer engaged | Key assumptions and estimates (related data sources) | Index applied (change in Index recognised this year) |
|--|--------------------------|-----------------------------------|-------------------|---|---|
| Water, sewerage and other infrastructure | Current Replacement Cost | 30-Jun-21 | APV Asset Valuers | <p>Used actual construction or purchase prices for recent projects. This may include further enquires with the supplier to ensure we have adjusted for any recent price movements. Depending on the complexity of the project it may also involve disaggregating the overall cost into greater detail. Applicable data from valuers database of actual projects cost were used and other cost guides such as Rawlinson's Construction Guide and Cordell's.</p> <p>Some assets (such as underground pipes and structures) were not inspected due to the nature and the cost involved in undertaking extensive engineering assessments. Where available, reliance was placed on condition assessment and attribute data maintained within the Council's asset management and GIS systems.</p> | <p>An increase of 8.2% - 8.8% has been adopted for water, sewerage and other infrastructure. These movements reflect the movements in unit rate/tender pricing for materials, labour and overheads and general consensus of price movements for projects within Cape York. Also, reference has been made to the published index of other heavy and civil construction PPI (Queensland).</p> <p>Council considered the indices recommended by the external valuer and incorporated the most up to date available information at the time of preparing the financial statements. The significant increases in material and labour costs for the final half of the 2021/22 financial year have been reflected in the indexation percentages applied.</p> |

Finance lease assets (Level 3)

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). Council's current policy for the valuation of finance leases is set out in Note 12.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

There have been no transfers between level 1, 2 or 3 measurements during the year.

(iv) Valuation processes

Council's valuation policies and procedures are set by the Executive Management team. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 13. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

15 Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Contract assets | | |
| Operating | 7,311 | 246,875 |
| Capital | 940,167 | 1,539,323 |
| | <u>947,478</u> | <u>1,786,199</u> |
| (b) Contract liabilities | | |
| Funds received upfront to construct Council controlled assets | 1,503,508 | 1,879,749 |
| Non-capital performance obligations not yet satisfied | 75,107 | 240,512 |
| | <u>1,578,615</u> | <u>2,120,261</u> |

(c) Significant changes in contract balances

Significant movements in contract assets and contract liabilities that have occurred during the year were due to the completion of various capital works as reflected in the transfer of work in progress to relevant asset categories.

16 Trade and other payables

| | 2022 | 2021 |
|----------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Creditors | 1,241,619 | 1,046,091 |
| Accruals | 295,870 | 754,036 |
| Other payables | 102,277 | 33,747 |
| | <u>1,639,766</u> | <u>1,833,874</u> |

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.

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 as a payable.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

17 Provisions

| | 2022 | 2021 |
|----------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Landfill restoration | 67,690 | - |
| Annual leave | 158,549 | 144,311 |
| Long service leave | 60,809 | 54,072 |
| | <u>287,048</u> | <u>198,383</u> |
| Non-current | | |
| Landfill restoration | 96,260 | 167,244 |
| Long service leave | 39,097 | 27,953 |
| | <u>135,357</u> | <u>195,197</u> |

Details of movements of landfill restoration:

| | | |
|---|----------------|----------------|
| Landfill restoration provision | | |
| Balance at beginning of financial year | 167,244 | - |
| Movement as a result of change in discount rate | (3,294) | |
| Initial recognition | - | 167,244 |
| Balance at end of financial year | <u>163,950</u> | <u>167,244</u> |

Liabilities are recognised for employee benefits such as annual and long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Long service leave

The provision for long service leave represents 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 liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

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.

Landfill restoration provision

A provision is made for the cost of restoring refuse dumps where it is probable the council will have an obligation to rehabilitate the site when the use of the facilities is complete.

The calculation of the provisions use assumptions including 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. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Landfill restoration provision represents the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

18 Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| Movements in the asset revaluation surplus were as follows: | | |
| Balance at the beginning of the year | 45,366,076 | 32,794,482 |
| Net adjustment to non-current assets at end of period to reflect a change in current fair value: | | |
| Houses | 386,620 | 907,474 |
| Other buildings | 1,342,084 | 1,690,455 |
| Road, drainage and bridge network | 3,422,003 | 8,519,487 |
| Water | 479,781 | 1,354,728 |
| Other infrastructure assets | (99,450) | 99,450 |
| | <u>5,531,038</u> | <u>12,571,594</u> |
| Balance at the end of the year | <u>50,897,114</u> | <u>45,366,076</u> |
| Asset revaluation surplus analysis | | |
| The closing balance of the asset revaluation surplus comprises the following asset categories: | | |
| Houses | 2,497,015 | 2,110,395 |
| Other buildings | 16,710,072 | 15,367,988 |
| Major plant | 410,005 | 410,005 |
| Other plant and equipment | 149,632 | 149,632 |
| Road, drainage and bridge network | 27,037,080 | 23,615,057 |
| Water | 4,088,904 | 3,609,123 |
| Other infrastructure assets | - | 99,450 |
| Work in progress | 4,426 | 4,426 |
| | <u>50,897,114</u> | <u>45,366,076</u> |

19 Commitments for expenditure

Contractual commitments

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

| | | |
|-----------------|----------------|----------|
| Within one year | 166,695 | - |
| | <u>166,695</u> | <u>-</u> |

20 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 2021 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

21 Superannuation

Council contributes to the Brighter Super (previously know as LGIASuper). Brighter Super is a Multiemployer Plan as defined in Australian Accounting Standard AASB 119 Employee Benefits. The scheme has a number of elements including defined benefits funds and an accumulated benefits fund. Council does not have any employees who are members of the defined benefits funds and so is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulated benefits fund.

| | Note | 2022 \$ | 2021 \$ |
|--|------|----------------|----------------|
| Superannuation contributions to LGIA Accumulated Benefits Funds | | 256,756 | 292,163 |
| Other superannuation contributions to Accumulated Benefits Funds | | 120,875 | 115,430 |
| | 6 | <u>377,431</u> | <u>407,613</u> |

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

| | | | |
|---|----|--------------------|--------------------|
| Net operating result | | 1,358,670 | 3,196,528 |
| Non-cash operating items: | | | |
| Depreciation and amortisation | 13 | 1,745,931 | 2,660,110 |
| Revaluation adjustments on leases | 12 | 1,219,507 | 540,702 |
| | | <u>2,965,438</u> | <u>3,200,812</u> |
| Investing and development activities (non-cash): | | | |
| Net (gain)/loss on disposal of non-current assets | | 6,594 | 542,191 |
| Capital grants | | (4,933,414) | (6,913,197) |
| | | <u>(4,926,820)</u> | <u>(6,371,006)</u> |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables | | (34,587) | (46,678) |
| (Increase)/decrease in inventory | | 167,849 | (66,834) |
| Increase/(decrease) in payables | | (194,106) | 1,532,938 |
| (Increase)/decrease in contract assets | | 239,564 | (33,356) |
| Increase/(decrease) in contract liabilities | | (165,405) | (18,121) |
| Increase/(decrease) in provisions | | 28,825 | 31,889 |
| | | <u>42,130</u> | <u>1,399,638</u> |
| Net cash inflow/(outflow) from operating activities | | <u>(580,581)</u> | <u>1,426,173</u> |

23 Events after the reporting period

To the best of Council's knowledge at the date of this financial report, there are no post balance date events that are likely to have a material impact on the financial statements.

**Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022**

24 Correction of errors

Understatement of property plant and equipment and overstatement of expenditure/retained earnings

During the 2021-22 financial year, the construction of various capital projects such as the Aged Day Care Centre, Mapoon Community Church and the new concrete reservoir have been completed. The projects commenced in previous financial years with expenditure being incurred in the 2018-19, 2019-20, 2020-21 and 2021-22 financial years.

During a detailed review of the costs included in work in progress and a comparison with the total expenditure captured in the various job codes, it was noted that the total expenditure included in work in progress was significantly lower than the amount reported in the job codes. Analysis of prior year work in progress movements revealed that in both the 2018-19 and 2019-20 financial years capital expenditure had not been transferred from recurrent expenditure to the balance of work in progress.

The impact of this error results in an understatement of work in progress included in the balance of property, plant and equipment and an overstatement of expenditure in the 2018-19 and 2019-20 financials years, with an understatement of opening retained earnings as at 1 July 2020. The adjustments are as follows:

Statement of financial position at 1 July 2020

| | Original balance as presented at 30 June 2020 | Adjustment | Restated at 1 July 2020 |
|---------------------------------|---|------------------|----------------------------|
| | \$ | \$ | \$ |
| Non-current assets | | | |
| Property, plant and equipment | 64,624,592 | 1,106,334 | 65,730,926 |
| Total non-current assets | <u>76,320,257</u> | <u>1,106,334</u> | <u>77,426,591</u> |
| Total assets | <u>88,162,016</u> | <u>1,106,334</u> | <u>89,268,350</u> |
| Net community assets | <u>83,421,813</u> | <u>1,106,334</u> | <u>84,528,147</u> |
| Community equity | | | |
| Retained surplus | 50,627,331 | 1,106,334 | 51,733,665 |
| Total community equity | <u>83,421,813</u> | <u>1,106,334</u> | <u>84,528,147</u> |

Statement of financial position at 30 June 2021

| | Original balance as presented at 30 June 2021 | Adjustment | Restated at 30 June 2021 |
|---------------------------------|---|------------------|-----------------------------|
| | \$ | \$ | \$ |
| Non-current assets | | | |
| Property, plant and equipment | 81,286,155 | 1,106,334 | 82,392,489 |
| Total non-current assets | <u>92,180,021</u> | <u>1,106,334</u> | <u>93,286,355</u> |
| Total assets | <u>103,537,649</u> | <u>1,106,334</u> | <u>104,643,983</u> |
| Net community assets | <u>99,189,935</u> | <u>1,106,334</u> | <u>100,296,269</u> |
| Community equity | | | |
| Retained surplus | 53,823,859 | 1,106,334 | 54,930,193 |
| Total community equity | <u>99,189,935</u> | <u>1,106,334</u> | <u>100,296,269</u> |

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

25 Financial instruments and financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

Mapoon 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 risk committee / management (as appropriate) 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.

Mapoon 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 investments and receivables from customers.

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 Mapoon Aboriginal Shire Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents
See Note 9.

Trade and other receivables

A summary of Council's exposure to credit risk is detailed in Note 10.

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.

Exposure to liquidity risk

Mapoon 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, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 9.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

25 Financial instruments (continued)

Liquidity risk (continued)

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:

| | | 0 to 1 year | 1 to 5 years | Over 5 years | Total contractual cash flows | Carrying amount |
|--------------------------|------|------------------|--------------|--------------|------------------------------|------------------|
| | Note | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | | |
| Trade and other payables | 16 | 1,241,619 | - | - | 1,241,619 | 1,241,619 |
| | | <u>1,241,619</u> | <u>-</u> | <u>-</u> | <u>1,241,619</u> | <u>1,241,619</u> |
| 2021 | | | | | | |
| Trade and other payables | 16 | 1,046,091 | - | - | 1,046,091 | 1,046,091 |
| | | <u>1,046,091</u> | <u>-</u> | <u>-</u> | <u>1,046,091</u> | <u>1,046,091</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

Mapoon Aboriginal Shire Council is exposed to interest rate risk through investments with Queensland Country Bank (QCB).

Sensitivity

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

The following Interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit 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.

| | Note | Net carrying amount | Effect on Net Result | Effect on Equity |
|------------------|------|---------------------|----------------------|-------------------|
| | | \$ | 1% increase \$ | 1% decrease \$ |
| Council | | | | |
| 2022 | | | | |
| Cash balance | 9 | 6,471,795 | 64,718 | (64,718) |
| Net total | | <u>6,471,795</u> | <u>64,718</u> | <u>(64,718)</u> |
| 2021 | | | | |
| Cash balance | 9 | 8,433,920 | 84,339 | (84,339) |
| Net total | | <u>8,433,920</u> | <u>84,339</u> | <u>(84,339)</u> |

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.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP comprises:

| | 2022 | 2021 |
|------------------------------|----------------|------------------|
| | \$ | \$ |
| Transaction Type | | |
| Short-term employee benefits | 779,347 | 970,555 |
| Post-employment benefits | 92,037 | 113,533 |
| Long-term benefits | 3,253 | 9,071 |
| Total | 874,637 | 1,093,159 |

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

| Details of Transaction | Additional Information | 2022 | 2021 |
|---|------------------------|---------|---------|
| | | \$ | \$ |
| Employee expenses for close family members of key management personnel | 26(b)(i) | 245,845 | 433,282 |
| Purchase of materials and services from close family members of KMP or entities owned and/or controlled by the close family members | 26(b)(ii) | 99,771 | 9,950 |
| Key management services provided by Peak Services | 26(b)(iii) | 382,241 | - |
| Fees and charges paid to entities controlled by KMP | 26(b)(iv) | 59,373 | - |
| Sale and other income charges to related parties | 26(b)(v) | 66,721 | - |

(i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Council employs 61 (2021: 63) staff of which 7 (2021: 9) are close family members of key management personnel.

(ii) Council purchased material and services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of Council operations.

(iii) Council has appointed 2 interim CEOs during the year under the arrangement with Peak Services. These amount have been excluded from the KMP remuneration disclosure in the above.

(iv) Council paid Ruguupyne Aboriginal Corporation for native title compensation on land used by Council in accordance with the agreement signed by both parties.

(v) Income generated from fees and charges, rent and income provided to KMP, close family members and controlled entity were on arm's length basis and in accordance with Council's schedule of fees and charges.

Mapoon Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2022

26 Transactions with related parties (continued)

(c) Outstanding balances

Council held no outstanding balances at the end of the reporting period in relation to transactions with related parties.

(d) Loans and guarantees to/from related parties

Council is prohibited by the *Local Government Act 2009* from making loans or guarantees to related parties other than entities under the Council control. No loans guarantees or bonds were entered into for the year ended 30 June 2022.

(e) Commitments to/from other related parties

Council has nil commitments to or from other related parties as at balance date.

(f) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Mapoon Aboriginal Council Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of gas bottles
- Dog registration
- Provision of services

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.


Mapoon Aboriginal Shire Council
Financial statements
For the year ended 30 June 2022

Management Certificate
For the year ended 30 June 2022

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 34, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Alleen Addo

Date 28/10/22



Chief Executive Officer
Thomas Smith

Date 28/10/22

INDEPENDENT AUDITOR'S REPORT

To councillors of Mapoon Aboriginal Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Mapoon Aboriginal Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended.
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Mapoon Aboriginal Shire Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Lisa Fraser
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office
Brisbane

**Mapoon Aboriginal Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2022**

Measures of Financial Sustainability

Council's performance at 30 June 2022 against key financial ratios and targets:

| | How the measure is calculated | Actual - Council | Target |
|---------------------------------|--|------------------|----------------------|
| Operating surplus ratio | Net result (excluding capital items) divided by total operating revenue (excluding capital items) | -41% | Between 0% and 10% |
| Asset sustainability ratio | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense. | 67% | greater than 90% |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | -55% | not greater than 60% |

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2022.

**Certificate of Accuracy
For the year ended 30 June 2022**

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

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



Mayor
Alleen Adio

Date 28/10/22



Chief Executive Officer
Thomas Smith

Date 28/10/22

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Mapoon Aboriginal Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Mapoon Aboriginal Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Mapoon Aboriginal Shire Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Mapoon Aboriginal Shire Council's annual report for the year ended 30 June 2022 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

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



Lisa Fraser
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office
Brisbane

Mapoon Aboriginal Shire Council
 Unaudited Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2022

Measures Of Financial Sustainability

| Measure | Target | Actuals at | | | | | | | | | | |
|---------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 | 30 June 2029 | 30 June 2030 | 30 June 2031 | 30 June 2032 |

| Council | Measure | Target | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 | 30 June 2029 | 30 June 2030 | 30 June 2031 | 30 June 2032 |
|---------|---------------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Operating surplus ratio | Net result divided by total operating revenue | | | | | | | | | | | |
| | | Between 0% and 10% | | | | | | | | | | | |
| | Asset sustainability ratio | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense | -41% | -35% | 18% | 29% | 24% | 29% | 24% | 29% | 29% | 23% | 24% |
| | | greater than 80% | | | | | | | | | | | |
| | Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue | 87% | 26% | 103% | 103% | 103% | 103% | 103% | 103% | 103% | 103% | 89% |
| | | not greater than 80% | | | | | | | | | | | |
| | | | -55% | -60% | -40% | -37% | -62% | -47% | -66% | -60% | -77% | -65% | -63% |

Mapoon Aboriginal Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs. The council is highly dependant upon external funding, a situation it is adapting to resolve. This is an issue which affects all indigenous councils.

Certificate of Accuracy For the long-term financial sustainability statement prepared as at 30 June 2022

This long-term financial sustainability statement has been prepared pursuant to Section 176 of the Local Government Regulation 2012 (the regulation).

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


 Mayor
 Aileen Addo

Date 28/10/22


 Chief Executive Officer
 Thomas Smith

Date 28/10/22

