



Aurukun Shire Council



2018-2019 ANNUAL REPORT

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Photo acknowledgement: Front Cover by Noel Waterman

MESSAGE FROM THE MAYOR



Aurukun Shire Council is proud of its efforts during 2018/19.

Sealing of Aurukun Access Road was completed within the Shire in late 2018. Now Council continues to lobby Governments for the construction and sealing of 26km of the Aurukun Access Road within Cook Shire.

We continue to hold monthly video conferences with Ministerial Champion Di Farmer and Government Champion Rachel Hunter. This process enables Council to positively enhance lifestyle, services, facilities and government funding for Aurukun Shire.

The Wo'uw Ko'alam Community Centre is being increasingly used by the community and the events assist in bringing the community together. The Onchan Min Festival was a great example of how community people can come together and have a very enjoyable time

Upgrading of facilities continues with the improvements at the Aurukun community fuel station. With the closure of the Aurukun Old Cemetery, the new Aak Ngench Thayan Cemetery is providing a better organised and drier site for our loved ones.

An unqualified report has again been received for Council's financial statements from the Queensland Audit Office. The ongoing efforts of our management team and staff are appreciated and their contributions in delivering a broad range of essential services are to be commended.

Council strongly supports the elected local government authority to be the community organisation to provide the majority of community services with the support of government funding.

Dereck Walpo

Mayor

AURUKUN SHIRE PROFILE

Legal Status

The Aurukun Shire Council operates under Queensland Government Legislation, namely the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is constituted by the Councillors who are elected or appointed to be local government under this *Act*. Council's ABN is 32 338 490 426. Council's GST registration is effective from 1 July 2000.



From left to right: Cr Doris Poonkamelya OAM, Cr Vera Koomeeta OAM, Cr Ada Woolla OAM, Mayor Dereck Walpo, Deputy Mayor Edgar Kerindun OAM.

COMMUNITY PROFILES

Portfolio and Committee Representation

| | |
|---------------------------------------|--|
| Mayor Cr Dereck Walpo | <p>Served 1994-97, 2004-2008. Elected 2012 to date. Portfolio – Health, Business Development, Community Safety and Environment.</p> <p>Council Representative: Local Government Association of Queensland (LGAQ) Torres Cape Indigenous Council Alliance (TCICA) Inc Island and Cape Retail Enterprises Local Disaster Management Group (LDMG) Aurukun Health Action Team Western Cape Communities Trust – Southern Region</p> |
| Deputy Mayor Cr Edgar Kerindun OAM | <p>Elected 2008-2016. Re-elected 2016 to date. Portfolio – Transport and Infrastructure, Training and Employment. Local Disaster Management Group (LDMG)</p> <p>Member: Family Responsibilities Commission (FRC)</p> |
| Cr Ada Woolla OAM | <p>Elected 2012-2016. Re-elected 2016 to date. Portfolio – Arts, Craft and Culture</p> <p>Member: Families Responsibilities Commission (FRC) Queensland First Children and Families Board</p> |
| Cr Vera Koomeeta OAM | <p>Elected 2012-2016. Re-elected 2016 to date Portfolio – Sport, Recreation and Education Services</p> <p>Member: Families Responsibilities Commission (FRC)</p> |
| Cr Doris Poonkamelya OAM | <p>Cr Doris Pookamelya was appointed in Oct 2015. Elected 2016 to date. Portfolio – Housing and Community Services</p> <p>Member: Families Responsibilities Commission (FRC)</p> |

OUR SENIOR EXECUTIVE TEAM

| | |
|--------------------------------|-----------------|
| Chief Executive Officer | Bernie McCarthy |
| Director of Corporate Services | Ron Fenner |
| Director of Technical Services | Augustus Yates |
| Director of Community Services | Alan Neilan |
| Finance Manager | Marina Schaefer |

Land Tenure: Aurukun Land Transfer Day

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

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

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

Services Available in Aurukun

Aurukun has the following services available to residents and visitors:

School – Prep to Year 12

Airport and Skytrans agency – daily flights (weekdays) from and to Cairns

Kang Kang Café and Delicatessen

Health Clinic

RFDS (Emergency Service)

Wellbeing Centre

Child Care Centre and Family Support

Parenting Hub

Queensland Police Service

SES and QMV Unit

Community Police

Bendigo Bank

Post Office

Library/IKC Services (also radio broadcasting)

Cape York Partnerships Opportunity Hub
 Centrelink
 Freight Services –Tuxworths Transport; Sea Swift Barge Services
 Winchanam Ngench Thayan Sports Centre
 Neville Pootchemunka Rugby Field
 Tennis/Basketball Courts
 Wik and Kugu Arts Centre
 Akay Koo'oilala Women's Art Centre
 Kooth Pach Guest House Accommodation
 Wuungkam Lodge Accommodation
 May Min Eatery
 Supermarket, fast food take-away and
 Aurukun retail fuel depot
 Church
 Wo'uw Ko'alam Community Centre
 Boat ramp for recreational fishing/freight
 Aawuch Mee'-aathanka Training Centre
 Families Responsibilities Commission
 Community Justice Group and Mediation Centre
 Cape York Employment (CDP)
 Aak Puul Ngantam (APN) Depot and Office
 Ngan Aak Kunch Aboriginal Corporation (NAKAC) Office
 Child Support Services
 Ma'aathan Women's Shelter
 Aged Care, Disability and Respite Services (Chivaree Centre)
 Rio Tinto Office
 Glencore Office
 Ergon Power Station
 Radio Stations: ABC, Blackstar, Vision
 Television Stations: ABC Regional, SBS, ABC 24 Hrs News, WIN, Satellite TV also available
 Queensland Government Hub and Department of Aboriginal and Torres Strait Islander Policy Development
 Queensland Department of Housing and Public Works
 Themp Street Offices
 Act for Kids – Safe House

Location

The Aurukun Shire is a very remote area of Queensland which is starkly different to most other Queensland shires. Our community is among the most disadvantaged in Australia, but it has outstanding potentials for growth and prosperity. The community of Aurukun is located on the north-west coast of the Cape York Peninsula, 200 km (2hrs 30mins) by road south of the mining town of Weipa and 831 km (11hrs 30mins) from Cairns. The community is located within the Aurukun Shire; nearly the entire population (97%) lives within the township.

The Shire covers an area of 7,500 sq. km (approximately 192 km long and up to 50 km wide). It has about 107 km of Gulf of Carpentaria coastline. The Accessibility/Remoteness Index of Australia (ARIA) produced by the Department of Health and Ageing rates Aurukun in the highest category of remoteness.

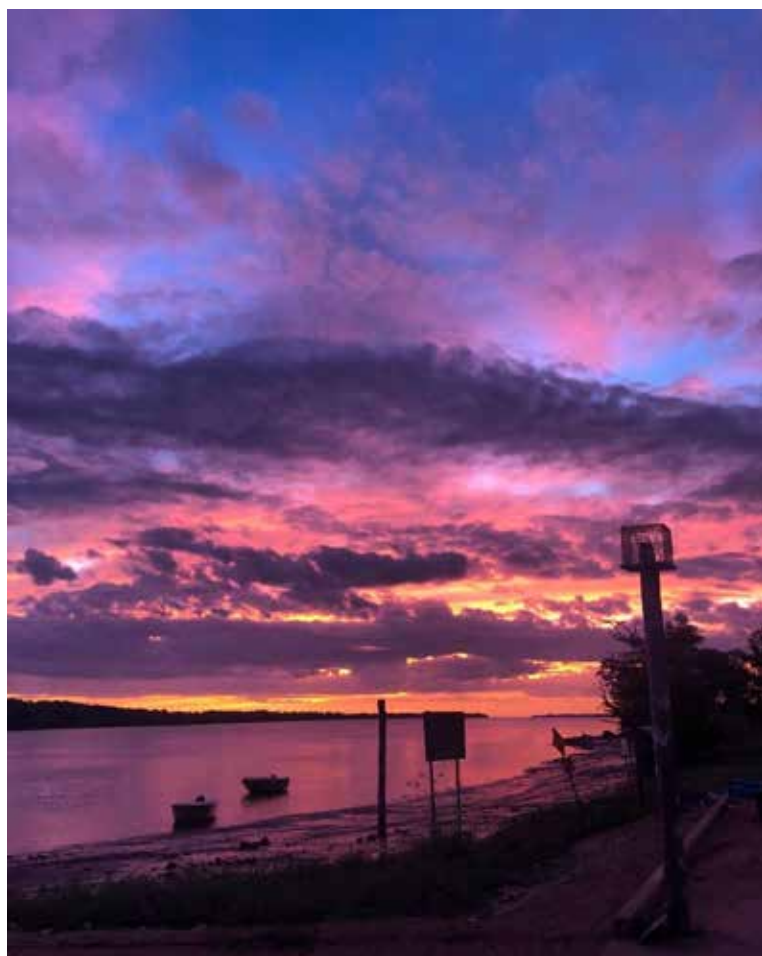


Photo Acknowledgement: Robyn Scorer

Aurukun is a Welfare Reform Community

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

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

Eco-cultural tourism – supported by large and pristine areas of the Shire with rare ecological values and the strong traditional culture and arts and crafts industry of the community;

The development of the Shire through road improvement and transport services;

Mining – Glencore Bauxite Resources Pty Ltd continues to progress consultation with Aurukun Community and Traditional Owners on the establishment of their proposed mining operations.

If its mining project proceeds, there will be benefits in direct employment, in service industries to support mining operations. The clearing and rehabilitation of the land mined with plantings that will create sustainable timber-related industries e.g. timber, and bush tucker supplies. Rio Tinto is now fully operating its Amrun Mine project and is providing excellent training and employment opportunities for local Aurukun people.

Employment in construction – new Social and Government Housing, Works for Queensland, Civil Works, Sewer and Water upgrades all provide employment opportunities for local residents.

Alcohol Management Plan

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

Additionally, local brew is not permitted, and heavy fines apply for offenders. For further information please refer to: <https://www.datsip.qld.gov.au/publications-governance-resources/policy-governance/alcohol-management-plan>

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

Community Safety Strategy

Council operates 84 CCTV cameras in the township under a Memorandum of Understanding with the Queensland Police Service. The use of CCTV cameras has been found to be effective in reducing the incidence of crime.

Council is also ensuring streetlights are repaired by Ergon Energy within a reasonable time to make our streets safer. Other safety initiatives include the installation of traffic signage and limiting speed near the Business Precinct and Wuungkam Street; sealing of all streets to improve traffic flow and inhibit dust; replacement of all damaged street signs and undertaking ongoing maintenance.



ASC Electrical team maintaining the CCTV system.

Corporate Vision

Our Community Vision and Council Mission



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



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

Shire History

Cape Keerweer, on the Gulf of Carpentaria coast, was the site of the first attempted settlement in Australia. In 1606 the Dutch ship Duyfken, under Captain Willem Janszoon, sailed down the west coast of Cape York Peninsula and made the first recorded Dutch landing in Australia at Cape Keerweer, south of Aurukun. Janszoon planned to build a city at the site. However, after exploitative actions by the crew, fighting broke out with the local people, several sailors were killed and the Duyfken departed.

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

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

On 18 September 2013, Aurukun saw a long awaited land transfer come to fruition. The Shire Lease was cancelled, and the land became Aboriginal Freehold with two trustees; Aurukun Shire Council and Ngan Aak-Kunch Aboriginal Corporation (NAKAC) RNTBC.

Challenges We Face

Size – The Shire comprises some 7,500 square kilometres.

Isolation – The isolation of Aurukun limits its ability to attract skilled workers. The cost of materials and services is high due to freight costs and the distance from regional centres.

Wet Season – The climate creates special challenges. Roads outside of the community are impassable during the wet season. This greatly increases freight costs – which flow through and raise the cost of just about everything. Extreme isolation for nearly half of the year also causes social and community stresses.

Housing

Council provides the following housing services in Aurukun:

Management and maintenance of 41 employee housing tenancies with a further eight leased to non-government organisations. A further 91 commercial leases are in place for offices and accommodation. The NPHARI Upgrade program ceased on 30 June, 2019.

Providing subcontract maintenance services to the Department of Housing and Public Works with a stock of 289 community houses.

Houses are closed by the relatives for cultural reasons upon the passing of a resident. An Opening Ceremony is held after a period which is agreed upon by the family. The five clan groups come together at the opening to celebrate this event with traditional dancing and a smoking ceremony. After this ceremony, the family returns to reside within the house.

Our Environment

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

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

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

ancient Aboriginal populations. These contain valuable scientific evidence of past climatic conditions, plant populations and cultural artefacts.

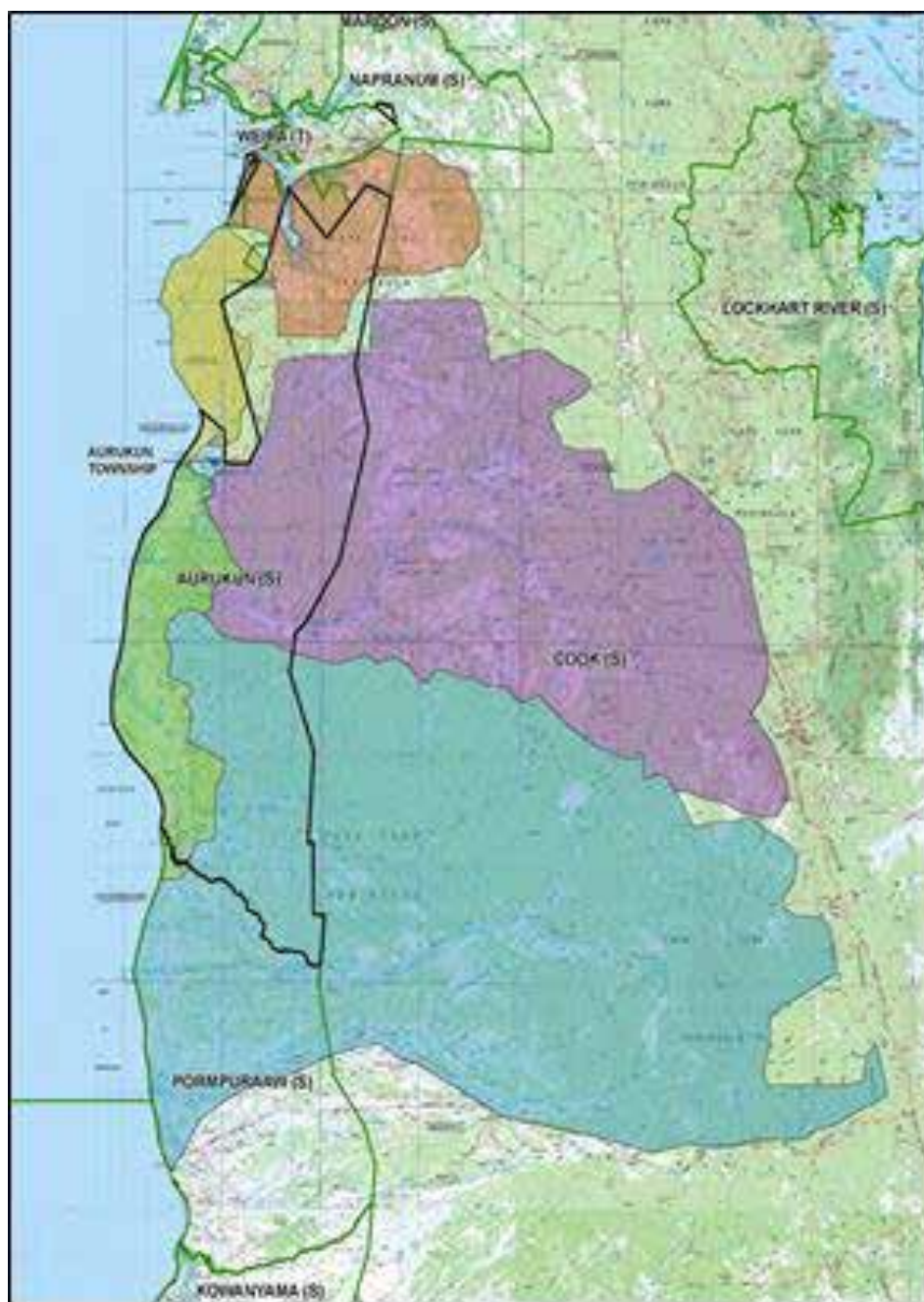
The traditional culture and heritage of the Wik and Wik Way people is vibrant. Most Aboriginal people in Aurukun still speak their native tongue. The Traditional Owners association with land and water is deeply significant.

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



Photo Acknowledgement: Scott White

Shire Boundaries



Hey-Embley Rivers Area



Archer – Coen Area



Pera Head Area



Holroyd Wilderness



Aurukun Wetlands



FOR VISITORS

Access to Country (Outside Aurukun Township)

Requests should be made directly with Traditional Owners or by application six weeks in advance through Ngan Aak-Kunch Aboriginal Corporation (NAKAC): C/- Post Office, Aurukun, Qld 4892 or Cape York Land Council - www.cylc.org.au

Meals and Supplies in Aurukun

Aurukun is currently providing a range of accommodation types for all types of visitors. You can stay at the Kooth Pach Guest House or Wuungkam Lodge. There are also various contractor accommodation locations with ensuite and shared kitchen facilities; including MacKenzie Camp One and Two. A restaurant, named May Min Eatery operates at Wuungkam Lodge with operating hours as follows:

Monday to Friday 6.00pm to 8.00pm

Saturday Brunch open between 8.30am to 10.30am

Sunday Buffet open between 6.00pm to 8.00pm

A small convenience store operates at Wuungkam Lodge.

There is also a takeaway food bar at the Island and Cape Supermarket serving a variety of takeaway meals. Island and Cape Supermarket stock a large range of foodstuffs including groceries, milk, meat, fruit and vegetables. Opening hours are 8.00am to 5.00pm on Monday and Tuesday with extended hours to 7.00pm on Wednesday, Thursday and Friday. The supermarket is open 8.00am to 3.00pm on Saturday and Sunday.

The Kang Kang Café and Bakery is located at the Sam Kerindun Snr. Business Precinct building. This business operates from 8.00am to 8.00pm Monday to Friday and 8.00am to midday on Saturday and Public Holidays. It is closed on Sunday. The gift shop is open 9.00am to 4.00pm Monday to Friday, 9.00am to 12.00pm Saturday and closed Public Holidays.

Travel and Transport to Aurukun

By Road

Aurukun is approximately 752 km by road from Mareeba and 831 km from Cairns. The road is sealed from Cairns to Lakeland Downs. The road is mainly good standard gravel surface from Lakeland (564 km) with some sealed sections. During the wet season (variable – but often December or January to May or June) road access is closed due to flooding.

Road condition reports can be obtained from Department of Transport and Main Roads Ph: 131940, the RACQ website <https://www.racq.com.au/cars-and-driving/safety-on-the-road/road-conditions> and in relation to the Aurukun Access Road, visit www.aurukun.qld.gov.au or contact the Queensland Police Service on 40834999. Cook Shire Road information visit www.cook.qld.gov.au.

Fuel can be purchased at Mareeba, Lakeland, Musgrave, Coen and Archer River Roadhouse. Freight transport to Aurukun, when accessible by road, is provided by Tuxworths Transport Phone 07 4035 4022.

By Air

Passenger and freight transport to Aurukun is available on scheduled flights operated by Skytrans. Visit their website at www.skytrans.com.au for schedules and bookings Phone 1300 SKYTRANS (1300759872)

Skytrans flights may also be booked through Aurukun Shire Council at the Post Office. Eligible residents may also access the Local Fare Scheme.

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

By Sea

The shipping company Sea Swift provides weekly barge transport to Aurukun.

Sea Swift can be contacted on 07 4035 1234.



Photo Acknowledgement: Samuel Agie

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Bernie McCarthy PSM
Chief Executive Officer

My seventh year as Chief Executive Officer has been both rewarding and challenging.

We continue to be the major services and infrastructure provider for the developing community of Aurukun. Council, government agencies, police, stakeholders and residents are to be congratulated on their efforts to make Aurukun a safer and more harmonious place to live.

ASC Deadly Employee Awards continue to be a popular initiative for Council staff's performance, safety and volunteer efforts. Many thanks to our employees and sponsors for their keen participation in these deserving awards.

ASC has almost completed a Master Plan in conjunction with the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) and Cardno consultants. The final Master Plan will be put on public consultation during 2019/20.

I thank all ASC staff for their dedication and continuing efforts throughout the past year.

As the main services provider, Council is committed to working towards improving the quality of lifestyle for all Aurukun residents.

Bernie McCarthy PSM
Chief Executive Officer

CORPORATE SERVICES OVERVIEW



Ron Fenner
Director Corporate Services

Corporate Services completed another interesting and challenging year. The diverse range of services operated well and continued to deliver essential services for the Aurukun community.

Grant money enabled better facilities and infrastructure to improve services both to the public and internally.

Customer Service



Theresa Allett, Bendigo Bank Officer serving Norman Kerindun. Photo: Rhonda Joliffe.

Council undertook building improvements at the Sam Kerindun Business Centre in 2018/19. A disabled chairlift provided to service the Rio Tinto Office on the mezzanine floor.

Council passed its two bank audits during the year and continues to be one of the few Indigenous Councils operating a bank agency.

The Post Office also continued to offer excellent service to the community with no audit issues.

Local fare schemes for Aurukun residents will continue. The scheme continues to recognise eligibility for residents from other Cape Communities. Any further enquiries on this Scheme should be addressed to the Councils Administration Manager.

Human Resources

Awards

Awards and recognitions can inspire and motivate high performance. Formal recognition is made through quarterly and yearly Deadly Awards. The awards give the council an opportunity to recognize the achievements and commitment for the great work and effort of the recipients. Each quarter awards are issued for Deadly Employee Award and Deadly Safety Award. The yearly awards include Deadly Employee of the Year, Deadly Safety Employee of the Year and Deadly Volunteer of the Year. Cash prizes are given to award recipients, together with Certificates formally issued by the Mayor and social media recognition.

Training

Council continued to provide on the job and career development training to all staff including:

- Monthly Inductions including Safety and Cultural Awareness Induction
- Contractor Inductions
- Chemical Handling
- Food Safety
- Airport Reporting Officer
- Certificate III Early Childhood Education and Care
- Certificate III Individual Support
- Apprenticeships
- Mental Health Awareness

The ongoing commitment to the employment and training of local Aurukun indigenous residents continues as a priority employment strategy. This is underpinned by a strong focus on local job agency networking to deliver “job ready” employment programs to strengthen numeracy and literacy skills.

Recruitment

Our ongoing collaboration with other agencies and our own recruitment strategy and policy enhances our employment of local indigenous people. Currently the Aurukun Shire Council has over 62% indigenous representation in its workforce.

Recruiting and retaining talented employees is an important part of Aurukun Shire Councils business strategy. Human Resources work closely with Directors and Department Managers to ensure they have the staff they need to achieve business objectives.

Retention

As a leading employer in Aurukun, Council offers and encourages a variety of employment and training opportunities to the local indigenous residents.

Capable and skilled employees are vital for the organization to meet ongoing services and business objectives. Due to the high cost of recruitment and relocating staff to Aurukun, the Council understands the importance of retaining corporate knowledge and experienced staff. Council offer various benefits and policies aimed at retaining staff. These include Use of Pool Vehicle Policy (weekend usage), Isolation Leave & Remote Air Fare Allowance Policy (8 days additional leave per year and air fares), subsidized staff housing and utilities, site and remote allowances, professional development and training opportunities and above award salaries.

Probity

Aurukun Shire Council is committed to the safety and protection of clients in our care and the purpose of background checks ensures sufficient information for HR to make informed decisions about the suitability of applicants/staff for ongoing and/or engagement in our workforce. Legislation and licensing may preclude an individual on the basis of a negative notice or if a particular charge is received.

The HR team is responsible for the management, registration and recording of all probity information. This includes Working with Children Blue Cards, Yellow Cards (disability and NDIS clients), National Police Checks and drivers' license validity. HR will provide regular compliance summarizing the status of probity checks.

Workplace Health and Safety

The following summarises improvements and achievements for the year.

- Monday safety email messages continue with input from management.
- WHS included as a standard agenda item for the all staff bi-monthly meetings.
- Ongoing WHS training in First Aid, CPR, High risk licenses and plant operator competencies.
- The MANGO Safety Management system was introduced. The system monitors compliance for buildings, plant, procedures and staff training.

Information Technology



Council's new ITERRA Satellite Dish and Emergency Generator installation

During late 2018 the transfer of the Aurukun Shire Council's server system to the Cloud was completed. These IT services are delivered from the cloud servers. Placing server systems which allows greater flexibility whenever server changes are required. It also protects Council systems from local disaster events such as flooding and power failures.

During early 2019 Council embarked on a desktop computer fleet refresh using Wi-Fi capable desktop computers. This upgrade allows all desktop computers to connect to either the Council's own local networks or to 4G internet services.

Combined with the server Cloud system, the fleet upgrade will allow Council work to continue via the Telstra 4G network in the event of computer network outage and Telstra to install a backup satellite Internet service for the main Aurukun administration office. In the event of a complete loss of both networks in Aurukun, this satellite service will allow reliable Internet and telephone communications to continue.

A new software updating system was also deployed on all servers and computers. This automatically keeps all Council computer equipment updated with the very latest security and operating system patches.

The Air bridge Wi-Fi network connecting Council buildings was also completed in 2018.

CAIRNS NORTH SUPPORT OFFICE



Cairns North Support Office Staff with the Synergy Soft team on Finance System Conversion Day

The goals of the Cairns Support Office are:

- Effective and efficient management of Council's finances
- Assist Council with the delivery of transparent and accountable governance, and
- Provide administrative support to Aurukun operations

This office also serves as a venue for meetings with various government agencies and Local Government Councils, and a facility for mayor, Councillors, management, staff training and networking of other work-related activities.

The focus of the Finance Team in 2018/19 included:

- Stringent implementation of internal controls
- Effective revenue collection
- Provision of critical financial information to assist Council and management in making informed decisions, and
- Pass external audit

Records Management

Work began on archiving and destruction of old records in the Aurukun filing compactus during 2018/19 resulting in substantial archiving.

Councils Record Management Policies were also updated during the year.

Council Stores



*John Fleming, Storeman assisting Barry Day, Workplace Health and Safety Advisor.
Photo: Ron Fenner*

Council stores continued to operate satisfactorily despite staffing changes.

A storage area received a new roof during 2018/2019, reducing the risk of damage to stock items in that area during the wet season. Council stores also had its first full year operating the new diesel fuel system, Smart Fill in conjunction with the new stores inventory system introduced as part of the new finance system Synergy Soft.

Staff Housing and Cleaning

Cleaning crew continued to provide services to the Administration Office, Depot and Business Precinct as well as preparing housing for new employees.

Finance

Council again achieved an unqualified audit for 2018/19 and remains in a strong cash position. Special thanks to the Finance team and all managers and supervisors who assisted in achieving the result.

Council continues to acquire better assets data, sustainability in the long term remains an issue due to the heavy dependence on Government grant

Arts Centre



The Arts Centre Manager has devised an eight month program plan for Wik and Kugu Arts to re-establish the production of quality artworks and reintegrate the many Wik and Kugu women artists back into the Arts Centre. Belgian linen and natural earth pigments have been introduced into the artworks.

Three workshops were co-ordinated at the Arts Centre encouraging male and female artists to produce their own unique colour palette using Aurukun ochre as used by their forebears. Introduction of authentic designs has occurred; they are based on their cultural and personal background rather than on Western designs.

As a result of this new design approach, a substantial number of works by Wik and Kugu male and female artists, were included into the *Belonging* exhibition at the National Museum in Canberra (Opening: 2020).

An installation of five significant dog carvings entitled 'Songline of the Dog' has been invited to show at the Charles Darwin University Gallery in August/September 2019.

A selection of 14 Aurukun dog carvings has been accepted for the Sydney Contemporary International Art Fair in September. Artists have designed a new merchandise range featuring their clan related totems which recently became available for sale.

The 2019 Cairns Indigenous Art Fair was once again a huge success for both our male and female artists, with all work being sold. The National Gallery of Victoria was once again a major buyer creating a positive image for Aurukun artwork.

Commercial Accommodation

During 2018 Council leased its commercial accommodation assets, comprising of 65 rooms to Sodexo Remote Sites Australia. This new arrangement will provide a better service to visitors and residents.



Enjoying the Aurukun Newcomer's Function at the May Min Restaurant.

Corporate Services looks forward to a challenging and rewarding 2019/20 and as Director I would take the opportunity to thank all my staff for their efforts during the past year plus Council and management for their ongoing support.

Ron Fenner
Director of Corporate Services



Alan Neilan
Director of Community Services

Community Services Overview

The Community Services portfolio undertakes the following functions and services:

- Koolkan Childcare
- Family Support Hub and Playgroup Services
- Chivaree Home and Community Care Centre
- Community Police
- Security and CCTV
- Wik Mungkan Indigenous Knowledge Centre and Broadcasting
- Animal Control
- Environmental Health – Food Premises Licensing
- Funerals
- Community Events
- Wo'uw Ko'alam Community Centre

Koolkan Childcare and Family Support Hub including Playgroup Services

The Council continues to have an agreement with Education Queensland to allow a qualified teacher to work and lead the Koolkan Childcare staff.

The new Childcare Subsidy arrangements with the Commonwealth Government commenced on 2 July 2018. These arrangements provide a framework for parents and care givers to test their eligibility status via the My Gov website portal and link

Child Care subsidy to their other interaction with the Commonwealth Government. Payments are made to Council direct by the Department of Human Services in accordance with the eligibility of the parent or carer. A small fee is required to top-up this subsidy, with the exception of carers who are on an aged pension, who receive 100% subsidy.

The Family Support Hub has seen a steady increase in parents utilising the service in 2018/19. Assistance has been provided for parents and referrals provided to other services visiting Aurukun.

Playgroup is delivered on a regular basis at various locations around the community. Numbers tend to fluctuate depending mostly on the weather and family issues. Playgroup outreach is conducted at the Wik Mungkan Indigenous Knowledge Centre, Well Being Centre and the Wo'uw Ko'alam Community Centre.



Christmas Lights Competition 2018 – Harriet Pootchemunka with Mayor Dereck Walpo

Chivaree Home and Community Care

The Chivaree Centre has continued to provide services to the elderly and disabled client group. The funding agreements have been revised and significant changes made to the way services are costed and in turn, funded.

Clients have been assisted in applying for the NDIS program, which is expected to be operational from 1 July 2019. Aurukun Shire Council is a registered NDIS provider.

Chivaree staff are continuing to participate in accredited training including; individual support, handling hazardous chemicals, safe food handling and first aid. A quality review was undertaken in 2019 and all outcomes were met.

Overall, clients provided positive feedback to the services they are receiving, which include meal delivery, social support, household support and material effects.

Community Police



Community Police Officers promoting Community Events.

There are eight Community Police Officers (CPO) rostered over the weekly cycle. This covers 24/7 hours, with some CPO's working at the Supermarket and Business Precinct during the day and others driving the patrol vehicle during the afternoon and night shift. Aurukun Shire Council remains committed to the Community Police operations as a community safety strategy.

Community Police are required to undertake a Certificate 2 in Security Services and Crowd Control.

Security and CCTV

The Council has invested heavily in the provision of Security Services by day and night guards to patrol and protect Council assets, report community issues and incidents.

The CCTV system is operational and can be monitored at both the Aurukun (Queensland Police Service) Service Station and the Council Office. A Memorandum of Understanding exists between the Queensland Police Service and Aurukun Shire Council. While CCTV will never stop all crime from happening, it may deter some individuals from committing a crime. It will also assist in the much quicker assessment of crimes and lead to charges being laid due to evidence provided.

Wik Mungkan Indigenous Knowledge Centre (IKC) and Broadcasting

The Council has a similar arrangement with Education Queensland, for the IKC Coordinator's position.

With increased internet speed due to the arrival of the fiber optic cable and connectivity to six devices as well as the big screen, a surge in Aurukun Community members accessing digital resources has been one of the most notable changes seen in the Community Library's function in 2018. Despite this increased internet activity, hands on outdoor practical projects have also attracted a lot of interest.

Flexi Program operates from the IKC with 14 secondary school aged students enrolled. The program undertaken by these students includes literacy, numeracy and traditional culture classes on country. The dugout canoe was transported to Brisbane for an exhibition at the Queensland State Library.



Flexi group students building a bark canoe.

The IKC provides a free internet and borrowing service. The collection is replaced each calendar year with the assistance of the State Library of Queensland. There is also a growing number of digital books and items which can be accessed at the IKC.

The Council continues to be supported by BlackStar Radio in the transmission of radio programs in the community.

Animal Control and Food Premises Licensing



Visiting Veterinarian Service from Cooktown

The animal management program focuses on animal health, community education and the implementation of Local Laws eg registration and impoundments. Dog numbers are slowly reducing, with any untreatable or unclaimed dogs being put down to prevent further spread of disease and reduce animal numbers.

Dogs have been treated for mange and overall the health of dogs has improved significantly. A visiting vet service provides vaccination and de-sexing surgery for both dogs and cats. Communication with dog owners needs to continue, to encourage people to de-sex and register their animals and adhere to the two dog per property policy. Dog owners are encouraged to register their dogs.

All commercial food preparation premises have been issued with Food Licences under the *Food Act 2006*. In addition to commercial premises, Koolkan Early ChildCare Centre, Wo'uw Ko'alam Community Centre and Chivaree Centre have also been licensed. These premises are inspected annually by an Environmental Health Officer and an improvement report provided if required. Cook Shire Council currently provides this inspection service under an arrangement with Aurukun Shire Council.

Funerals

Community members are supported by an arrangement with Western Cape Communities Trust (WCCT) to access funds for funerals and house openings. Council assists in liaison with family members and funeral proceedings. The new Aak Ngench Thayan Cemetery is in operation on Obon Road and is now the only site for burials in Aurukun. The Council will continue to maintain the Aurukun Old Cemetery on MacKenzie Drive. This cemetery has now been closed for any further burials.

Community Events and Wo'uw Ko'alam Community Centre

Council has continued to host a number of successful events throughout the year. Community stakeholders are also invited to participate in these events to promote their services or be volunteers.

Community events included Aurukun Day, Photo Competition, Community Christmas event, River to Ramp Fun Run, Anzac Day and Newcomer's events. The Onchin Min Festival was held in June and attracted a substantial number of community members who were entertained during the evening. Events are being held at the Community Centre as refurbishment work has been completed.

A continuing number of organisations are utilising the Wo'uw Ko'alam Community Centre for community engagement meetings and celebrations. Families are also being encouraged to hire the centre for family celebrations and funeral wakes.

Alan Neilan
Director of Community Services



Anzac Day 2019



Community Events at the Wo'uw Ko'alam Community Centre

TECHNICAL SERVICES OVERVIEW



Gus Yates

Director Technical Services

Council's Technical Services Department continues to provide essential services for the Aurukun community plus delivery of numerous projects throughout the year. Details are provided below.

Road Works

Some Natural Disaster Relief and Recovery Arrangements (NDRRA) 2017 restoration works were completed in accordance with the approved scope. Due to the recent improvement works along the Aurukun Access Road, there has been a noticeable reduction in flood damage and therefore NDRRA restoration costs.

The significant haulage operations by Rio Tinto in 2017 rapidly reduced in the first half of 2018 as included in the Memorandum of Understanding (MOU) with Rio Tinto Australia and Aurukun Shire Council. Restoration works to restore the condition of the sealed sections of this road have commenced and are scheduled for completion in 2019 under the MOU budget.

The last unsealed section (6km) of the Aurukun Access Road, east of the Amban Road turnoff was sealed in 2018/19. The full length of this road is now sealed up to the Cook Shire boundary.

A restoration submission for damage resulting from Tropical Cyclone Trevor is being compiled for submission under the Disaster Recovery Funding Arrangement (DRFA)

Water Reticulation and Supply

Council provides water supply services to the community of Aurukun and is responsible for the sourcing, treatment and supply of drinking water to the community.

Bligh Tanner Consultants have completed Council's Drinking Water Quality Management Plan. The majority of the recommendations have been completed since

receiving the report. The remaining recommendations are being programmed to be actioned using the Indigenous Council Critical Infrastructure Program (ICCIP) funding.

Water sampling is being undertaken on a daily basis with one sample per week being sent to Cairns Regional Council for compliance testing as per regulation. Chlorination testing is also undertaken by Aurukun Shire Council and records forwarded to Department of Natural Resources and Energy as per legislation.

The increase in housing and other infrastructure over recent years has resulted in an increased demand for water.

Sewerage Infrastructure

Planning for the upgrade of Sewer Pump Station Three has occurred with works to be undertaken in the 2019/20 financial year, with funding being provided by the Department of Local Government, Racing and Multicultural Affairs through the Indigenous Council Critical Infrastructure Program (ICCIP)

Aurukun Waste Management Facility

Indigenous Council Critical Infrastructure Program (ICCIP) approved \$1.8M of funding to develop a scope of works and undertake the design of the waste facility capital works program.

Expanded wheelie bin collection is currently being undertaken by Aurukun Shire Council employees on Wednesdays. Commercial premises collection is undertaken on other days.

Old tyres and batteries are being stored at the Depot for transportation to Weipa for recycling.



Building, Construction, Capital and Maintenance Works

The following works were completed under the Works for Queensland Program.

- Staff housing precinct relocation and setting up of ex-Government Employee Housing dongas.
- Stores pavement driveway sealing.
- Upgrade Retail Fuel Sales Depot unsealed driveway Stage 1 works

Generators were installed at the Administration Offices, Sam Kerindun Senior Business Precinct and Wuungkam Lodge as backup during any power outages.

Wik and Kugu Arts Centre upgrades were completed with the assistance of Arts Queensland and Western Cape Communities Trust.

Council continues to provide the refurbishment and maintenance of social houses along with the maintenance of staff houses.

Ross Wolmby, a local Aurukun Shire Council employee has nearly completed his carpentry apprenticeship.

Mechanical Workshop

Improved delivery of services is aspired to through the Mechanical Workshop. A review of fleet assets has commenced. A fleet replacement program is being developed.

Electrical Services

CCTV

The CCTV camera system (84 cameras) is operating well with maintenance now being undertaken by Aurukun Shire Council electricians. Maintenance efficiency and response times have been improved as a supply of parts is being stocked in Aurukun.



Master Plan

The proposed Aurukun Master Plan continues to be a positive process for planning of future community and infrastructure development, and Council looks forward to this plan being completed and published for community and stakeholder consultation.

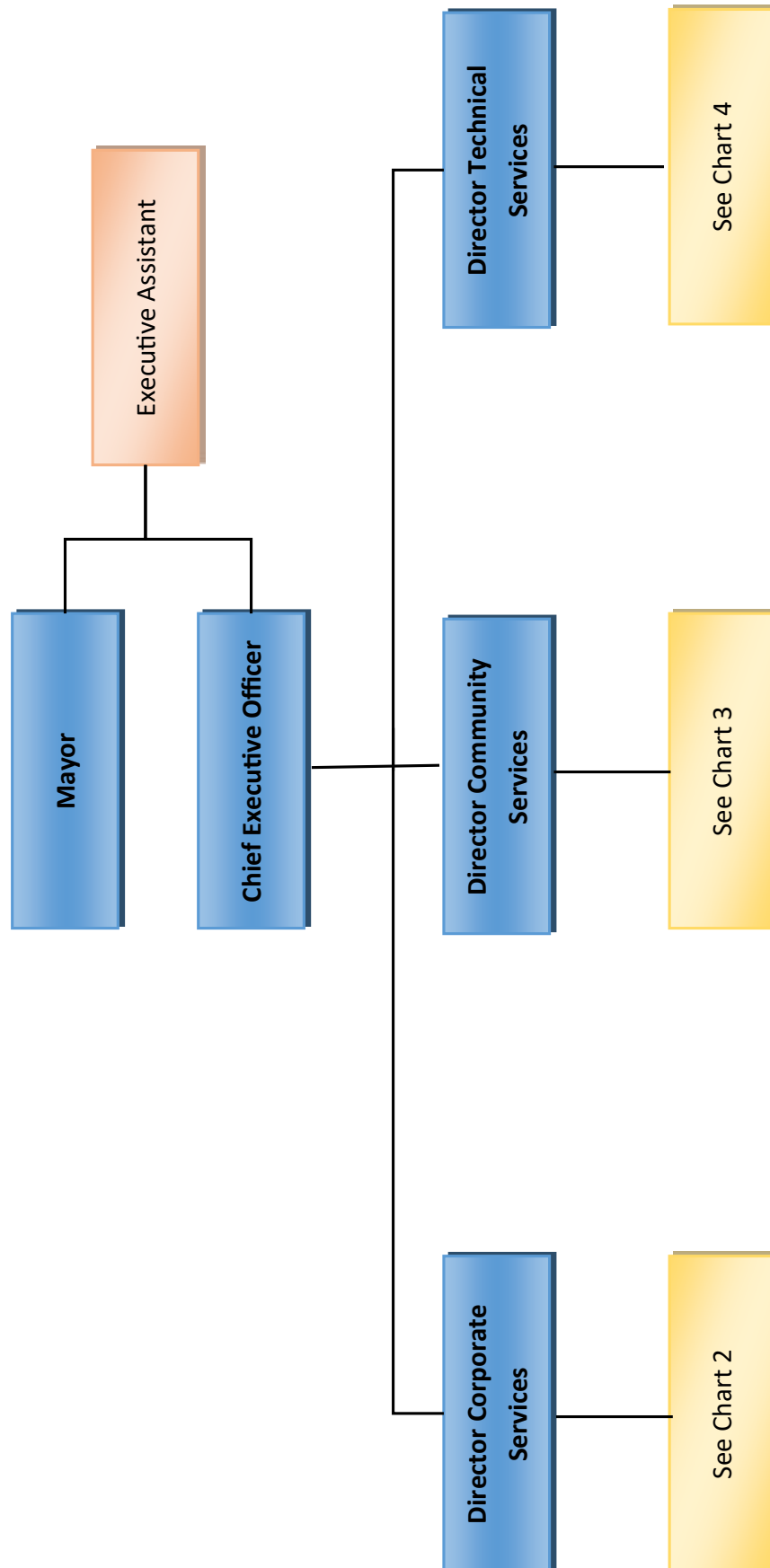
Thanks to all Technical Services staff for their ongoing efforts throughout the year. We all look forward to a positive year working and operating at the required level to provide a diverse range of facilities and services to the Aurukun community.

Gus Yates
Director Technical Services

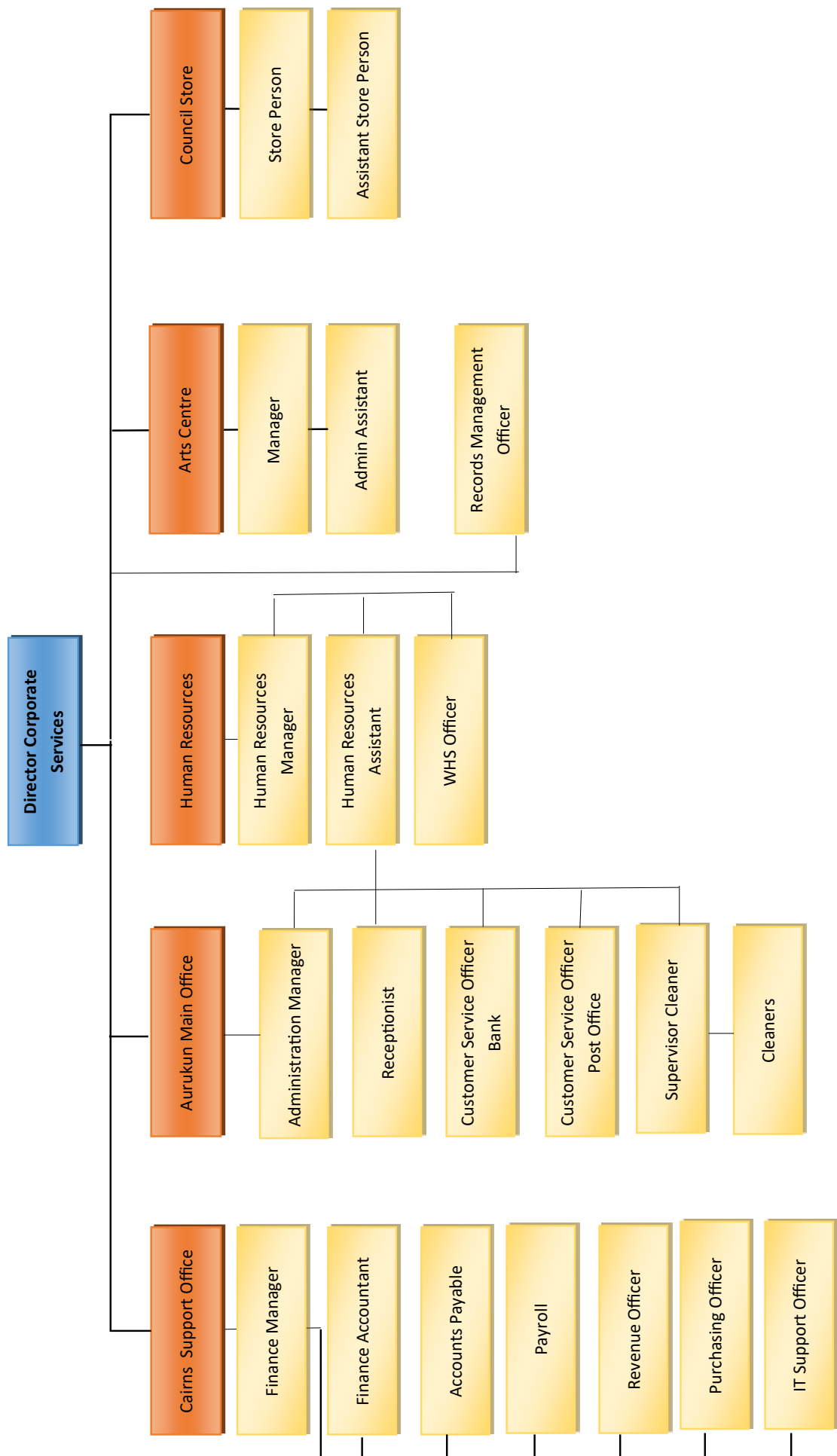


Ngaay Raod Industrial Estate being cleared.

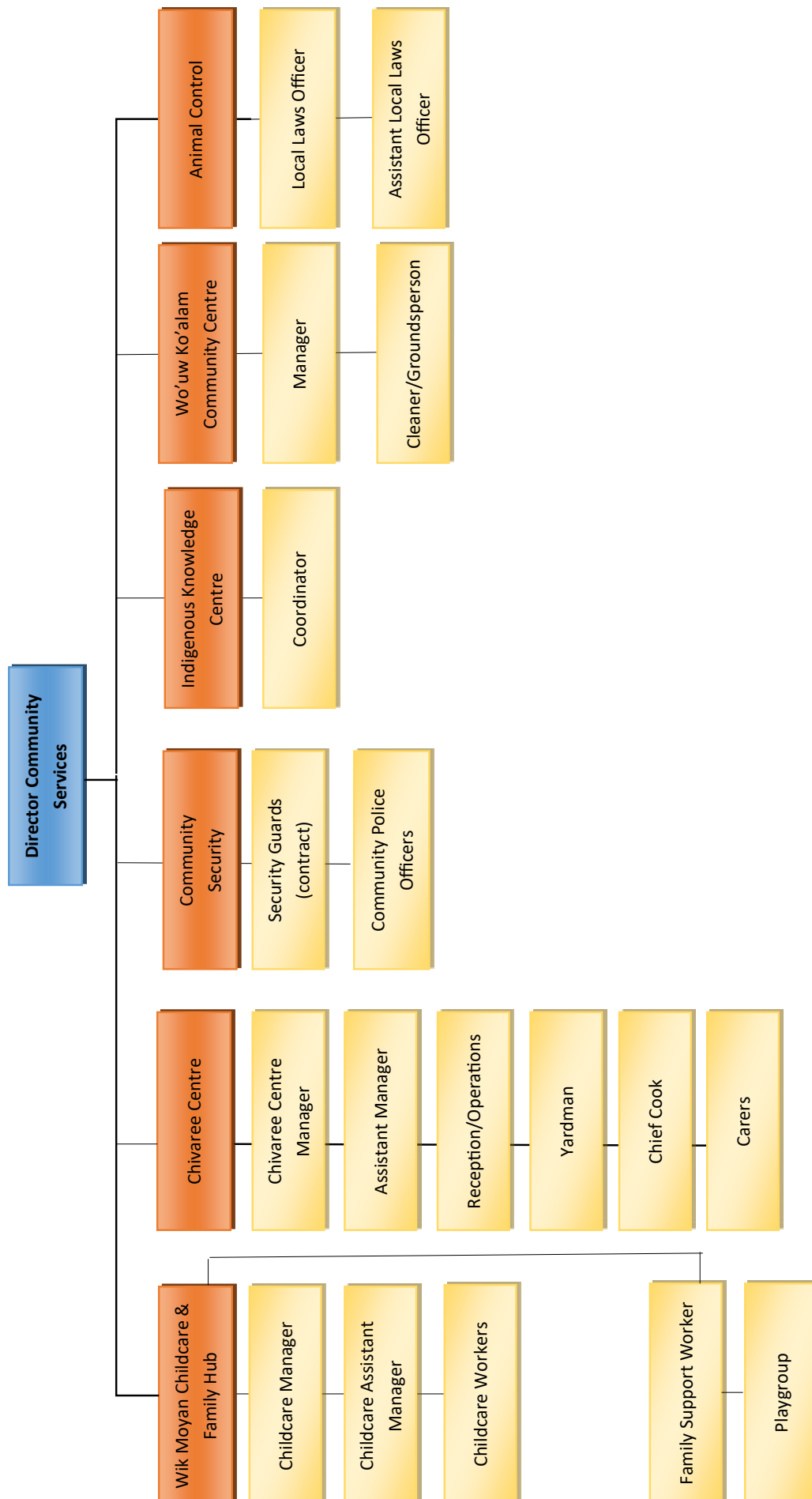
Organisation Chart as at 30 June 2019



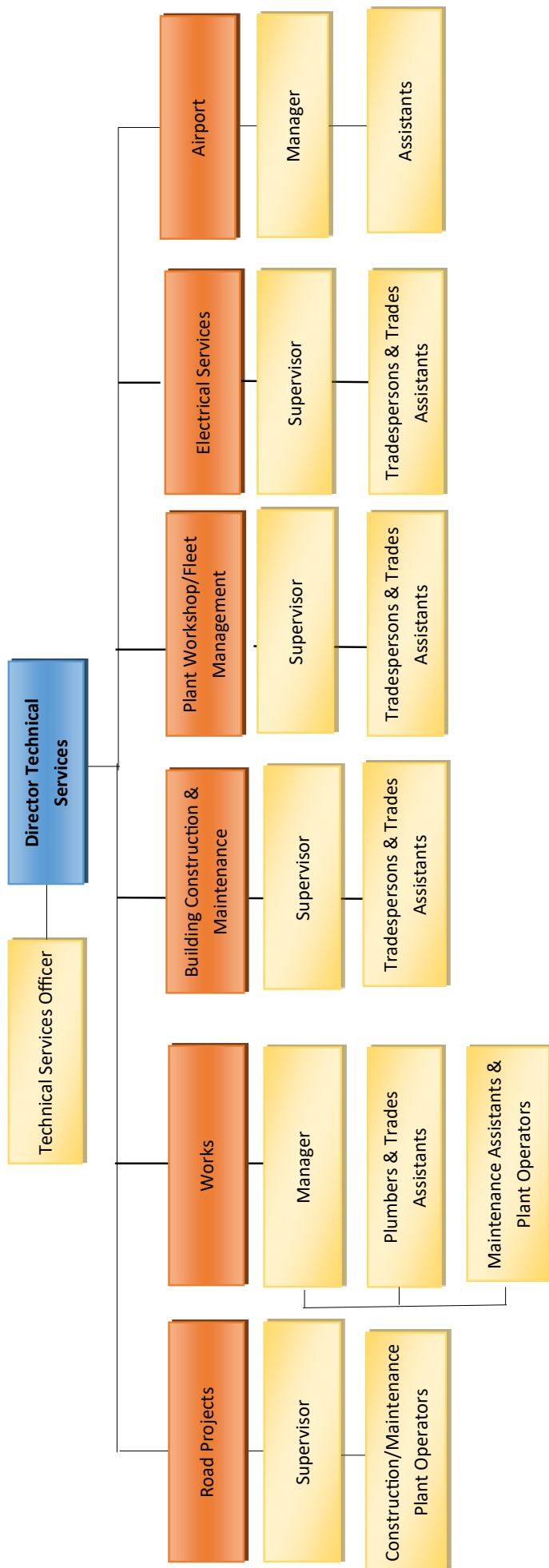
Organisation Chart 2 - Director Corporate Services



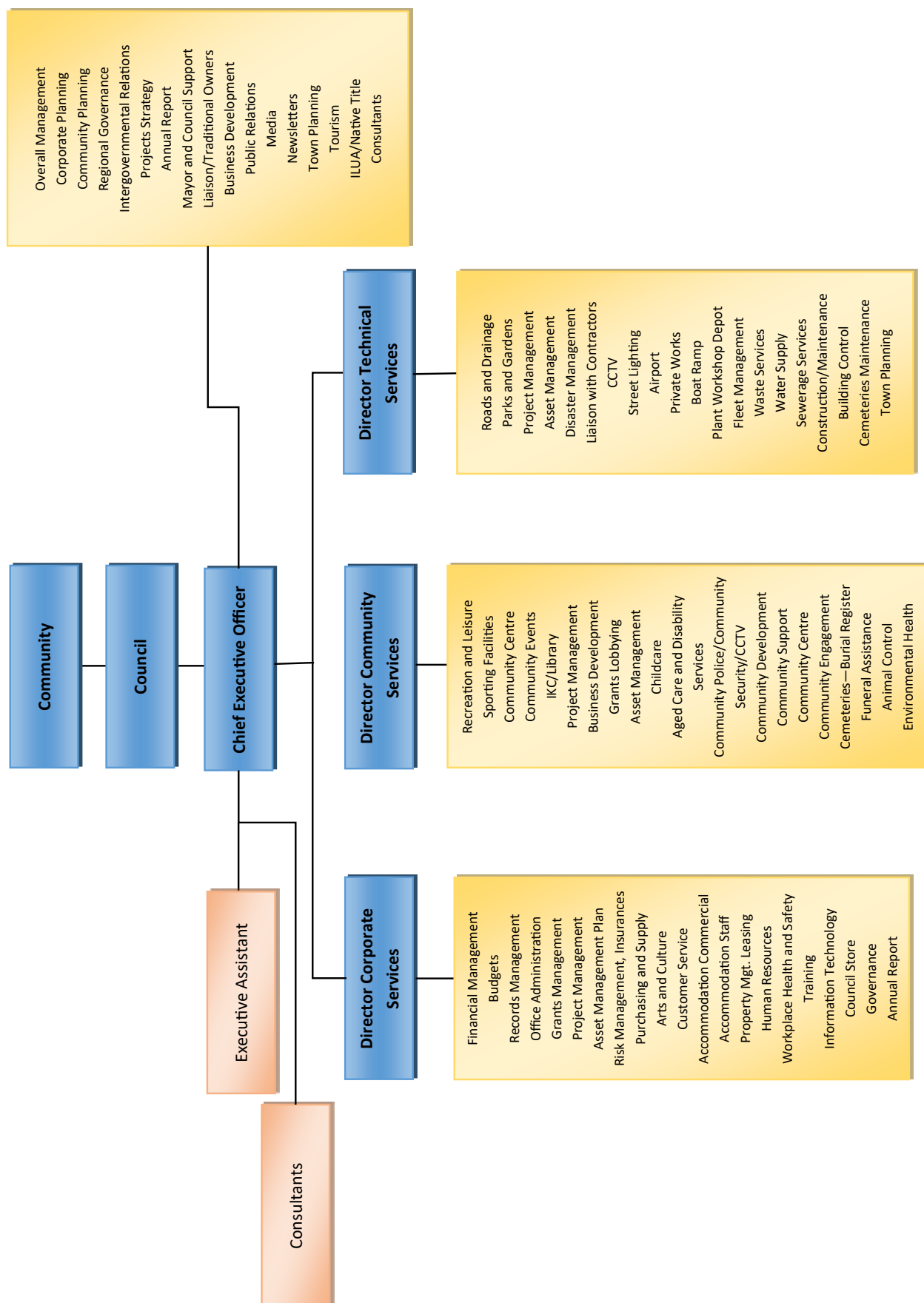
Organisation Chart 3 - Director Community Services



Organisation Chart 4 - Director Technical Services



Aurukun Shire Council Functional Chart



COMMUNITY FINANCIAL REPORT

With the goal of being transparent, open and accountable Aurukun Shire council presents the 2018-19 Community Financial Report to community members, stakeholders and staff of Aurukun Shire Council.

The Community Financial Report is Council's foremost financial accountability tool, providing a simplified version of Council's financial performance and position in 2018-19.

The comprehensive and externally audited 2018-19 Financial Statements follow the Community Financial Report on page 59.

Key statements summarised in the Community Financial Report

- Statement of Comprehensive Income
- Statement of Cash Flows
- Statement of Financial Position
- Statement of Changes in Equity
- Financial Sustainability Ratios

Executive summary of key financial highlights

- **Grants and Contributions**

Operating grants, subsidies and contributions constitute 45.2% of Council's total operating revenue. Of the \$8.26 Million of operating grants, \$3.77 Million was untied, and \$4.49 Million was tied which can only be spent on programs approved by the funding agencies.

Capital grants, subsidies and contributions decreased by \$5.7 Million in 2018-19 to \$8.5 Million and is 31.62% of total revenue.

- **Council's own revenue**

Council's ability to raise its own revenue is strictly limited due to its remoteness and isolation. In spite of this limitation, council increased its own-sourced revenue by \$2.15 Million mostly through Private works.

- **Operating Expenditure**

Expenditure on Property building, and housing increased by \$207 Thousand and expenditure on Private Work increased by \$1.2 Million. Expenditure on road works decreased by \$5.7 Million.

- **Assets & Liabilities**

Property plant and equipment has increased by \$6.49 Million due to a new Roads, drainage and bridge networks of \$4.2 Million and \$2.05 Million in new buildings and other structures.

Non-current liability for Provisions increased by \$1.5 Million dollars due to the new requirement to provide a provision for Landfill restoration of \$1.47 Million.

- **Cash Position**

Cash at Bank increased by \$3.2 Million to \$15.55 Million due to advance payments of capital grants. Of the \$15.55 Million in Cash at Bank \$2.98 Million is to be paid to Trade and other payables and \$5.55 Million in unexpended grants.

- **Net worth (Equity)**

Council's net worth increased by \$7.04 Million dollars due to \$2.77 Million in Asset revaluations and \$4.27 Million in 2018-19 Retained Surplus.

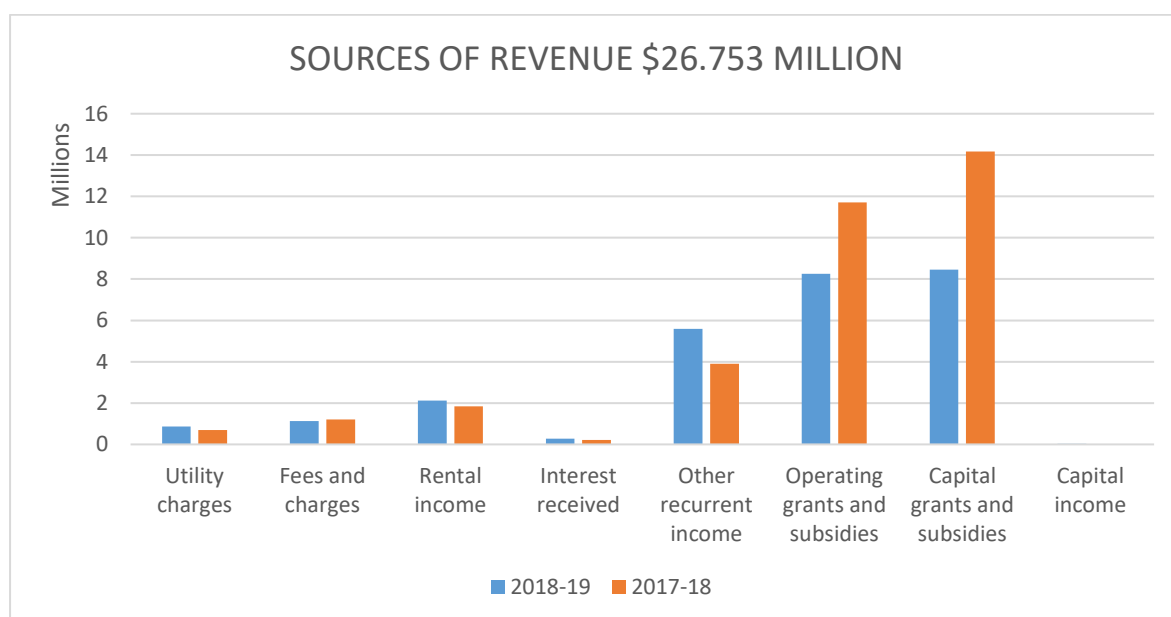
- The [Statement of Financial Position](#) provides information about assets and liabilities and council's net financial worth at the end of the year
- The [Statement of Changes in Equity](#) shows Council's net worth.
- The [Statement of Cash Flows](#) reports the movement of cash during 2018-19 and show how much money council started the year with where the incoming money came from and where the money was spent, and how much money was left at the end of the year.

Statement of Comprehensive Income

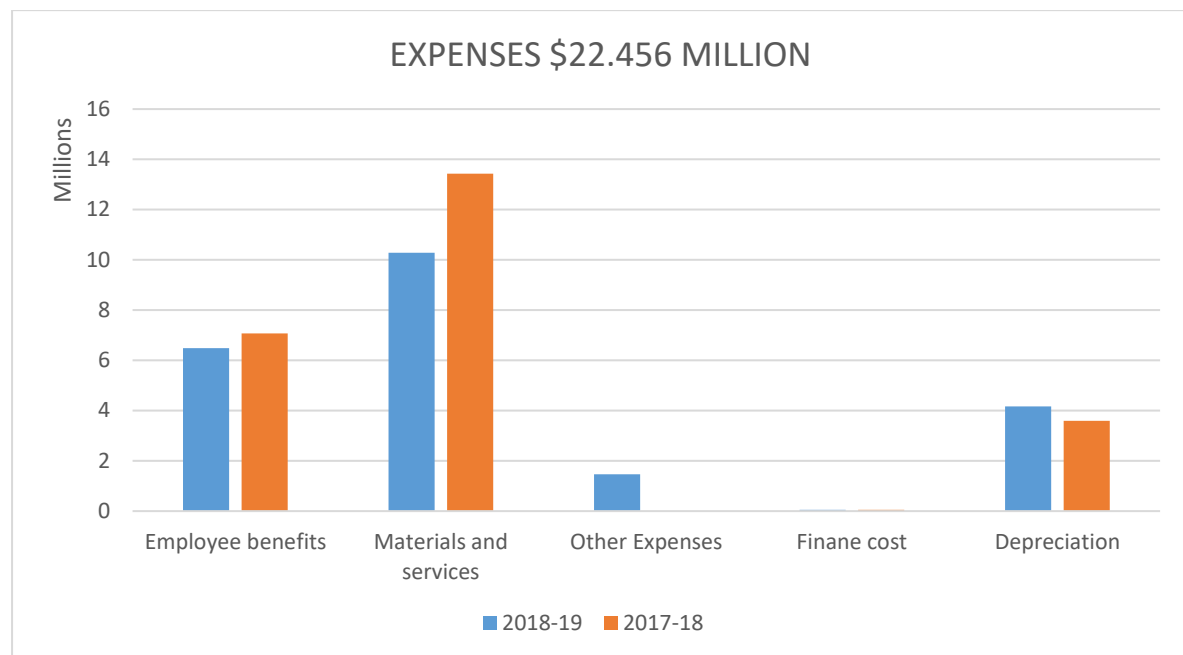
The Statement of comprehensive income shows all revenue and expenses, and indicated whether Council made a profit or loss

Council made a profit of \$4.29 Million for the year, which is mainly from grant allocated to specific projects.

| Statement of comprehensive Income | 2018-19 | 2017-18 |
|--|-------------------|-------------------|
| Recurrent Revenue | 18,260,619 | 19,563,382 |
| Capital Revenue | 8,493,032 | 14,163,180 |
| Total Income | 26,753,650 | 33,726,561 |
| Recurrent Expenses | 22,456,091 | 24,154,049 |
| Capital Expenses | | 643,149 |
| Total Expenses | 22,456,091 | 24,797,198 |
| Net Result | 4,297,559 | 8,929,363 |
| Increase/(Decrease in asset revaluation surplus) | 2,775,295 | -12,039,508 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 7,072,854 | -3,110,145 |



Council own source revenue exceed \$2.15 Million for the financial year which was mainly contributed to Private works. The bulk of council's revenue still comes from grants and subsidies from both Federal and state governments.

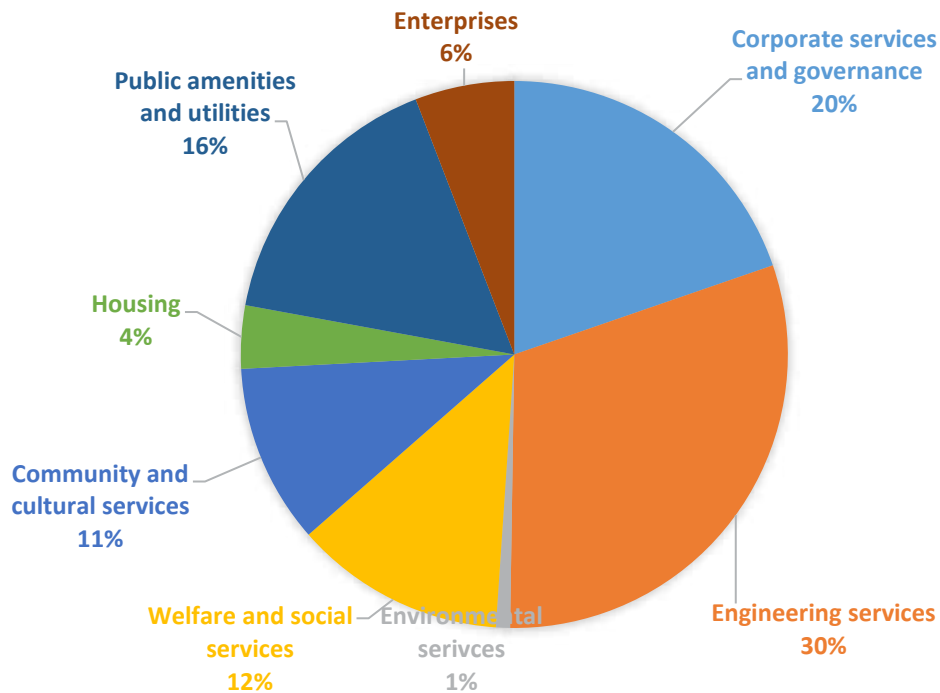


The chart below shows the breakdown of recurring expenses (excluding capital expenses), grouped by Council activities.

A major component of Council expenditure is on corporate services and governance with the next largest expenditure is on technical services programs.

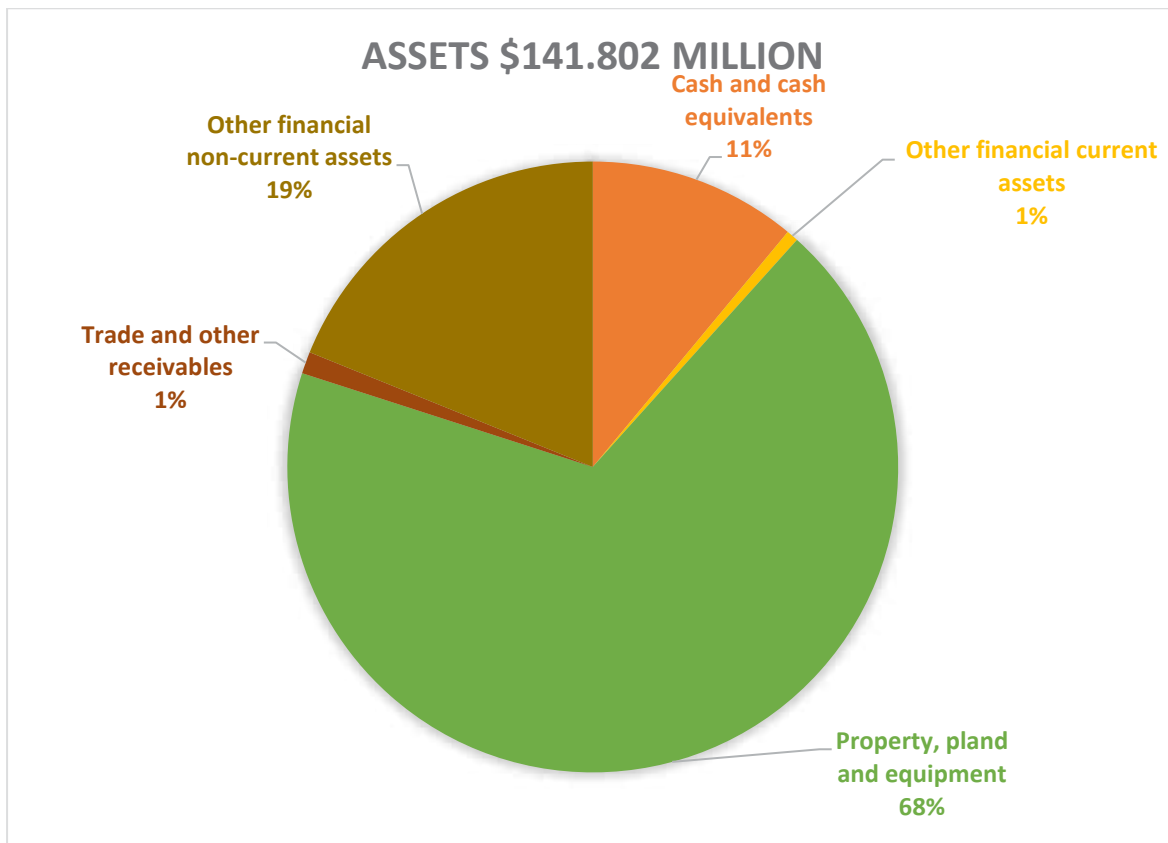
Expenditure on Property, building and housing increased by \$207 Thousand and expenditure on Private Work increased by \$1.2 Million. Expenditure on road works decreased by \$5.7 Million.

RECURRENT EXPENSES \$22.456 MILLION

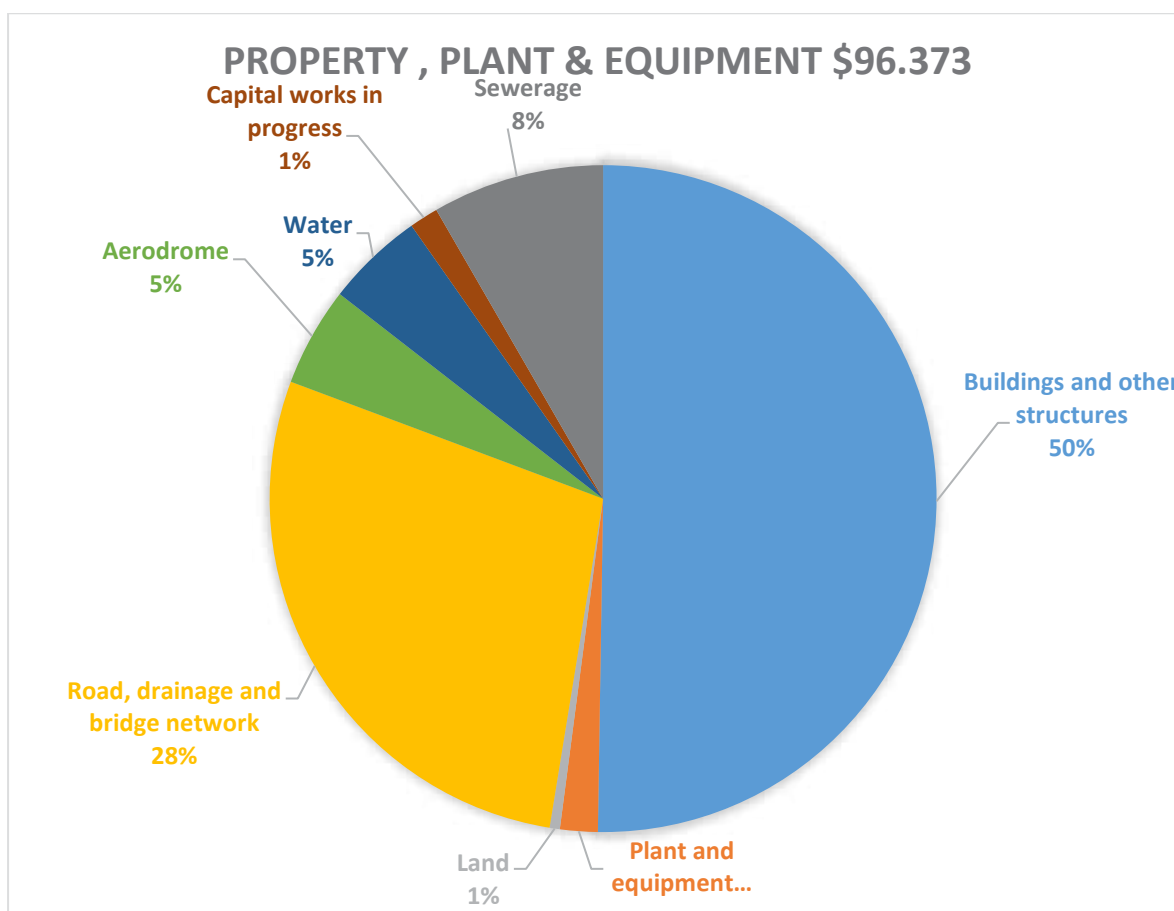


| Statement of financial position | 2018-19 | 2017-18 |
|---------------------------------|--------------------|--------------------|
| Current assets | 18,801,333 | 15,566,125 |
| Non-current assets | 123,001,235 | 116,862,170 |
| Total Assets | 141,802,568 | 132,428,295 |
| Less: | | |
| Current liabilities | 3,065,242 | 2,219,128 |
| Non-current liabilities | 2,229,796 | 749,740 |
| Total liabilities | 5,295,038 | 2,968,868 |
| Net community assets | 136,507,529 | 129,459,426 |
| Asset revaluation surplus | 111,198,148 | 108,422,853 |
| Retained surplus | 25,309,381 | 21,036,573 |
| Total community equity | 136,507,529 | 129,459,426 |

The chart below depicts the major categories of assets.



Cash at Bank increased by \$3.2 Million to \$15.55 Million due to advance payments of capital grants. Of the \$15.55 Million in Cash at Bank \$2.98 Million is to be paid to Trade and other payables and \$5.55 Million in unexpended grants



Buildings and other Structures represents 50% of the total Property plan and equipment owned by council and Roads, draining and bridge networks represent 28%.

| Liabilities | 2018-19 | 2017-18 |
|-------------------------------|------------------|------------------|
| Trade and other payables | 2,989,508 | 2,170,010 |
| Provisions - current | 45,974 | 20,450 |
| Provisions - non-current | 1,625,420 | 116,652 |
| Borrowings - current | 29,760 | 28,668 |
| Borrowings - non-current | 604,377 | 633,088 |
| Total community equity | 5,295,039 | 2,968,868 |

Non-current liability for Provisions increased by \$1.5 Million dollars due to the new requirement to provide a provision for Landfill restoration of \$1.47 Million

| Statement of changes in equity | 2018-19 | 2017-18 |
|--------------------------------|------------------|----------------|
| Asset revaluation surplus | 2,775,295 | -12,039,508 |
| Retained surplus | 4,272,808 | 12,276,087 |
| Total changes in equity | 7,048,103 | 236,579 |

Council's net worth increased by \$7.04 Million dollars due to \$2.77 Million in Asset revaluations and \$4.27 Million in 2018-19 Retained Surplus

| Statement of cash flows | 2018-19 | 2017-18 |
|--|-------------------|-------------------|
| Cash at the beginning of year | 12,341,971 | 10,266,246 |
| Less: (decrease) in cash from operating activities | 1,796,959 | -2,366,225 |
| Add: increase in cash from investing activities | 1,496,120 | 4,516,938 |
| Less: (decrease) in cash from operating activities | -82,218 | -74,989 |
| Cash at the end of the financial year | 15,552,832 | 12,341,970 |

Financial Sustainability Ratios

Please refer to Financial Sustainability Statements on page 99.

Statutory Reporting Requirements

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

1. Councillors and Councillor Remuneration

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

Councillors must:

Attend Council meetings regularly and all other meetings as required from time to time;

Vote on matters requiring a decision;

Perform their duties and responsibilities in a transparent, impartial and faithful manner at all times.

Meetings

The following table displays the Councillor's attendance at meetings for 2018/19.

| 2017/18 | Ordinary Meetings (11) | Special Meetings (4) |
|----------------------|-------------------------------|-----------------------------|
| Cr Dereck Walpo | 11 | 4 |
| Cr Edgar Kerindun | 11 | 4 |
| Cr Doris Poonkamelya | 11 | 4 |
| Cr Vera Koomeeta | 10 | 4 |
| Cr Ada Woolla | 9 | 3 |

The Council adopted a Reimbursement of Councillor Expenses and Provisions of Facilities Policy by Resolution 19.6321 on 21 May 2019

Resolution: 19.6321

That the council adopts the following 71 reviewed policies and one new policy A020 as presented below

S012 Reimbursement of Councillor Expenses Policy

MOVED Councillor Ada Woolla **SECONDED** Councillor Vera Koomeeta
CARRIED

The following table displays the total Councillors' remuneration for the year (s186):

| Councillor | Remuneration \$ | Total Gross \$ | Super. \$ | Other Exp |
|----------------------|------------------------|-----------------------|------------------|--|
| Cr Dereck Walpo | \$103,891 | \$103,891 | \$9,869 | Travel \$625 Phone \$807 MV. \$10,109 |
| Cr Edgar Kerindun | \$59,944 | \$ 59,944 | \$7,192 | |
| Cr Ada Woolla | \$51,944 | \$51,944 | \$6,233 | |
| Cr Vera Koomeeta | \$51,944 | \$51,944 | \$6,233 | |
| Cr Doris Poonkamelya | \$51,944 | \$51,944 | \$4,934 | |

Resolution – Councillors Remuneration

At a Special Meeting of Council held on 20 February 2018, the following resolution was passed **Resolution 18.5840**

| | |
|--|---|
| Resolution 18.5840 | |
| That Council adopt the Councillors, Remuneration Policy to remunerate Councillors from 1 July 2018 | |
| Position | Remuneration Payable |
| Mayor | \$103,918 |
| Deputy Mayor | \$59,952 |
| Councillors | \$34,639 plus \$1,443.25 per Ordinary Meeting |
| MOVED: Cr. Edgar Kerindun SECONDED: Cr. Doris Poonkamelya | |
| CARRIED | |

2. Councillor's Code of Conduct

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

For the period 1 July 2018 to 2 December 2018 (former legislation)

| Section 186 (d) Item | Result |
|---|---------------|
| (i) The total number of the orders and recommendations made under section 180 (2) or (4) of the Act | Nil |
| (ii) Orders made under section 181 of the Act | Nil |

| Section 186 (e) Item | Result |
|---|---|
| (i) The name of each Councillor in relation for whom an order or recommendation was made under section 180 of the Act or as order was made under section 181 of the Act | Section 180 – Not applicable Section 181- Not applicable |
| (ii) A description of misconduct or inappropriate conduct engaged in by each of the Councillors | Nil |
| (iii) A summary of the order or recommendation made of each Councillor | Not applicable |

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

FOR THE PERIOD 3 DECEMBER, 2018 TO 30 JUNE, 2019

| | |
|--|-----|
| The total number of the following during the period above | |
| (i) Orders made under section 150I(2) of the Act | Nil |
| (ii) Orders made under section 150AH(1) of the Act | Nil |
| (iii) Decisions, orders and recommendations made under section 150AR(1) of the Act | Nil |

| | |
|--|-----|
| The number of each of the following during the year:- | |
| (i) Complaints referred to the assessor under section 150P(2)(a) of the Act by the local government and the chief executive officer of the local government. | Nil |
| | Nil |

| | | |
|--------|--|-----|
| (ii) | Matters, mentioned in section 150(P)(3) of the Act, notified to the Crime and Corruption Commission | Nil |
| (iii) | Notices given under section 150R(2) of the Act; | Nil |
| (iv) | Notices given under section 150S(2)(a) fo the Act | Nil |
| (v) | Decisions made under section 150W(a), (b) and (d) of the Act | Nil |
| (vi) | Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act | Nil |
| (vii) | Occasions information was given under section 150F(4)(a) of the Act | Nil |
| (viii) | Occasions the local government asked another entity to investigate, under chapter 5A, part3, division of the Act for the local government, the suspected inappropriate conduct of a councillor | Nil |
| (ix) | Applications heard by the conduct tribunal about the alleged misconduct of a councillor | Nil |

Complaints Management (s187)

The Council has a complaints management process in place and is committed to dealing fairly with administrative complaints. The complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision. The complaints management process is available on the Council's website. During 2018-19, one complaint was lodged with Council under the complaint's management process.

3. Senior Contract Employees Remuneration (s201)

At 30 June 2019, Aurukun Shire Council employed four senior contract employees. Details of the total remuneration packages for the senior contract employees are as follows:

3 senior employees with a total remuneration package in the range of \$100,000 to \$200,000.

1 senior employees with a total remuneration package in the range of \$200,001 to \$300,000.

4. Overseas Travel (s188)

No Council staff or Councillors undertook any overseas travel on Council business during the 2018-19 financial year.

5. Grants to Community Organisations (s189 and 190)

Concessions were not paid for the waiver of:
Hire or rental fees associated with council facilities
Airport landing fees

During the 2018/19 financial year, No grants were paid to community organisations.

6. Reserves and Controlled Roads

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

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

Corporate Plan

The Council adopted its Corporate Plan for the five years ending 30 June 2019 at its meeting held on 4 February 2014. The Corporate Plan sets out the strategic direction of the Council's operations and activities for the abovementioned period. An annual review of the Corporate Plan will be undertaken in 2019/20.

Operational Plan

The Operational Plan is developed annually and is linked to the objectives in the new Corporate Plan. The Operational Plan sets out the projects and services Council will deliver in the financial year. A review of the Corporate Plan commenced during 2018.

8. Invitations to Tenderers to Change Tenders local government Regulation Section 190 (e) and Local Government Act Section 228 (7)

No invitations to tenderers occurred during the reporting period.

9. Registers kept by Council Local Government Regulation Section 190(f)

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

- (1) Minutes of Council Meetings
- (2) Register of Personal Interests of Councillors
- (3) Register of Personal Interests of Chief Executive Officers and/or Senior Managers
- (4) Road Register
- (5) Schedule of Fees and Charges
- (6) Register of Local Laws and Subordinate Local Laws
- (7) Register of Burials
- (8) Register of Regulatory Fees
- (9) Register of Delegations
- (10) Register of Council Policies
- (11) Register of Contact by Lobbyists
- (12) Register of Fraud Incidents
- (13) Register of Gifts to Staff
- (14) Register of Public Interest Disclosures
- (15) Register of Complaints against Mayor and Councillors
- (16) Register of Administrative Complaints
- (17) Register of Unsuitable Council Meeting Conduct

10. Summary of Concessions for Rates and Charges granted by the Local Government: Local Government Regulation Section 190(g)

Council does not grant any concessions for Rates and Utility Charges under its Revenue Policy

Council did approve at its October 2019 Ordinary meeting a concession on rates and charges relating to the 2018-2019 financial year to one of its lessees of 30% on its Council Utility Charges for one property.

Under the General Fees and Charges Council grants an exemption for landing fees to the Royal Flying Doctor Service and Queensland Police Service.

11. Equal Employment Opportunity

Aurukun Shire Council is an equal opportunity employer and does not discriminate against any individual or member of groups. The Council is committed and dedicated throughout its management and operations in recruiting and retaining the best available staff to improve efficiencies and productivity and ensure effective and efficient service delivery to the community of Aurukun.

We promote the principles of merit and fairness in its employment practices and people are selected on merit. We ensure equal opportunity within the organisation for all our potential and existing employees in regard to recruitment, promotion, transfer, training, education and employment conditions. All recruitment and promotion of employees will be based on merit regardless of gender, pregnancy, sexual preference, race, age, family responsibilities, marital status, disability or religion.”

12. Capital Works Projects

Council completed the following works program during the period 1 July 2018 to 30 June 2019:

| Project | Value (\$) |
|--|------------|
| Iterra Satellite Installation | 18,500 |
| Administration Office Emergency Generator Installation | 42,072 |
| Information Technology Upgrade | 34,719 |
| Artist Workshop Refurbishment | 41,898 |
| Carver's Workshop Renovation | 45,000 |
| Staff Housing Upgrades | 134,842 |
| Living Quarters – Demountable | 119,288 |
| Business Precinct Refurbishment | 64,592 |
| Supermarket Building Renovation | 21,830 |
| Community Centre Fit Out | 165,484 |
| ICCIP Infrastructure Improvements | 168,213 |
| Fuel Station Pavement | 215,168 |
| Supermarket Floor | 130,584 |
| Stores Pavement | 68,095 |
| Stores Delivery Shed Roof | 39,945 |
| Justice Centre Refurbishment | 57,195 |
| Sewer Upgrade | 30,862 |
| Staff Housing | 562,789 |
| MacKenzie Camp Two Fit Out | 88,417 |
| CCTV Blackspot Project and Community Safety | 165,398 |
| NDRRA 2017 Roadworks | 111,575 |
| TCICA (Cape York Roads) Roadworks | 487,697 |
| NDRP 2018 Roadworks | 399,502 |
| Rio Tinto Road User Agreement | 1,915,487 |
| TIDS 2018-19 Roadworks | 992,499 |

13. Report on 2018-2019 Internal Audit: Local Government Regulation Section 190 (h)

Aurukun Shire Council does not have an internal audit committee rather the function is tasked to the Executive Team and internal auditors to prepare and amend financial and governance documents/policies/procedures and the Council to approve them.

Aurukun Shire Council appointed its Internal Audit contractor in 2018 after competitive quotes were received and independently evaluated by the organisation's internal evaluation panel.

Internal audit assisted the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes and achieved this by providing insight and recommendations based on analyses and assessments of data and business processes.

Fraud Risk Review

Project Overview

Reviewed Council's Risk Register for relevance to the current operational environment. This project considered the organisational objectives of Council's Corporate Plan and the risks to which the organisation may be exposed.

Outcomes

The Fraud Risk Register was reviewed and updated with four additional risk items that are now applicable to the organisation.

Review of Financial Statements

Project Overview

Through a quality control review, internal audit reviewed Council's shell accounts for the financial year in accordance with Tropical financial statements. Internal Audit confirmed comparative year balances from the previous years audited financial accounts, reviewed Council's FY2019 draft Shell Financial Accounts to assess the adequacy of their application and identified corrective issues for consideration and implementation by Council's Finance Team.

Outcomes

Based on the work performed Internal Audit was satisfied that Council's 2018-2019 Draft Shell Financial Statements were presented fairly and in accordance with Tropical Council Financial Statements for the year ended 30 June 2019. The findings of this project were presented in a memorandum provided to the Finance Manager at the end of fieldwork and formalised through circulation.

General Financial Assistance

Project Overview

Internal Audit provided general financial assistance to Council as required, which included, but was not limited to:

- Assistance with AASB 16 Leases
- Assistance with Related Party disclosure
- Assistance with valuation of second-hand dongas
- Assistance in relation to changes to accounting standards
- Assessment of valuation of property, plant & equipment
- Calculation of Landfill Provision and assistance with Notes to the Financial Statements.

Outcomes

Aurukun Shire Council acted on the advice provided where appropriate.

Supplier Masterfile Changes Verification processes

Project Overview

Following on from an incident which highlighted gaps in Council's procedures for risk exposure, the purpose of this review was to verify changes or additions to Aurukun Shire Council's Supplier Masterfile in the seven (7) months 01/01/18 - 23/07/18 and provide recommendations to strengthen controls over the Supplier Masterfile maintenance and Accounts Payable functions.

Internal Audit obtained Council's Supplier Masterfile data from January 2018 to July 2018 and performed data analytics to identify suppliers with changes to bank account details, email address or those suppliers which were new to Council during that period.

The identity of the suppliers making the requests, and verification of the validity of these requests and the information provided by the supplier, were confirmed by Internal Audit contacting these suppliers by mail, email and/or phone and requesting suppliers to complete a Confirmation of Details Form (developed by Pacifica) and provide supporting documentation such as a copy of a blank cheque, deposit slip or bank statement for verification purposes.

Outcomes

Internal Audit received information from 56 (65%) suppliers and confirmed the identity of those suppliers and verified the requested changes.

The remaining 24 suppliers who did not provide the requested information were handed back to Aurukun Shire Council with the issue of the Memorandum.

In addition, Internal Audit assisted Aurukun Shire Council with establishing of a set of procedures to enable Accounts Payable Officers and the Finance Manager to make changes or create new suppliers in the Supplier Masterfile while mitigating 'scam-type' threats from external parties.

The documents developed by Internal Audit, with the assistance of the Finance Manager and Accounts Payable Officers, were:

- *Procedure for New and Changed Supplier Masterfile Details* to provide guidance and manage Supplier Masterfile changes and mitigates the risk of making inaccurate and unverified changes to supplier details in the Masterfile.
- *Supplier details verification checklist* to assist Council officers to mitigate the chance of error when internally verifying supplier details.
- Suggested improvements to Council's '*Creditor Supplier Creation Maintenance Form*' to assist suppliers with providing adequate documentary evidence to enable officers to verify their identity and details.

Assistance with preparation of Council's Internal Audit Issues Register

Project Overview

In August 2018 a template for the Internal Audit Issues Register was created to facilitate implementation of audit actions and monitoring of open action items.

The objective of this review was to provide the Executive Team and Council (in lieu of an audit committee) with assurance over whether management had satisfactorily addressed the control deficiencies or improvement opportunities noted in previously issued Audit reports. This review covered the period between July 2016 and January 2019.

Internal Audit created an Audit Issues Register for the matters raised in the four (4) audit reports issued to the organisation during that time.

AURUKUN SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

ABN 32 338 490 426

AURUKUN SHIRE COUNCIL
Financial statements
For the year ended 30 June 2019

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AURUKUN SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|---|-------|---------------------|---------------------|
| Income | | | |
| Revenue | | | |
| Recurrent revenue | | | |
| Utility charges | 3(a) | 869,981 | 692,924 |
| Fees and charges | 3(b) | 1,132,415 | 1,205,121 |
| Rental income | 3(c) | 2,125,373 | 1,840,052 |
| Interest received | | 282,494 | 223,107 |
| Other recurrent income | 3(d) | 5,593,420 | 3,895,672 |
| Grants, subsidies, contributions and donations | 4(a) | 8,256,936 | 11,706,506 |
| Total recurrent revenue | | <u>18,260,619</u> | <u>19,563,382</u> |
| Capital revenue | | | |
| Grants, subsidies, contributions and donations | 4(b) | 8,459,974 | 14,163,180 |
| Other capital income | 7 | 33,058 | - |
| Total capital revenue | | <u>8,493,032</u> | <u>14,163,180</u> |
| Total Income | | <u>26,753,650</u> | <u>33,726,561</u> |
| Expenses | | | |
| Recurrent expenses | | | |
| Employee benefits | 5 | (6,481,291) | (7,077,984) |
| Materials and services | 6 | (10,281,660) | (13,427,754) |
| Other expenses | 15 | (1,471,785) | - |
| Finance cost | | (54,599) | (48,466) |
| Depreciation | 12 | (4,166,756) | (3,599,844) |
| Total recurrent expenses | | <u>(22,456,091)</u> | <u>(24,154,049)</u> |
| Capital expenses | | | |
| Loss on disposal of assets | 7 | - | (210,255) |
| Revaluation decrements | 12 | - | (432,894) |
| Total capital expenses | | <u>-</u> | <u>(643,149)</u> |
| Total expenses | | <u>(22,456,091)</u> | <u>(24,797,198)</u> |
| Net result | | <u>4,297,559</u> | <u>8,929,362</u> |
| Other comprehensive income | | | |
| Items that will not be reclassified to net result | | | |
| Increase/(decrease) in asset revaluation surplus | 16 | 2,775,295 | (12,039,508) |
| Total other comprehensive income for the year | | <u>2,775,295</u> | <u>(12,039,508)</u> |
| Total comprehensive income for the year | | <u>7,072,854</u> | <u>(3,110,146)</u> |

AURUKUN SHIRE COUNCIL
Statement of Financial Position
as at 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 8 | 15,552,832 | 12,341,970 |
| Trade and other receivables | 9 | 1,634,785 | 1,681,259 |
| Inventories | 10 | 719,002 | 661,511 |
| Other financial assets | 11 | 894,715 | 881,384 |
| Total current assets | | 18,801,333 | 15,566,125 |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 96,373,120 | 89,886,284 |
| Other financial assets | 11 | 26,628,115 | 26,975,885 |
| Total non-current assets | | 123,001,235 | 116,862,170 |
| Total assets | | 141,802,568 | 132,428,295 |
| Current liabilities | | | |
| Trade and other payables | 13 | 2,989,508 | 2,170,010 |
| Provisions | 15 | 45,974 | 20,450 |
| Borrowings | 14 | 29,760 | 28,668 |
| Total current liabilities | | 3,065,242 | 2,219,128 |
| Non-current liabilities | | | |
| Provisions | 15 | 1,625,420 | 116,652 |
| Borrowings | 14 | 604,377 | 633,088 |
| Total non-current liabilities | | 2,229,796 | 749,740 |
| Total liabilities | | 5,295,039 | 2,968,868 |
| Net community assets | | 136,507,529 | 129,459,426 |
| Community equity | | | |
| Asset revaluation surplus | 16 | 111,198,148 | 108,422,853 |
| Retained surplus | | 25,309,381 | 21,036,573 |
| Total community equity | | 136,507,529 | 129,459,426 |

AURUKUN SHIRE COUNCIL
Statement of Changes in Equity
For the year ended 30 June 2019

| Note | Asset revaluation surplus Note 16 | | Retained surplus | | Total |
|--|--------------------------------------|--------------|------------------|------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July | 108,422,853 | 120,462,360 | 21,036,573 | 8,760,486 | 129,222,846 |
| Adjustment on initial application of AASB 9 | - | - | (24,751) | - | - |
| Net result | | | | | |
| Assets not previously recognised | - | - | 4,297,559 | 8,929,362 | 8,929,362 |
| Other comprehensive income for the year | - | 68,582.00 | - | 3,346,725 | 3,415,307 |
| Increase/(decrease) in asset revaluation surplus | 2,775,295 | (12,108,090) | - | - | (12,108,090) |
| Total comprehensive income for the year | 2,775,295 | (12,039,508) | 4,272,808 | 12,276,087 | 236,579 |
| Balance as at 30 June | 111,198,148 | 108,422,853 | 25,309,381 | 21,036,573 | 129,459,426 |

AURUKUN SHIRE COUNCIL
Statement of Cash Flows
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|--------------|--------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | | 7,228,962 | 4,640,231 |
| Payments to suppliers and employees | | (15,938,438) | (20,939,236) |
| | | (8,709,476) | (16,299,005) |
| Interest received | | 282,494 | 223,107 |
| Rental income | | 1,967,004 | 2,003,168 |
| Non capital grants and contributions | 4(a) | 8,256,936 | 11,706,506 |
| Net cash inflow (outflow) from operating activities | 19 | 1,796,958 | (2,366,225) |
| Cash flows from investing activities: | | | |
| Payments for property, plant and equipment | | (6,048,264) | (6,543,949) |
| Proceeds from sale of property, plant and equipment | 7 | 43,436 | 13,182 |
| Finance lease receipts | 11 | 881,385 | 835,558 |
| Grants, subsidies, contributions and donations | | 6,619,564 | 10,212,147 |
| Net cash inflow (outflow) from investing activities | | 1,496,120 | 4,516,939 |
| Cash flows from financing activities: | | | |
| Repayment of borrowings | 14 | (27,618) | (26,524) |
| Finance costs | | (54,599) | (48,466) |
| Net cash inflow (outflow) from financing activities | | (82,218) | (74,989) |
| Net increase (decrease) in cash and cash equivalent held | | 3,210,861 | 2,075,724 |
| Cash and cash equivalents at beginning of the financial year | | 12,341,970 | 10,266,246 |
| Cash and cash equivalents at end of the financial year | 8 | 15,552,832 | 12,341,970 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 1: Significant accounting policies

1(a) Basis of preparation

Aurukun Shire 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 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board.

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

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

Rounding and comparatives

The financial statements are in Australian dollars that have been rounded to the nearest dollar.

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

Recurrent/capital classification

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

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

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

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

1(b) Date of authorisation

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

1(c) New and revised Accounting Standards

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, except for receivables which decreased by \$24,751 due to an increase in impairment under the new rules. A corresponding adjustment was made to retained earnings as at 1 July 2018.

| Financial asset/liability | Measurement category (unchanged) |
|---------------------------|----------------------------------|
| Cash and cash equivalents | Amortised cost |
| Receivables | Amortised cost |
| Borrowings | Amortised cost |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 1: Significant accounting policies (continued)

1(c) New and revised Accounting Standards (continued)

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. These standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that may have a material impact on Council's future financial statements are:

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upon receipt.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

There will be no impact upon the recognition of service utilities and fees and charges.

Council has identified that certain grants received during the 2018/19 financial year would require recognition in accordance with AASB 15. Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

| | |
|-------------------------------|-------------|
| Recurrent grants receivable | 214,899 |
| Capital grants receivable | 979,385 |
| Recurrent grants for deferral | (2,735,543) |
| Capital grants for deferral | (2,839,323) |

- Revenue decrease of \$5,574,866 due to deferral of grant funding and other income and an increase of \$1,194,284 due to revenue receivable resulting in a net decrease of \$4,380,582 (based on the facts available to Council at the date of assessment).

- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.

- Net result would be lower on initial application as a result of decreased revenue.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 1: Significant accounting policies (continued)

1(c) New and revised Accounting Standards (continued)

AASB 16 Leases (continued)

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

Council does not currently have any lease agreements which require recognition under AASB 16 with a right-of-use lease asset and corresponding liability.

Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn leases

Council does not presently have any peppercorn lease arrangements, however, Council will commence a peppercorn lease contract with the State of Queensland (lessor) for the use of 2,581 m² land and the buildings on the premises for education purposes. The commencement date of the lease is 1 January 2020.

Transition method

Council has assessed that, as a result of the application of AASB 16, there will be no material impact on 1 July 2019. Therefore there will be no adjustment on initial application.

1(d) Estimates and judgements

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to council's assets or liabilities relate to:

Valuation and depreciation of property, plant and equipment - Note 12

Valuation of finance leases - Note 11

Contingent liabilities - Note 17

1(e) Taxation

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

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 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 services

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

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

Engineering services

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

Environmental services

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

Welfare and social services

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

- Child care services
- Family and parenting programs
- Aged care services
- Disability services

Community and cultural services

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

This function includes:

- Libraries
- Cemeteries
- Community police
- Traditional arts and crafts

Housing

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

Public amenities and utilities

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

Enterprises

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 2: Analysis of results by function (continued)

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

| Year ended 30 June 2019 | Gross program income | | | | Total income | Gross program expenses | | Total expenses | Net result from recurring operations | Net result | Assets |
|-------------------------------|----------------------|--------------|-----------|------------|--------------|------------------------|---------|----------------|--------------------------------------|--------------|---------------|
| Functions | Grants | Recurring | Other | Capital | 2019 | Recurring | Capital | 2019 | 2019 | 2019 | 2019 |
| Corporate services | \$ 4,291,655 | \$ 2,110,751 | \$ - | \$ 348,975 | \$ 6,751,604 | \$ 4,427,331 | \$ - | \$ 4,427,331 | \$ 1,975,075 | \$ 2,324,273 | \$ 59,016,669 |
| Engineering services | 1,117,900 | 4,485,359 | - | 5,559,739 | 11,193,833 | 6,855,514 | - | 6,855,514 | (1,252,256) | 4,340,318 | 31,507,992 |
| Environmental services | 187,563 | 2,737 | - | - | 190,300 | 186,532 | - | 186,532 | 3,768 | 3,768 | 358,050 |
| Welfare & social services | 2,188,542 | 197,201 | - | - | 2,385,744 | 2,802,009 | - | 2,802,009 | (416,265) | (416,265) | 4,641,806 |
| Community & cultural services | 471,276 | 276,569 | - | 966,810 | 1,714,655 | 2,382,571 | - | 2,382,571 | (1,634,726) | (667,917) | 12,896,228 |
| Housing | - | 479,846 | - | - | 479,846 | 837,145 | - | 837,145 | (357,299) | (357,299) | 8,375,588 |
| Public amenities & utilities | - | 1,261,663 | - | 1,584,450 | 2,846,113 | 3,646,689 | - | 3,646,689 | (2,385,027) | (800,577) | 20,065,054 |
| Enterprises | - | 1,189,556 | - | - | 1,189,556 | 1,318,299 | - | 1,318,299 | (128,742) | (128,742) | 4,941,181 |
| Total | 8,256,936 | 10,003,683 | 8,459,974 | 33,058 | 26,733,650 | 22,456,091 | - | 22,456,091 | (4,195,472) | 4,297,539 | 141,802,568 |

Year ended 30 June 2018

| Functions | Gross program income | | | | Total income | Gross program expenses | | Total expenses | Net result from recurring operations | Net result | Assets |
|-------------------------------|----------------------|------------|------------|------------|--------------|------------------------|------------|----------------|--------------------------------------|------------|---------------|
| | Grants | Recurring | Other | Capital | 2018 | Recurring | Capital | 2018 | 2018 | 2018 | 2018 |
| Corporate services | \$ 3,474,735 | \$ 543,613 | \$ 172,333 | \$ 572,219 | \$ 4,762,899 | \$ 3,568,216 | \$ 643,149 | \$ 4,211,365 | \$ 450,132 | \$ 551,534 | \$ 20,183,506 |
| Engineering services | 4,699,031 | 3,066,543 | 6,527,473 | - | 14,293,047 | 11,992,589 | - | 11,992,589 | (4,227,015) | 2,300,458 | 26,719,454 |
| Environmental services | 191,313 | 4,773 | 50,000 | - | 246,086 | 212,667 | - | 212,667 | (16,581) | 33,419 | 358,800 |
| Welfare & social services | 2,109,818 | 107,518 | - | - | 2,217,337 | 2,470,488 | - | 2,470,488 | (253,152) | (253,151) | 4,902,076 |
| Community & cultural services | 554,323 | 280,241 | 1,518,217 | - | 2,352,781 | 1,896,793 | - | 1,896,793 | (1,062,229) | 455,988 | 12,288,988 |
| Housing | 9,587 | 398,776 | 2,752,475 | - | 3,160,838 | 568,686 | - | 568,686 | (160,323) | 2,592,152 | 36,986,469 |
| Public amenities & utilities | - | 983,361 | 3,024,683 | - | 4,008,043 | 1,744,379 | - | 1,744,379 | (761,018) | 2,263,665 | 19,213,338 |
| Enterprises | 667,700 | 1,899,831 | 118,000 | - | 2,685,531 | 1,700,232 | - | 1,700,232 | 867,299 | 985,299 | 11,775,663 |
| Total | 11,706,506 | 7,284,656 | 14,163,180 | 572,219 | 33,726,561 | 24,151,049 | 643,149 | 24,797,198 | (5,162,887) | 8,929,363 | 132,428,295 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|------------------|------------------|
| Note 3: Revenue | | | |
| Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below. | | | |
| 3(a) Utility charges | | | |
| Utility charges are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to funds. | | | |
| Water | | 257,800 | 206,782 |
| Sewerage | | 428,316 | 342,776 |
| Garbage charges | | 183,865 | 143,367 |
| | | <u>869,981</u> | <u>692,924</u> |
| 3(b) Fees and charges | | | |
| Fees and charges are recognised when council is unconditionally entitled to those funds. Generally this is when the service is provided. | | | |
| Accommodation fees | | 515,329 | 919,005 |
| Airport landing fees | | 97,767 | 65,140 |
| Aerodrome baggage handling fees | | 192,639 | 157,036 |
| Other fees and charges | | 326,680 | 63,939 |
| | | <u>1,132,415</u> | <u>1,205,121</u> |
| 3(c) Rental income | | | |
| Rental income from property is recognised on a periodic straight line basis over the lease term. | | | |
| The Aurukun General Store is leased to an operator until 2 September 2020. Operating lease income is calculated as 6% of gross sales. | | | |
| Wuungkam Lodge, Kooth Pach Guesthouse and MacKenzie One Camp are leased to an operator until 28 February 2022. | | | |
| Operating lease income is calculated as 10% of gross accommodation revenue. | | | |
| Housing, building and land rental | | 1,600,986 | 1,341,513 |
| Operating lease income | | 524,387 | 498,539 |
| | | <u>2,125,373</u> | <u>1,840,052</u> |
| 3(d) Other recurrent income | | | |
| Private works | | | |
| Revenue from private works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. | | | |
| Private works | | 4,401,474 | 2,456,292 |
| Art work sales | | 153,771 | 195,972 |
| Agency commissions | | 108,021 | 216,575 |
| Gain on revaluation of finance leases | | 546,946 | 572,219 |
| Other income | | 383,208 | 454,613 |
| | | <u>5,593,420</u> | <u>3,895,671</u> |

Note 4: Grants, subsidies, contributions and donations

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

Physical assets contributed to Council are recognised when Council obtains control of the assets and there is sufficient information to determine approximate values of such assets. Non-cash contributions with a fair value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

| | | | |
|---|--|------------------|-------------------|
| 4(a) Recurrent | | | |
| General purpose grants (State and Commonwealth Governments) | | 3,543,955 | 3,331,843 |
| State Government specific and special purpose grants | | 2,490,778 | 3,974,428 |
| Commonwealth Government specific and special purpose grants | | 1,348,839 | 1,886,731 |
| Contributions, donations and other grants | | 873,364 | 2,513,504 |
| | | <u>8,256,936</u> | <u>11,706,506</u> |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|---|-------|------------------|-------------------|
| Note 4: Grants, subsidies, contributions and donations (continued) | | | |
| 4(b) Capital | | | |
| State Government capital grants | | 5,663,702 | 14,091,180 |
| Commonwealth Government capital grants | | - | - |
| Contributions, donations and other grants | | 2,796,272 | 72,000 |
| | | <u>8,459,974</u> | <u>14,163,180</u> |

Note 5: Employee benefits

| | | | |
|--|----|------------------|------------------|
| Total staff wages and salaries | | 4,798,804 | 5,352,285 |
| Councillors' remuneration | | 316,054 | 312,709 |
| Annual, sick and long service leave entitlements | | 690,795 | 710,423 |
| Superannuation | 18 | 574,073 | 621,595 |
| | | <u>6,379,725</u> | <u>6,997,012</u> |
| Other employee related expenses | | 209,195 | 247,836 |
| | | <u>6,588,920</u> | <u>7,244,848</u> |
| Less: capitalised employee expenses | | (107,629) | (166,864) |
| | | <u>6,481,291</u> | <u>7,077,984</u> |

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

Total Council employees at the reporting date:

| | | |
|--------------------------------------|-----------|-----------|
| Elected members | 5 | 5 |
| Administrative staff | 34 | 32 |
| Depot and outdoors staff | 49 | 62 |
| Total full time equivalent employees | <u>88</u> | <u>99</u> |

Note 6: Materials and services

| | | |
|---|-------------------|-------------------|
| Administration expenses | 1,452,481 | 987,251 |
| Aged care | 946,300 | 862,662 |
| Arts centre | 311,282 | 312,110 |
| Audit of annual financial statements by the Auditor-General of Queensland | 59,283 | 73,359 |
| Child care | 618,497 | 464,021 |
| Other materials and services | 1,383,254 | 1,217,249 |
| Plant operations | 422,520 | 185,677 |
| Private works | 2,796,813 | 1,518,038 |
| Property, building and housing | 1,247,470 | 1,040,182 |
| Road works | 777,373 | 6,551,764 |
| Technical services | 266,387 | 206,877 |
| Write-down of inventories | - | 8,566 |
| | <u>10,281,660</u> | <u>13,427,755</u> |

Note 7: Capital income / expenses

| | | |
|--|---------------|------------------|
| Profit / (loss) on the disposal of non-current assets | | |
| Proceeds from the sale of property, plant and equipment | 43,436 | 13,182 |
| Less: book value of property, plant and equipment disposed | (10,377) | (223,437) |
| | <u>33,058</u> | <u>(210,255)</u> |

Note 8: Cash and cash equivalents

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

| | | |
|-------------------------------------|-------------------|-------------------|
| Cash at bank and on hand | 10,801,374 | 7,696,021 |
| Term deposits - 3 months or less | 4,751,458 | 4,645,950 |
| Balance per Statement of Cash Flows | <u>15,552,832</u> | <u>12,341,970</u> |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|------------|------------|
|--|-------|------------|------------|

Note 8: Cash and cash equivalents (continued)

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

Externally imposed expenditure restrictions at the reporting date:

| | | | |
|-------------------------------|----|------------------|------------------|
| Constrained works | | 2,723,712 | 2,255,377 |
| Future recurrent expenditure | | 2,828,494 | 2,853,081 |
| Total unspent restricted cash | 22 | <u>5,552,207</u> | <u>5,108,458</u> |

In accordance with the Local Government Act 2009 and Local Government Regulation 2012, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

Trust funds held for outside parties

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

| | | | |
|-------------------|--|----------------|----------------|
| Security deposits | | 148,532 | 148,532 |
| Mission account | | 44,428 | 49,428 |
| | | 641 | 641 |
| | | <u>193,601</u> | <u>198,601</u> |

Note 9: Trade and other receivables

Receivables are amounts owed to council at year end. They are recognised at the amounts due at the time of sale or service delivery. Settlement is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and allowance is made, where appropriate, for impairment. The loss is recognised in finance costs. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

| | | |
|------------------------|------------------|------------------|
| Service charge debtors | 25,600 | 34,631 |
| Rent debtors | 287,495 | 129,126 |
| Other debtors | 1,218,142 | 1,347,493 |
| Less: impairment | (56,544) | (32,934) |
| GST receivable | 159,699 | 200,962 |
| Prepayments | 392 | 1,982 |
| | <u>1,634,785</u> | <u>1,681,259</u> |

Movement in accumulated impairment losses is as follows:

| | | |
|--|-----------------|-----------------|
| Opening balance at 1 July | (32,934) | (11,186) |
| Adjustment to opening balance upon application of AASB 9 | (24,751) | - |
| Impairment debts written off during the year | 28,597 | 2,497 |
| Additional impairments recognised | (27,456) | (24,246) |
| Closing balance at 30 June | <u>(56,544)</u> | <u>(32,934)</u> |

Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, was recalculated using this new methodology and an opening balance adjustment of \$24,751 was recognised.

Note 10: Inventories

Plant and equipment stores and miscellaneous saleable items are held for distribution and valued at the lower of cost or net realisable value and are adjusted when applicable for any loss of service potential.

Inventories for sale:

| | | |
|------------------------------|--------------|--------------|
| Miscellaneous saleable items | 6,581 | 8,139 |
| Total inventories for sale | <u>6,581</u> | <u>8,139</u> |

Inventories for consumption:

| | | |
|--|----------------|----------------|
| Plant and equipment stores | 722,421 | 663,372 |
| Less: Provision for slow moving and obsolete materials | (10,000) | (10,000) |
| Total inventories for consumption | <u>712,421</u> | <u>653,372</u> |
| Total inventories | <u>719,002</u> | <u>661,511</u> |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|-------------------|-------------------|
| Note 11: Other financial assets | | | |
| Council has leased 284 dwellings (2018: 284) as lessor to the Queensland Government for a total lease term of 40 years. The total lease payment per dwelling in the current year ranged between \$2,802 and \$3,150 (2018: \$2,924 and \$3,097). 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 measured at the present value of the expected future lease payments receivable (fair value). Gains or loss on revaluation of finance lease assets are recognised as other recurrent income. | | | |
| Current | | | |
| Finance leases on social housing | | 894,715 | 881,384 |
| | | <u>894,715</u> | <u>881,384</u> |
| Noncurrent | | | |
| Finance leases on social housing | | 26,628,115 | 26,975,885 |
| | | <u>26,628,115</u> | <u>26,975,885</u> |
| A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows: | | | |
| Gross minimum lease payments receivable: | | | |
| Not later than one year | | 894,715 | 881,384 |
| Later than one year but not later than five years | | 4,473,575 | 4,406,922 |
| Later than five years | | 24,373,493 | 24,885,554 |
| | | <u>29,741,783</u> | <u>30,173,861</u> |
| Add: Estimated contingent rent | | 15,862,609 | 16,741,617 |
| Less: Present value adjustment | | (18,081,562) | (19,058,208) |
| Fair value of lease payments | | <u>27,522,831</u> | <u>27,857,269</u> |
| The fair value of lease payments are receivable as follows: | | | |
| Not later than one year | | 894,715 | 881,384 |
| Later than one year but not later than five years | | 3,535,638 | 3,482,959 |
| Later than five years | | 23,092,478 | 23,492,926 |
| | | <u>27,522,831</u> | <u>27,857,269</u> |
| Movements in finance leases were as follows: | | | |
| Opening balance | | 27,857,269 | 26,386,672 |
| Add: Initial recognition of new leases | | - | 1,733,936 |
| Less: Lease receipts | | (881,385) | (835,558) |
| Plus: Gain on revaluation | | 546,946 | 572,219 |
| Closing balance | | <u>27,522,831</u> | <u>27,857,269</u> |

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% per annum (2018: 2.5%) and a discount rate of 3.0% per annum (2018: 3.0%).

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 12: Property, plant and equipment
12(a) For the year ended 30 June 2019

| Basis of measurement | Notes | Office equipment | Plant & equipment | Buildings and other structures | Land | Road, drainage and bridge network | Aerodrome | Sewerage | Water | Capital works in progress | TOTAL |
|---|-------|------------------|-------------------|--------------------------------|-------------|-----------------------------------|---------------|-------------|-------------|---------------------------|-------------|
| | | Cost | Cost | Revaluation | Revaluation | Revaluation | Revaluation | Revaluation | Revaluation | Cost | \$ |
| Asset values | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening gross value as at 1 July 2018 | | 384,230 | 4,075,164 | 74,061,655 | 475,000 | 28,351,422 | 5,613,503 | 15,091,832 | 12,716,302 | 601,576 | 141,370,685 |
| Additions at cost | | 13,534 | 177,079 | 2,052,067 | - | 4,209,118 | - | 218,662 | 216,650 | 1,001,563 | 7,888,674 |
| Disposals | 7 | (8,388) | (261,649) | (115,650) | - | - | - | - | - | - | (385,687) |
| Internal transfers | | - | 59,450 | - | - | 190,701 | - | - | - | (250,151) | - |
| Revaluation adjustment to asset revaluation surplus | | - | - | 2,040,851 | - | 155,148 | 112,257 | 39,788 | 254,328 | - | 2,602,371 |
| Lossing gross value as at 30 June 2019 | | 389,376 | 4,050,044 | 78,038,922 | 475,000 | 32,906,389 | 5,725,760 | 15,350,282 | 13,187,280 | 1,352,988 | 151,476,044 |
| Accumulated depreciation | | | | | | | | | | | |
| Opening balance as at 1 July 2018 | | 309,936 | 2,221,604 | 26,861,343 | - | 5,863,771 | 968,520 | 7,279,753 | 7,979,473 | - | 51,484,400 |
| Depreciation provided in period | | 27,079 | 328,030 | 2,258,366 | - | 646,613 | 103,941 | 354,846 | 447,880 | - | 4,166,756 |
| Disposals | 7 | (8,388) | (256,222) | (110,700) | - | - | - | - | - | - | (375,309) |
| Revaluation adjustment to asset revaluation surplus | | - | - | 633,449 | - | (701,955) | 21,449 | (314,535) | 188,667 | - | (172,924) |
| Accumulated depreciation as at 30 June 2019 | | 328,627 | 2,293,413 | 29,642,458 | - | 5,808,430 | 1,093,910 | 7,320,065 | 8,616,020 | - | 55,102,923 |
| Book value as at 30 June 2019 | | 60,749 | 1,756,632 | 48,396,465 | 475,000 | 27,097,959 | 4,631,850 | 8,030,217 | 4,571,260 | 1,352,988 | 96,373,120 |
| Residual value | | - | 129,112 | - | - | - | - | - | - | - | 129,112 |
| Range of estimated useful life in years | | 5-10 | 2-25 | 5-80 | Indefinite | 20-indefinite | 25-indefinite | 7-100 | 10-80 | - | - |
| Additions comprise: | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure Renewals | | - | - | 170,529 | - | - | - | - | - | - | 170,529 |
| Other additions | | 13,534 | 177,079 | 1,881,538 | - | 4,209,118 | - | 218,662 | 216,650.00 | 1,001,563 | 7,718,145 |
| Total additions | | 13,534 | 177,079 | 2,052,067 | - | 4,209,118 | - | 218,662 | 216,650.00 | 1,001,563 | 7,888,674 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 12: Property, plant and equipment
12(b) For the year ended 30 June 2018

| | Notes | Office equipment | Plant & equipment | Buildings and other structures | Land | Road, drainage and bridge network | Aerodrome | Sewerage | Water | Capital works in progress | TOTAL |
|---|-------|------------------|-------------------|--------------------------------|-------------|-----------------------------------|---------------|-------------|-------------|---------------------------|-------------|
| | | Cost | Revaluation | Revaluation | Revaluation | Revaluation | Revaluation | Revaluation | Revaluation | Cost | \$ |
| Basis of measurement | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Asset values | | | | | | | | | | | |
| Opening gross value as at 1 July 2017 | | 376,138 | 4,043,814 | 67,265,790 | 475,000 | 25,678,011 | 3,688,160 | 11,034,254 | 7,914,903 | 1,063,202 | 121,539,273 |
| Additions at cost | | 21,696 | 649,721 | 4,443,404 | - | 1,501,565 | 19,625 | 1,621,771 | - | 503,263 | 8,761,045 |
| Disposals | 7 | (7,064) | (217,768) | (2,249,917) | - | - | - | - | - | - | (2,474,749) |
| Transfers from capital work in progress | | (6,540) | (400,603) | 706,176 | - | 364,288 | - | 301,569 | - | (964,889) | - |
| Revaluation adjustment to expenditure (capital) | | - | - | - | - | - | - | - | (432,894) | - | (432,894) |
| Revaluation adjustment to asset revaluation surplus | | - | - | (684,998) | - | 807,558 | 1,648,378 | 2,134,238 | 5,234,294 | - | 9,139,470 |
| Assets not previously recognised | | - | - | 4,581,200 | - | - | 257,340 | - | - | - | 4,838,540 |
| Closing gross value as at 30 June 2018 | | 384,230 | 4,075,164 | 74,061,655 | 475,000 | 28,351,422 | 5,613,503 | 15,091,832 | 12,716,302 | 601,576 | 141,370,685 |
| Accumulated depreciation | | | | | | | | | | | |
| Opening balance as at 1 July 2017 | | 271,655 | 2,514,845 | 14,926,587 | - | 5,048,217 | 367,705 | 3,353,862 | 982,205 | - | 27,465,078 |
| Depreciation provided in period | | 50,935 | 330,982 | 2,073,180 | - | 677,274 | 102,354 | 202,413 | 162,706 | - | 3,599,844 |
| Disposals | 7 | (7,064) | (212,851) | (2,031,397) | - | - | - | - | - | - | (2,251,312) |
| Internal transfers | | (5,590) | (411,372) | 151,930 | - | - | - | 265,032 | - | - | - |
| Revaluation adjustment to asset revaluation surplus | | - | - | 10,351,473 | - | 138,280 | 464,798 | 3,458,446 | 6,834,562 | - | 21,247,559 |
| Assets not previously recognised | | - | - | 1,389,570 | - | - | 33,663 | - | - | - | 1,423,233 |
| Accumulated depreciation as at 30 June 2018 | | 309,936 | 2,221,604 | 26,861,343 | - | 5,863,771 | 968,520 | 7,279,753 | 7,979,473 | - | 51,484,400 |
| Book value as at 30 June 2018 | | 74,294 | 1,853,560 | 47,200,312 | 475,000 | 22,487,651 | 4,644,983 | 7,812,079 | 4,736,830 | 601,576 | 89,886,284 |
| Residual value | | - | 134,029 | - | - | - | - | - | - | - | 134,029 |
| Range of estimated useful life in years | | 3-10 | 1-25 | 5-80 | Indefinite | 15-indefinite | 25-indefinite | 7-80 | 7-80 | - | - |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2018

Note 12: Property, plant and equipment (continued)

12(c) Recognition

Plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

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

12(d) 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 the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure.

Property, plant and equipment received in the form of contributions are recognised as assets and revenues at fair value.

12(e) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

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

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

12(f) Impairment

Property, plant and equipment recognised at cost are 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.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2018

Note 12: Property, plant and equipment (continued)

12(g) Valuation

(i) Valuation processes

Council's valuation policies and procedures are documented within Council's non-current asset accounting policy which is reviewed annually.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process, a "comprehensive" valuation, involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years professionally qualified independent valuers 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 and condition rating. The valuer then determines suitable indices which are reviewed by management and are applied to each of these asset classes.

Further details in relation to valuers, the methods of valuation and the key assumptions used in valuing each different asset class are disclosed below.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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

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

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the year.

(ii) Valuation techniques used to derive fair values

Land (level 2)

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

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

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2018

Note 12: Property, plant and equipment (continued)

12(g) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Land (level 2) (continued)

The last comprehensive valuation of land located outside of the boundaries of Aurukun Shire Council was undertaken by Jones Lang LaSalle Advisory Pty Ltd, effective 30 June 2018. The same valuers determined no adjustment was required as at 30 June 2019. The next comprehensive valuation of land is planned in 2021. A traditional direct sales comparison approach was utilised to determine fair value whereby consideration was given to transactions of comparable land sites in close proximity to the subject property. The valuer has determined value on a price per square metre analysis with adjustments made for difference between the sale properties and subject property in respect of physical, legal, economic differences. The fair value is considered a level 2 measurement in the fair value hierarchy.

Buildings and other structures (level 2 and 3)

The last comprehensive valuation of buildings and other structures was undertaken by Jones Lang LaSalle Advisory Pty Ltd, effective 30 June 2018. The next comprehensive valuation of buildings and other structures assets is planned in 2021.

Where there is a market for Council building assets, they are categorised as non-specialised buildings and fair value is derived from the sales prices of comparable properties using a traditional direct sales comparison approach. The valuer has determined value on a price per square metre analysis with adjustments made for difference between the sale properties and subject property in respect of physical, legal, economic differences. The fair value is considered a level 2 measurement in the fair value hierarchy. The net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component.

Where Council buildings and other structures are of a specialist nature and there is no active market for the assets, such as those located in the Aurukun area, fair value has been determined using the current replacement cost approach. In applying this approach, the valuer has determined the replacement cost or gross current value of a new asset having similar service potential to the subject asset. This replacement cost includes allowances for preliminaries and professional fees. CRC at 30 June 2019 was determined by the same valuers through a desktop valuation. An increase in replacement costs of 3.00% was determined from reference to current capital projects undertaken by the Council, construction data for recent projects within the general region and construction costing guides issued by the Australian Institute of Quantity Surveyors and Rawlinson's (Australian Construction Handbook). The views were supported by Aurukun building and asset management officers. The net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful life profiles. Useful lives were assessed having regard to a number of characteristics including, but not limited to, design, materials, utilisation and environment. Aurukun Shire has a remote coastal location and tropical climate which has a direct impact on the expected useful lives of assets.

Overall, remaining useful lives were based on the assets conditions taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. Allowance has been made for the typical asset life cycle and renewal treatments of each component and the condition of the asset. Asset conditions were reassessed. The views were supported by Aurukun building and asset management officers.

| | Notes | 2019 | 2018 |
|--------------------------------|-------|------------|------------|
| | | \$ | \$ |
| Buildings and other structures | | | |
| - Non-specialised (level 2) | | 950,000 | 950,000 |
| - Specialised (level 3) | | 47,446,465 | 46,250,312 |
| Total | | 48,396,465 | 47,200,312 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2018

Note 12: Property, plant and equipment (continued)

12(g) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Infrastructure assets (level 3)

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

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

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

Road, drainage and bridge network and aerodrome

The last comprehensive valuation of road, drainage and bridge network and aerodrome assets was undertaken by independent valuers, APV Valuers and Asset Management, effective 30 June 2017. CRC at 30 June 2019 was determined by independent valuers, Jones Lang Lasalle Advisory Pty Ltd through a desktop valuation. The next comprehensive valuation of road, drainage and bridge network and aerodrome assets is planned in 2020.

Current replacement cost

Council categorises its road, drainage and bridge network infrastructure into sealed and unsealed roads, carparks, kerbs and channels and stormwater drains. Aerodrome assets are categorised into sealed and unsealed runways. These assets are segmented into sections based on attributes of age and surface type (where necessary) and then componentised into formation, pavement and seal (as applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear, pavement depth and area specifications, estimated labour and material inputs, services costs, and overhead allocations. An increase in current replacement costs for estimates, material and services were calculated at 2.00% using a combination of actual construction and purchase prices for recent projects of the Council, appropriate cost information for similar assets in similar locations, Rawlinsons' Construction Guide, the use of models for specific asset types and information provided by Council's technical staff.

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment based on age and design characteristics to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment rating of between 0 and 5, which was used to estimate remaining service potential - 0 being excellent with a remaining service potential of 90-100% and 5 being unserviceable with a remaining service potential of 0-5%. The higher the condition rating, the lower the fair value.

Sewerage and water

The last comprehensive valuation of water and sewerage assets was undertaken by Jones Lang Lasalle Advisory Pty Ltd, effective 30 June 2018. CRC at 30 June 2019 was determined by the same valuers through a desktop valuation. The next comprehensive valuation of sewerage and water infrastructure assets is planned in 2021.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2018

Note 12: Property, plant and equipment (continued)

12(g) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)
Infrastructure assets (level 3) (continued)

Sewerage and water (continued)

Current replacement cost

Council categorises its sewerage and water assets into mains, equipment, meter and services and manholes. Equipment is sub-categorised into civil, mechanical, electrical and pipework and valve. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. An increase in replacement costs of 2.00% was determined through analysis of cost guides such as Rawlinsons and Cordells, recent Aurukun Shire Council projects and specialist suppliers' pricing. Aurukun engineering officer support this view.

Accumulated depreciation

In determining accumulated depreciation, a determination was made of each asset's remaining useful life in line with their design characteristics. Useful lives were assessed having regard to a number of characteristics including, but not limited to, design, materials, utilisation and environment. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. Assets were allocated a condition assessment rating of between 0 and 5, which was used to estimate remaining service potential - 0 being excellent with a remaining service potential of 90-100% and 5 being unserviceable with a remaining service potential of 0-5%. The higher the condition rating, the lower the fair value. The views were supported by Aurukun engineering officers.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| Notes | 2019 | 2018 |
|-------|------|------|
| | \$ | \$ |

Note 13: Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

A liability for annual leave is recognised. 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 this liability beyond 12 months annual leave is classified as a current liability.

| | | |
|------------------------|------------------|------------------|
| Current | | |
| Creditors and accruals | 2,710,626 | 1,917,984 |
| Annual leave payable | 278,882 | 252,026 |
| | <u>2,989,508</u> | <u>2,170,010</u> |

Note 14: Borrowings

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

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

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

| | | |
|--|----------------|----------------|
| Current | | |
| Loans - Queensland Treasury Corporation | 29,760 | 28,668 |
| Non-current | | |
| Loans - Queensland Treasury Corporation | 604,377 | 633,088 |
| | <u>634,137</u> | <u>661,756</u> |
| Loans - Queensland Treasury Corporation | | |
| Opening balance at beginning of financial year | 661,756 | 688,279 |
| Principal repayments | (27,618) | (26,524) |
| Book value at end of financial year | <u>634,137</u> | <u>661,756</u> |

The QTC loan market value at the reporting date was \$731,018 (2018: \$697,623). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The contracted undiscounted cashflow at balance date is shown below.

| Loans - QTC | 0 to 1 year | 1 - 5 Years | Over 5 years | Total |
|-------------|-------------|-------------|--------------|---------|
| | \$ | \$ | \$ | \$ |
| 30-Jun-19 | 54,018 | 216,073 | 594,201 | 864,293 |
| 30-Jun-18 | 54,018 | 216,073 | 648,220 | 918,311 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|---|-------|------------------|----------------|
| Note 15: Provisions | | | |
| Current | | | |
| Long service leave | | 45,974 | 20,450 |
| | | <u>45,974</u> | <u>20,450</u> |
| Non-current | | | |
| Landfill restoration | | 1,471,785 | - |
| Long service leave | | 153,635 | 116,652 |
| | | <u>1,625,420</u> | <u>116,652</u> |
| Long service leave | | | |
| Balance at beginning of financial year | | 137,102 | 105,972 |
| Long service entitlement paid | | (9,381) | (29,605) |
| Long service leave entitlement extinguished | | (3,526) | (13,561) |
| Long service leave entitlement arising | | 75,414 | 74,296 |
| Balance at end of financial year | | <u>199,609</u> | <u>137,102</u> |
| Landfill restoration | | | |
| Initial recognition during the year | | 1,471,785 | - |
| Balance at end of financial year | | <u>1,471,785</u> | <u>-</u> |

Long service leave

A provision for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

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 provision. Otherwise it is classified as non-current.

Landfill restoration

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities.

The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

The total projected cost of \$1,471,785 is expected to be incurred between 2029 and 2059. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 16: Asset revaluation surplus

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

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

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

Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

| | | |
|--|--------------------|---------------------|
| Balance at beginning of financial year | 108,422,853 | 120,462,360 |
| Net adjustment to non-current assets at end of period to | | |
| Buildings and other structures | 1,407,401 | (10,967,889) |
| Road, drainage and bridge network | 857,103 | 669,278 |
| Aerodrome | 90,808 | 1,183,580 |
| Sewerage | 354,323 | (1,324,208) |
| Water | 65,660 | (1,600,268) |
| | <u>2,775,295</u> | <u>(12,039,508)</u> |
| Balance at end of financial year | <u>111,198,148</u> | <u>108,422,853</u> |

Asset revaluation surplus analysis

The closing balance of the asset revaluation reserve is comprised of the

| | | |
|-----------------------------------|--------------------|--------------------|
| Buildings and other structures | 83,639,274 | 82,231,873 |
| Road, drainage and bridge network | 21,173,848 | 20,316,746 |
| Aerodrome | 3,625,883 | 3,535,075 |
| Sewerage | 2,693,482 | 2,339,159 |
| Water | 65,660 | - |
| | <u>111,198,148</u> | <u>108,422,853</u> |

Note 17: 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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme, the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$189,869.95.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 18: Superannuation

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Aurukun Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. The council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

| Notes | 2019 | 2018 |
|---|---------|---------|
| | \$ | \$ |
| The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was: | 574,073 | 621,595 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 19: Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

| | | | |
|---|----|--------------------|---------------------|
| Net result | | 4,297,559 | 8,929,362 |
| Non-cash operating items: | | | |
| Depreciation and amortisation | | 4,166,756 | 3,599,844 |
| | | <u>4,166,756</u> | <u>3,599,844</u> |
| Investing and development activities: | | | |
| Net (profit) loss on disposal of non-current assets | 7 | (33,058) | 210,255 |
| (Gain) loss on revaluation of finance leases | 11 | (546,946) | (572,219) |
| Capital grants and contributions | 4 | (8,459,974) | (14,163,180) |
| Finance costs | | 54,599 | 48,466 |
| Revaluation decrements | | - | 432,894 |
| | | <u>(8,985,379)</u> | <u>(14,043,784)</u> |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables | | 21,723 | (418,152) |
| (Increase)/decrease in other operating assets | | (57,491) | (71,917) |
| Increase/(decrease) in payables | | 819,498 | (392,711) |
| Increase/(decrease) in provisions | | 1,534,291 | 31,130 |
| | | <u>2,318,022</u> | <u>(851,649)</u> |
| Net cash inflow/(outflow) from operating activities | | <u>1,796,958</u> | <u>(2,366,225)</u> |

Note 20: Reconciliation of liabilities arising from finance activities

| | | | |
|-----------------------|--|----------------|----------------|
| Loans | | | |
| Balance as at 1 July | | 661,756 | 688,279 |
| Cash flows | | (27,618) | (26,524) |
| Balance as at 30 June | | <u>634,137</u> | <u>661,756</u> |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 21: Transactions with related parties

21(a) Related entities

Aurukun Shire Council has no associates or joint ventures. The Aurukun Community Foundation Ltd was a controlled entity of Aurukun Shire Council but was deregistered on 19 August 2018.

21(b) Key management personnel compensation (KMP)

KMP are the Mayor, councillors, council's Chief Executive Officer and the Directors of Corporate, Technical and Community Services and officers acting in these positions.

| | 2019 | 2018 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,093,815 | 1,133,767 |
| Post-employment benefits | 98,167 | 113,795 |
| Long-term benefits | 19,948 | 12,398 |
| Termination benefits | 11,231 | 30,338 |
| Total | 1,223,161 | 1,290,298 |

21(c) 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.

Aurukun is one of the larger communities in the cape. Most residents are traditional owners of the shire and surrounding lands. There are five spiritual clan groups: Apalech, Winchanam, Wanam, Chara and Puutch. As such it would be typical for KMPs to have several close family members.

Details of transactions between council and other related parties are disclosed below:

| Details of transaction | Additional information | 2019 | 2018 |
|--|---------------------------|-----------|-----------|
| | | \$ | \$ |
| Fees and charges charged to close family members of key management personnel | 21(c)(i) | - | 8,642 |
| Employee expenses for close family members of key management personnel | 21(c)(ii) | 1,041,531 | 2,139,780 |
| Purchase of materials and services from close family members of key management personnel | 21(c)(iii) | 89,916 | 82,111 |

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 21: Transactions with related parties (continued)

21(c) Transactions with other related parties (continued)

21(c)(i) The fees and charges charged to close family members of key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by council.

21(c)(ii) 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.

In 2018-19, Council employed a total of 190 (2018: 181). During the period 40 were close family members of key management personnel (2018: 84).

21(c)(iii) The material and services purchased from close family members of key management personnel related to artwork. All purchases were at arm's length and were in the normal course of council operations.

21(d) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables

Past due 31-60 days
Past due 61-90 days
More than 90 days overdue

| Commercial rent | |
|-----------------|--------------|
| 2019 | 2018 |
| \$ | \$ |
| 417 | - |
| 1,015 | - |
| 2,418 | 2,263 |
| <u>3,850</u> | <u>2,263</u> |

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

21(e) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

21(f) Commitments to/from other related parties

Council has made no commitments to or received commitments from other related parties.

21(g) Transactions with related parties that have not been disclosed

Council has not disclosed related party transactions that occur on the same basis as ordinary local citizen transactions. Some examples include dog registration and borrowing books from the council library.

AURUKUN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

Note 22: Tied grants by project

The following note is prepared on a cash basis.

| Source of funds and/or projects | Balance 1/07/2018 \$ | Revenue \$ | Expense \$ | Balance 30/06/2019 \$ |
|---|----------------------------|---------------|---------------|-----------------------------|
| General purpose grants | | | | |
| Grants for the whole of Council: | | | | |
| State government financial aid | - | 1,303,586 | 1,303,586 | - |
| Financial assistance grant | - | 2,240,369 | 2,240,369 | - |
| Revenue replacement grant | - | 667,700 | 667,700 | - |
| | - | 4,211,655 | 4,211,655 | - |
| Specific purpose grants | | | | |
| Indigenous economic development | - | 80,000 | 80,000 | - |
| IT systems, infrastructure & business process | (64,067) | 112,000 | 47,933 | - |
| SynergySoft enterprise system | (134,292) | 220,175 | 85,883 | - |
| Indigenous visual arts industry support | 6,999 | 190,000 | 167,094 | 29,905 |
| Indigenous regional arts development fund | 2,479 | - | - | 2,479 |
| Backing indigenous arts (Arts Qld) | 30,633 | 60,000 | 90,633 | - |
| Artists workshop refurbishment | 45,000 | 664 | 45,664 | - |
| Carvers workshop renovation | 45,455 | - | 45,455 | - |
| Works for Queensland round 2 | 419,014 | - | 1,224,584 | (805,571) |
| Business precinct refurbishment | (11,318) | 16,800 | 24,344 | (18,862) |
| Supermarket building renovation | 18,000 | - | 16,373 | 1,627 |
| Community centre fitout | (32,326) | 227,273 | 165,484 | 29,463 |
| Justice centre building refurbishment | 12,000 | 24,252 | 36,252 | - |
| PCYC hall roof upgrade | 6,000 | - | 6,000 | - |
| Refurbishment of park & basketball courts | - | 72,727 | - | 72,727 |
| Sports Hall Roof Upgrade | - | 112,860 | 112,860 | - |
| Indigenous knowledge centre | 33,085 | 18,500 | 31,646 | 19,939 |
| STEM.LAM robotics | 25,000 | - | 20,233 | 4,767 |
| First 5 forever family literacy initiative | - | 2,631 | 235 | 2,396 |
| Koolkan Woyan Min child and family hub program | 7,059 | 106,584 | 113,642 | - |
| Aurukun playgroup and early childhood learning | 30,033 | 87,264 | 117,297 | - |
| Koolkan Woyan Min child care centre - long day care | 82,002 | 205,120 | 287,122.73 | - |
| Community child care foundation | - | 521,298 | 521,298 | - |
| Community care services | - | 77,832 | 77,832 | - |
| Commonwealth home support program | - | 450,280 | 450,280 | - |
| Cape York jobs packages | - | 99,997 | 99,997 | - |
| Home care packages | - | 639,531 | 639,531 | - |
| Aged care package | 30 | - | 30 | - |
| Hearse purchase | - | 71,034 | 71,034 | - |
| ATSI public health | - | 167,232 | 133,766 | 33,466 |
| Aurukun community police vehicles | 801 | - | 801 | - |
| Rio Tinto - road user agreement | 2,532,576 | 2,424,574 | 2,286,958 | 2,670,192 |
| Cape York roads project | (7,240) | 494,936 | 487,696 | - |
| Natural disaster relief & recovery 2016 | (642,621) | 639,867 | (2,754) | - |
| Natural disaster relief & recovery 2017 | 35,260 | 57,404 | 111,575 | (18,911) |
| Natural disaster relief & recovery 2018 | - | 363,892 | 562,693 | (198,801) |
| Natural disaster relief & recovery 2019 | - | - | 25,848 | (25,848) |
| TIDS 2017-18 | (474,894) | 474,894 | - | - |
| TIDS 2018-19 | - | 940,683 | 992,499 | (51,816) |
| TIDS 2019-20 | - | - | 4,940 | (4,940) |
| Natural disaster resilience program 2018 | - | 359,552 | 399,502 | (39,950) |
| Strategic planning for the airport | - | - | 1,830 | (1,830) |
| Airport disability lift unit purchase | - | - | 11,000 | (11,000) |
| Works for Queensland round 3 | - | 1,080,000 | - | 1,080,000 |
| Aurukun sewer upgrade | (100,000) | 100,000 | - | - |
| Solid waste facility refurbishment | 1,079,308 | - | 118,227 | 961,081 |
| Waste water infrastructure improvements | 297,300 | - | 25,205 | 272,095 |
| Water infrastructure improvements | 332,500 | - | 25,780 | 306,720 |
| Enyan Circuit & pensioner units infrastructure | - | 1,727,550 | 1,727,550 | - |
| Get ready Queensland | 2,605 | 6,780 | 10,063 | (678) |
| Family income management | 65,350 | - | - | 65,350 |
| | 3,641,729 | 12,234,183 | 11,501,914 | 4,374,000 |
| Add back negative grants | 1,466,728 | | | 1,178,207 |
| Unspent grant revenue | 5,108,458 | | | 5,552,207 |


AURUKUN SHIRE COUNCIL
Financial Statements
For the year ended 30 June 2019

Management Certificate
For the year ended 30 June 2019

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 establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 30, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.


DERECK WALPO
Mayor

Date: 9/10/2019


BERNIE MCCARTHY
Chief Executive Officer

Date: 9/10/2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Aurukun Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Aurukun Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, 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 management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Aurukun Shire Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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 council for the financial report

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

The council is 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 2019:

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



Sri Narasimhan
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
Financial Statements
For the year ended 30 June 2019

Current year financial sustainability statement

Certificate of Accuracy for the current year financial sustainability statement

Independent Auditor's Report on the current year financial sustainability statement

Long-term financial sustainability statement

Certificate of Accuracy for the long-term financial sustainability statement

AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets:

- Operating surplus ratio
- Asset sustainability ratio
- Net financial liabilities ratio

| How the measure is calculated | Actual - Council | Target |
|--|------------------|----------------------|
| Net result (excluding capital items) divided by total operating revenue (excluding capital items) | -23% | Between 0% and 10% |
| Capital expenditure on the replacement of assets (renewals) divided by depreciation expense. | 4% | greater than 90% |
| Total liabilities less current assets divided by total operating revenue (excluding capital items) | -74% | 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 2019.

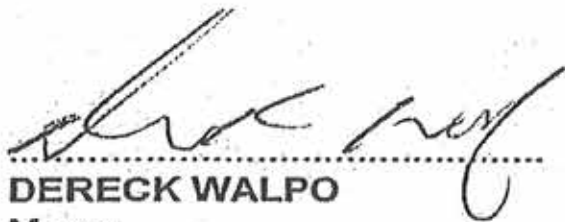
AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement For
the year ended 30 June 2019

AURUKUN SHIRE COUNCIL

Certificate of Accuracy for the current year financial sustainability statement
For the year ended 30 June 2019

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

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


.....
DERECK WALPO
Mayor

Date: 9/10/2019


.....
BERNIE MCCARTHY
Chief Executive Officer

Date: 9/10/2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Aurukun Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Aurukun Shire Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Aurukun Shire Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Aurukun Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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 council for the current year financial sustainability statement

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

Auditor's 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.



Sri Narasimhan
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2019

Measures of Financial Sustainability

Council

| Measures of Financial Sustainability | Measure | Target | Actuals at 30 June 2019 | Projected for the years ended | | | | | | | | |
|--------------------------------------|---|--------------------------|-------------------------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | 30 June 2020 | 30 June 2021 | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 |
| Operating surplus ratio | Net result divided by total operating revenue | Between 0% and 15% | -23% | -34.42% | -21.97% | -21.12% | -20.29% | -19.49% | -18.71% | -17.96% | -17.22% | -16.51% |
| Asset sustainability ratio | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense | greater than 90% | 4% | 35.84% | 80.68% | 82.51% | 84.40% | 86.34% | 88.34% | 90.41% | 92.53% | 94.72% |
| Net financial liabilities ratio | Total liabilities less current assets divided by not total operating revenue | greater than 60% | -74% | -88.04% | -86.87% | -84.54% | -82.27% | -80.08% | -77.95% | -75.89% | -73.89% | -71.95% |

Aurukun Shire Council's Financial Management

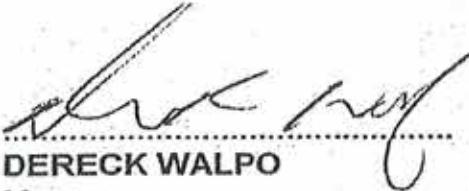
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

AURUKUN SHIRE COUNCIL
Long-term Financial Sustainability Statement
For the year ended 30 June 2019

AURUKUN SHIRE COUNCIL
Certificate of Accuracy for the long-term financial sustainability statement
as at 30 June 2019

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

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



DERECK WALPO
Mayor

Date: 9/10/2019



BERNIE MCCARTHY
Chief Executive Officer

Date: 9/10/2019

Annual Report Feedback

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

Acknowledgment of Photographs

Special acknowledgment for contributions from Aurukun Shire Council employees, community agencies and residents.

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www.aurukun.qld.gov.au



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