



Aurukun Shire Council



2017-2018 ANNUAL REPORT



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Cover photo by Scotty White.

MESSAGE FROM THE MAYOR



Aurukun Shire Council is proud of its efforts during 2017/18. Our ongoing efforts are coming to realisation for a more peaceful and harmonious community.

With full funding, Aurukun Access Road and sealing will be completed within the Shire by late 2018. However, Council and stakeholders must continue to lobby Governments for the construction and sealing of the Aurukun Access Road from the Shire boundary to the Peninsula Development Road.

The 40th anniversary celebrations of Aurukun Shire Council has been a time for us all to reflect on the great achievements in local government since 1978. The ASC Why I Love Aurukun photo competition has now become a major community event and it positively reflects our great community, people and country.

I am extremely pleased to see the Ministerial and Government Champions program continue. Council will be holding monthly meetings with Ministerial Champion Di Farmer and Government Champion Rachel Hunter. We will be using this process to positively enhance all aspects of lifestyle, services, facilities and government funding for Aurukun Shire.

We are extremely pleased to see the refurbishment of the Wo'uw Ko'alam Community Centre. Hopefully the community makes full use of this fantastic facility which will assist in bringing the community together. Special thanks to Department of State Development for their refurbishment funding and WCCCA for their fit-out funding.

The opening of the Aak Ngench Thayan Cemetery provides improved facilities for our loved ones.

An unqualified report has again been received for Council's financial statements from the Queensland Audit Office. This highlights the excellent standard of Council's financial and operational processes. The ongoing efforts of our management team and staff are appreciated and their contributions in delivering a broad range of essential services is to be commended. However, with any new facility provided by government, Council must be assured of operational funding otherwise our financial sustainability diminishes.

Dereck Walpo
Mayor



Mayor Walpo and Director General Champion Rachel Hunter



Mayor Walpo and Ministerial Champion Di Farmer

AURUKUN SHIRE PROFILE

Legal Status

The Aurukun Shire Council operates under Queensland Government Legislation, namely the *Local Government Act 2009*. Furthermore, two Regulations work hand-in-glove with the Act are the *Financial Planning and Reporting Regulation* and the *Operations Regulation*. 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.



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

<p>Mayor Cr Dereck Walpo</p>	<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>
<p>Deputy Mayor Cr Edgar Kerindun OAM</p>	<p>Served 2008-2016. Elected 2016 to date. Portfolio – Transport and Infrastructure, Training and Employment. Local Disaster Management Group (LDMG)</p> <p>Member: Family Responsibilities Commission (FRC)</p>
<p>Cr Ada Woolla OAM</p>	<p>Served 2012-2016. Elected 2016 to date. Portfolio – Arts, Craft and Culture</p> <p>Member: Families Responsibilities Commission (FRC)</p>
<p>Cr Vera Koomeeta OAM</p>	<p>Served 2012-2016. Elected 2016 to date Portfolio – Sport, Recreation and Education Services</p> <p>Member: Families Responsibilities Commission (FRC)</p>
<p>Cr Doris Poonkamelya OAM</p>	<p>Appointed 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 PSM
Director of Corporate Services	Ron Fenner
Director of Technical Services	Perry Gould
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 RNTBA 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 will have some jurisdiction over the whole shire, particularly through the Aurukun Shire Planning Scheme.

Services in 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

CYP Parenting Hub

Queensland Police Service

SES and QMV Unit
Community Police
Bendigo Bank
Post Office
Library/IKC Services (also QRAM radio and television retransmission)
Cape York Partnerships Opportunity Hub
Centrelink
Freight Services – Road, Hawkins and Tuxworths; Barge, Sea Swift Barge Services
Police Citizens Youth Club/Activities
Neville Pootchemunka Rugby Field
Tennis/Basketball Courts
Wik and Kugu Art Centre
Kooth Pach Guest House Accommodation
Wuungkam Lodge Accommodation
Pikkuws Restaurant
Supermarket, fast food take-away and fuel sales
Church
Wo'uw Ko'alam Community Centre
Boat ramp for recreational fishing/freight
Training Centre
Families Responsibilities Commission
Community Justice Group and Mediation Centre
Cape York Employment (RJCP)
Aak Puul Ngantam (APN) Depot and Office
Ngan Aak Kunch Aboriginal Corporation (NAKAC) Office
Child Support Services
Ma'aathan Women's Shelter
Akay Koo'oilala Women's Art Centre
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.



Artist Bruce Bell and Margo Koonutta

Artist Jean Walmbeng

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 child care. 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 continues to have discussions with the State Government to investigate the establishment of possible mining operations. If mining 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 eg timber, furniture manufacture and bush tucker supplies; Amrun Mine (Rio Tinto) has provided excellent training and employment opportunities during the construction phase.

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 has installed CCTV cameras in the township and operate under a Memorandum of Understanding with the Queensland Police Service. The use of CCTV cameras was found to be effective in other communities in reducing the incidence of crime.

Council is also ensuring street lights are repaired by Ergon 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; sealing of all streets to improve traffic flow and inhibit dust; replacement of all damaged street signs and undertaking regular audits for appropriate signage.



Community Police Officers Smithy Kepple and Robert Woolla with Mayor Dereck Walpo.

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.

Council is also supporting the construction of six independent two bedroom senior's units in a new subdivision near the Chivaree Centre, due for completion in late 2018.

Providing subcontract maintenance services to the Department of Housing and Public Works with a stock of 271 community houses. It is projected that there will be 247 tenancies refurbished by 30 June 2018.

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 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.

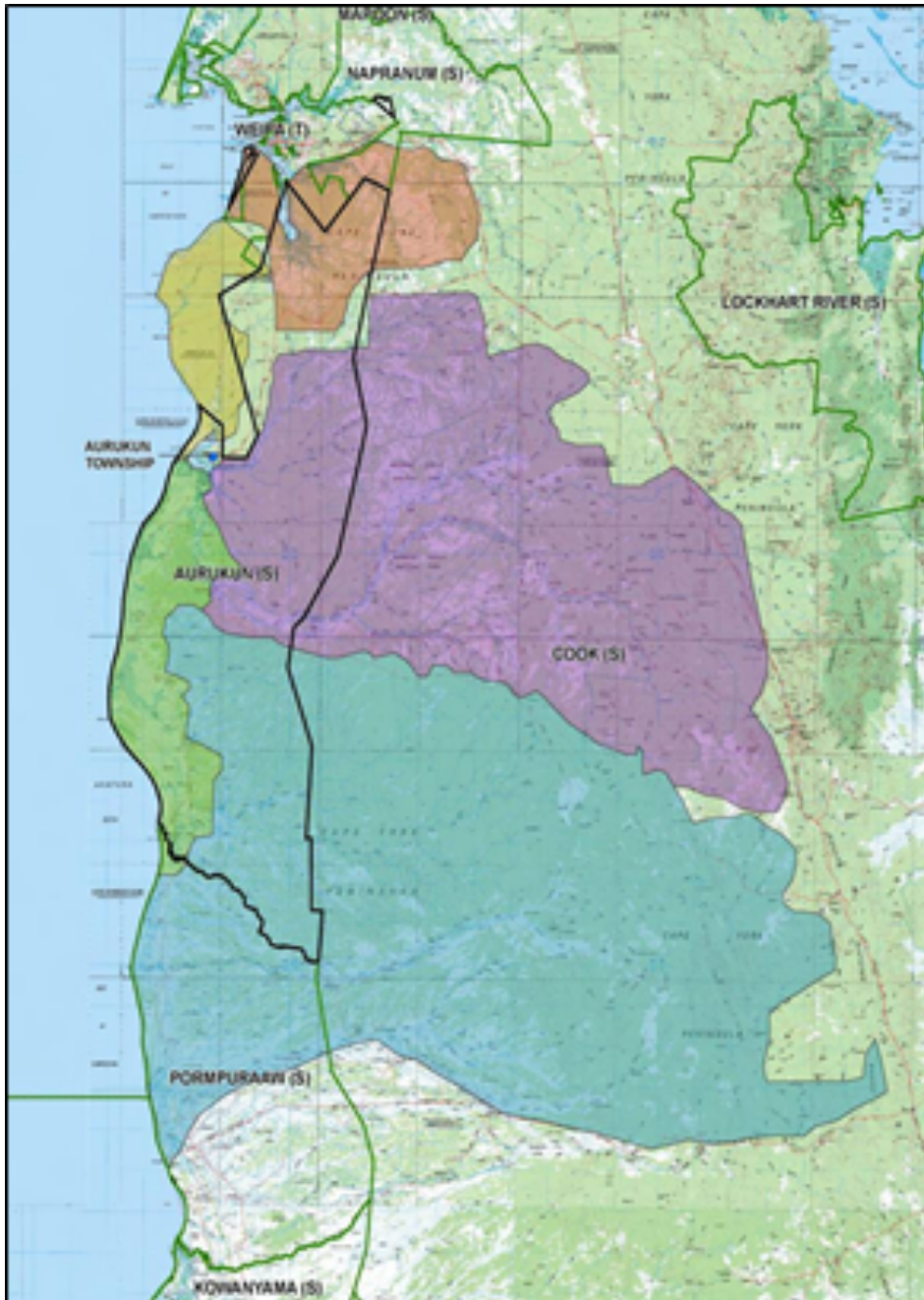
The traditional culture and heritage of the Wik and Wik Way people is vibrant. Most Aboriginal people in Aurukun still speak their native tongue. The Traditional Owners association with land and water is deeply significant.






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.



Photograph by Leah Williams

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 and self-cater. There are also a number of contractor accommodation locations, including MacKenzie Camp Two. Alternatively, eat at Pikuuws Restaurant located adjacent to the 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 8.30am to 5.00pm on Monday, Tuesday and Wednesday with extended hours to 7pm on 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 4.00pm 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 many short 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 & 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.

Fuel can be purchased at Mareeba, Lakeland, Musgrave, Coen and Archer River Roadhouse. Freight transport to Aurukun, when accessible by road, is provided by Hawkins (Qld) Pty Ltd for the Council's purposes.

Hawkins can be found at: www.hawkinsqld.com.au Phone 0427 028 966. Tuxworth's Carriers also services the community – their telephone contact is 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 claim discounted Skytrans air travel.

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



Skytrans Managing Director, Mr Peter Collings, Chief Executive Officer, Mr Michael Thinnee and Aurukun Shire Council Chief Executive Officer, Mr Bernie McCarthy PSM, inspect the Aurukun Shire Council 40th Anniversary logo sticker before installation.

By Sea

The shipping company Sea Swift provides weekly barge transport to Aurukun. Sea Swift can be contacted on 07 4035 1234.



MV Malu Titan

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Bernie McCarthy **Chief Executive Officer**

I continue to enjoy the challenge of my sixth year as Chief Executive Officer. Council continues to be the major services and infrastructure provider for the developing community of Aurukun. The Council, governments, police, stakeholders and residents are to be congratulated on their efforts to make Aurukun a safer and more harmonious place to live.

The ASC Deadly Employee Awards have been a great initiative in the Council's 40th Year celebrations. Many thanks to our employees and sponsors for their keen participation in these deserving awards which will continue in 2018/19.

ASC is currently preparing a Master Plan in conjunction with the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) and Cardno consultants. The views of residents and stakeholders have already been sought on how you wish to see Aurukun develop. The final Master Plan will be put on public consultation for your final comments.

I thank all ASC staff for their dedication and continuing efforts throughout the past year. In 2018/19 and beyond, Council will be committed to work towards improving the quality of lifestyle for all Aurukun residents.

Bernie McCarthy PSM **Chief Executive Officer**

Corporate Services Overview



Ron Fenner
Director of Corporate Services

Overview of Corporate Services

Corporate Services completed another interesting and challenging year. Grant funding enabled better facilities and infrastructure to improve services to the public and internally. New infrastructure such as MacKenzie Camp Two, the Wi Fi air bridge and an improved ASC fuel bowser at the Depot Store.

Wik and Kugu Arts Centre

The Wik and Kugu Arts Centre continued its high profile during the year with the artists again being successful at the Cairns Indigenous Arts Fair and undertaking a trip to the National Gallery of Victoria in November.

Council has also been successful during the year in receiving funding from Western Cape Communities Trust of \$50,000 and Queensland Department of Premier and Cabinet \$45,455 to refurbish the carving shed and the downstairs workshop including the office. The upstairs gallery was completed in August 2017, creating an impressive showroom area. Work commenced on the downstairs gallery in June 2018.



Artists Bruce Bell and Rodney Yunkaporta with Dan Sultan

Customer Service

New staff commenced in Council operated bank and post office agencies. Bank electronic transactions continue around 2,000 per month which is a high volume for this size community.

Cash handling at the bank and post office continues to remain under control and there were no major discrepancies involving any of the cash floats. Council reception coverage at the Administration Office improved throughout the year. It is encouraging to see the Local Fare Scheme being utilised by the community. The number of people in this airfare scheme and the volume of purchases continues to increase.



Puna Ngatupuna assisting Jeffrey Koongotema at the Post Office.

Councillor Edgar Kerindun is assisted at the Post Office.

Staff Housing

With increasing provision of services to the community, there is more demand for Council staff housing. Funding of \$1,258M was obtained through Working for Queensland (W4Q2) to move and refurbish six Department of Education portable houses to Council land. Two bedroom units were erected in Amban Lane with funding from W4Q1.

Council spent over \$350,000 on staff housing maintenance and more on refurbishment during the year. This included completing refurbishment of War Street housing and \$142,000 on roofing of various staff houses.

Information Technology

Installation of a new finance system was commenced during the year. The system to be purchased is Synergy Soft, which is used by an increasing number of Indigenous and other councils in Queensland and other states.

The sub-contractors Air Bridge Networks undertook the installation of the Wi-Fi network around the township. Other major highlights were upgrading of the video conference link between the two ASC offices (Aurukun and Cairns) and the visual display at the Sam Kerindun Senior Business Precinct.

Finance

Council again achieved unqualified audits for 2017-2018 and remains in a strong cash position. Special thanks to the finance team and all managers and supervisors who assisted in achieving this result. As Council continues to acquire better asset data, sustainability in the long term remains an issue due to the heavy dependence on government grants to support ASC operations and replace major community infrastructure.

Revenue from Council housing, increasing revenue from property leasing, government grants and investment revenue are enabling better service provision to the community. Further details are provided in the Community Financial Report included in this Annual Report.

Cairns Support Office

The ASC Cairns Support Office provides invaluable support to Council's overall operations, particularly in the areas of financial management, payroll, information technology, purchasing, payroll, creditors and debtors. Cairns-based staff undertake regular visits to Aurukun to support the overall operations of Council.

Human Resources

Training

Council continues to provide on the job and career development training to all staff including;

- Monthly Inductions
- Contractor Inductions
- Bank Officer Refresher
- Managing Bullying and Harassment
- Confined Space

- Low Voltage Rescue
- Certificate III Early Childhood Education and Care
- Certificate III Individual Support
- Apprenticeships.

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.

Council continues to encourage local students to seek work experience opportunities and future career possibilities within our organisation.

Recruitment

Staff turnover remains high and Council continues to review retention strategies including the commencement of Enterprise Bargaining Agreement negotiations for all staff.

Workplace Health and Safety

The following summarises improvements and achievements for the year.

- Establishment of the WHS Committee with 12 members representing all workplaces.
- Improvements in incident reporting and the analysis of data to identify trends and areas of improvement.
- Commencement of the “Take 5” risk assessments in the Technical Services area with a gradual rollout across all workplaces.
- Finalisation of annual workplace inspection schedule to ensure compliance.
- Continuation of Monday safety email messages with input from the Management.
- Inclusion of WHS as a standard agenda item for the Joint staff bi-monthly meetings.
- Review of Drug and Alcohol policy and commencement of staff education program.
- Ongoing WHS training in First Aid, CPR, high risk licences and plant operator competencies.
- Implementation of formal risk assessment process for Council sponsored community event activities.
- Introduction of a Contractor management system for review of Safe Work Method Statements.

Business Development and Grants

In an organisation restructure, Business Development and Grants responsibilities were reallocated to the Director of Community Services, however each Director is now responsible for project managing grants which come under their portfolios.

Council received the following grants specific to Corporate Services in 2017-2018

New IT system	\$314,536
Business Precinct refurbishment	\$140,000
Supermarket Roof	\$80,000

A total of \$2.31M Works for Queensland Round 2 funding was approved for all ASC projects including Corporate Services.

Records Management

In 2017 Council was successful in gaining the services of a full time Records Officer who has concentrated on placing records in an electronic format and improving records management in the offices of the Directors and Chief Executive Officer.

Council Store

The Depot Store continues to improve with its layout, labelling and general tidiness. The annual stocktake revealed only one minor discrepancy for the period of twelve months. With the help of Building Our Regions, funding was obtained for an electronic diesel fuel tank and bowser at the depot. This was installed in November and has saved time and improved accountability on the issuing of fuel. The installation of a new concrete laydown area has reduced the dust problem and provided a safer working area adjacent to the Store loading zone.

Commercial Accommodation

MacKenzie Two Camp was completed in April 2018 through funding at a cost of \$1,501,816 from W4Q1 funding and also \$67,000 on a safety upgrade at the Airport Contractors Camp. A further \$200,000 for furnishing and minor infrastructure has been allocated through W4Q2 funding for the MacKenzie Two camp.



MacKenzie Two Camp

The accommodation and the restaurant provide a comfortable stay for visitors to Aurukun. The revenue from the accommodation again exceeded the budgeted targets for the second year in a row.

As Director of Corporate Services I thank all my staff for their efforts during the past year and the Council and Management for their ongoing support.

Ron Fenner
Director of Corporate Services

Community Services Overview



Alan Neilan
Director of Community Services

Community Services Overview

The Community Services portfolio undertakes the following functions and services:

Koolkan Childcare and Family Support Hub, including Playgroup Services
Chivaree Home and Community Care Centre
Community Police
Security and CCTV
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 has entered into an agreement with Education Queensland to allow a qualified teacher to work and lead the Koolkan Childcare Staff. Enrolment numbers have steadily improved and Koolkan is once again a place where children and families feel welcome and at home.

Ongoing professional development and assistance from stakeholders will ensure that Koolkan remains on this positive path and produces children that are happy, well-adjusted and ready to go to school when the time comes. The new Childcare Subsidy arrangements with the Commonwealth Government will commence on 2 July, 2018.

The Family Support Hub has seen a steady increase in parents utilising the service in 2017/18. Assistance has been provided for parents creating My Gov accounts & with the completion of their childcare subsidy applications in relation to the new Child Care Subsidy Scheme.

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. During the final school term, we developed and implemented a program with the school to prepare children for the transition to pre-prep. Parents were invited to attend on specific days to meet Miss Angela and engage in activities. This gave both parents and children an opportunity to familiarise themselves with the teacher, classroom and expectations prior to starting 'big school'. This program was a success with most playgroup & childcare children who engaged in the program attended prep at the beginning of the 2018 school year.

Special Events organised by Family Support:

Open day for Community members to visit the centre to see the facilities & program
Playgroup & Childcare participated in the NAIDOC march from the Wellbeing Centre to the Parenting Hub.

Provided face painting & playgroup activities for Aurukun day 2017

Co-ordinated the Christmas Party with Childcare & Pre-prep. Santa was special guest.

Co-ordinated the Easter party with Childcare, Pre-prep & Prep classes.



Children at Koolkan Child Care Centre and Family Hub

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.

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

Community Police

There are eight Community Police Officers (CPO) rostered over the weekly cycle. This covers 24/7 hours, with some CPO's working at the Wik and Kugu Art Centre, 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.

Security and CCTV

Aurukun Shire 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 Queensland Police Service station and the Council office. 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.

Indigenous Knowledge Centre and Broadcasting

The Council has a similar arrangement with Education Queensland, for the IKC Coordinator's position. The Aurukun IKC has had an exciting year after reopening for business in January 2018. With increased internet speed due to the arrival of the fibre optic cable and connectivity to 6 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.

With the launch of the Flexi Program at the IKC and 14 secondary school aged students enrolled, Seed Collecting, getting a Dance Team to the Napranum Cultural Festival, the Five Clans of Aurukun Clan Poles (erected at the school) and the Dugout Canoe Projects, have all given lots of opportunity for young people, Elders and Artists to collaborate and work together on culturally significant events and artifacts, giving traditional learning styles the respect they deserve.

As IKC activities and projects gather momentum, the future is looking bright for 2019 with the Laura Dance Festival on the calendar as well as lots of suggestions from the Community for exciting Cultural events and projects. Join us at the IKC or visit us at “The Aurukun Indigenous Knowledge Centre” on Facebook.



Flexi Students at IKC working on the dug-out canoe and seed collecting project.

Animal Control

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. Vet services have been utilised on a regular basis and large numbers of dogs have been de-sexed. Communication with dog owners need 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.

Funerals

Community members are supported by an arrangement with Western Cape Communities Trust (WCCCA) to access funds for funerals and house openings. Council assist in liaison with family members and funeral proceedings. The new cemetery Aak Ngench Thayan Cemetery is in operation on Obon Road.

Community Events

Council has continued to host a number of events throughout the year, with a particular highlight being ANZAC Day celebrations. Anzac Day was well attended, particularly with school children from Aurukun State School.

Other events included Aurukun Day, Photo Competition, Aurukun's Community Christmas event, River to Ramp Fun Run and Aurukun Newcomer's events.

Focus must now be placed on engaging other stakeholders to really make these events a highlight and provide the entertainment for community it frequently requests.

Alan Neilan
Director of Community Services



Anzac Day



Australia Day Awards Jimilla Dix as Young Citizen 2018



River to Ramp Fun Run



Australia Day Activities

Technical Services Overview



Perry Gould
Director of Technical Services

Technical Services Overview

The 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

- Natural Disaster Relief and Recovery Efforts (NDRRA) restorations works were completed on the Aurukun Access Road, Amban Road, Obon Road area and the township streets 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 have rapidly reduced in the first half of 2018 as included in the Memorandum of Understanding (MOU) with Rio Tinto Australia and Aurukun Shire Council. Road inspections have been carried out on a routine basis to monitor and record damage caused by Rio Tinto trucks and maintenance operations have been completed as required. Future works to restore the condition of the sealed sections of this road are scheduled for completion in 2019 under the MOU budget.
- Transport Infrastructure Development Scheme (TIDS) contributed \$950,000 towards improving the gravel pavement along the Aurukun Access Road which was sealed under the Torres Cape Indigenous Councils Alliance (TCICA) funding program.
- Approximately 16km of the Aurukun Access Road was sealed within Aurukun Shire in 2017/18 under the TCICA funding program.
- Bitumen sealing of road works in Enyan Circuit was completed in September.

- The MOU with Department of Transport and Main Roads (TMR) expired on 30 June 2018 and Council will be engaging Con Tati as an ASC employee to undertake the position of Road Projects Supervisor. This arrangement provides Council with full autonomy in delivery of road maintenance and construction works. We thank TMR for valuable assistance over many years and we look forward to continuing these excellent road works with continued funding from TMR and other government sources.
- The recent sealing works along the Aurukun Access Road and reduction in flood damage will commence the requirement to transition into a road works maintenance routine rather than the large-scale capital works operations recently completed.
- Additional funding has been requested to complete the remaining 6km of sealing works along the Aurukun Access Road, east of the Amban Road turnoff. It is anticipated that the full length of this road will be sealed up to the Cook Shire boundary within the next 12 months.
- Negotiations with Cook Shire and State Government to enable ASC to manage the maintenance and funding requests for sealing the remaining 26km of unsealed road to the Peninsula Developmental Road are still ongoing. This is an important step to allow the sealing works to continue with the completion of the seal within Aurukun Shire rapidly approaching completion.
- ERSCON Consulting Engineers have provided support to Council in concept design plans and estimates to support funding applications prepared on Council's behalf, through to detailed design and then project management of the construction. Their most notable project has been the pavement and bitumen sealing of the Aurukun Access road which elevates the road to improve flood immunity and provides a stable pavement for the increasing traffic volumes. ERSCON has managed both NDRRA related road projects CIMA and/or TCICA funded projects which have resulted in a vast improvement along the Aurukun Access Road, with a noticeable reduction in flood damage during 2017/2018 as a result of infrastructure improvements.

Water Reticulation & 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 been commissioned to complete a Drinking Water Quality Management Plan. This plan is due for completion by October 2018.
- Water sampling is being undertaken on a daily basis at five test points with one sample per week being sent to Cairns Regional Council for testing for E.coli as per regulation. Chlorination testing is also undertaken by ASC and records forwarded to Department of Natural Resources and Energy as per legislation.

- A significant increase in housing and other infrastructure over the past 12 months has resulted in an increased demand for water. The existing bores are not able to sustain the demand and until the supply can be increased water restrictions will be required.

Sewerage Infrastructure

- Works for upgrade of Sewer Pump Station One and new Rising Main from the Council Depot to Tal Tal Street valued at \$600,000.
- Funding was secured through Building Our Regions (\$560,000) and Works for Queensland (W4Q2) (\$292,000) to construct a new sewer pump station and gravity main on Tal Tal Street which included a connection to the MacKenzie Camp and a future expansion allowance to the east of MacKenzie Drive. The sewer gravity main was also extended along John Koowarta Drive.

Aurukun Waste Management Facility

- Indigenous Council Critical Infrastructure Program (ICCIP) approved \$3M 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 Remondis Weipa with the assistance by ASC employees on Wednesdays. Commercial premises collection is undertaken by ASC on other days. This arrangement will be reviewed in December 2018
- Old tyres and batteries are being stored at the Depot for transportation to Weipa for recycling.

Building, Construction, Capital & Maintenance Works

- A new State Emergency Services shed was completed within the Council Depot compound. The Fire Truck/SES utility and Volunteer Marine Rescue boat will be stored within this facility.
- Upgrade works were undertaken by contractors at the Airport Contractors Camp.
- Preliminary civil works were completed for the proposed Housing and Public Works Senior Units.
- Two ASC accommodation duplexes were built by HCB Constructions in Amban Lane.
- The following works were undertaken under the Works for Queensland Program:
 - Roofing of Administration Offices and Council Chambers
 - MacKenzie Two Accommodation Camp undertaken by Bryant (Qld) Pty Ltd.

- External and internal painting was undertaken at the Sam Kerindun Senior Business Precinct
- Generators are to be 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 undertaken with the assistance of the Premier's Department 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 ASC employee has nearly completed his carpentry apprenticeship.

Mechanical Workshop

- It is extremely important to have a well maintained fleet of plant and equipment. Better delivery of services is aspired to through the Mechanical Workshop.
- There are plans to undertake a review of assets, investigate the disposal of surplus vehicles and equipment and ensure workshop equipment meets the necessary WHS standards.

Civil Works

- In May 2018, the first stage of the new Aak Ngench Thayan Cemetery was completed in Obon Road and includes 128 plots, fencing for Stage One and landscaping.
- Enyan Circuit Estate civil works were completed with sewerage and water infrastructure whilst kerb and channelling was completed by Bama Services.
- Street, traffic and facility signage was erected throughout the township. Unfortunately there has been significant vandalism and theft of these signs.
- A new concrete driveway and laydown area within ASC Depot was completed. Through W4Q2 funding these works were completed at a cost of \$360,000. These improvements create an increased goods laydown area for stores delivery and provides better access to the Works Depot in wet season conditions and dust suppression in the dry season.
- A new 30,000L self bunded fuel pod was installed in the Council depot to meet current standards and assist in monitoring and recording diesel usage.
- Additional funding from National Disaster Resilience Program (NDRP) managed by the Queensland Reconstruction Authority has been sourced to combine with approved NDRRA funding for the construction of an extended concrete hardstand area at the Barge Landing. This will provide an improved facility rather than reconstructing a bitumen sealed area.



1. *New infrastructure works funded by Works for Queensland*
2. *Roads assessed by helicopter for damage after the wet season*

CCTV

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

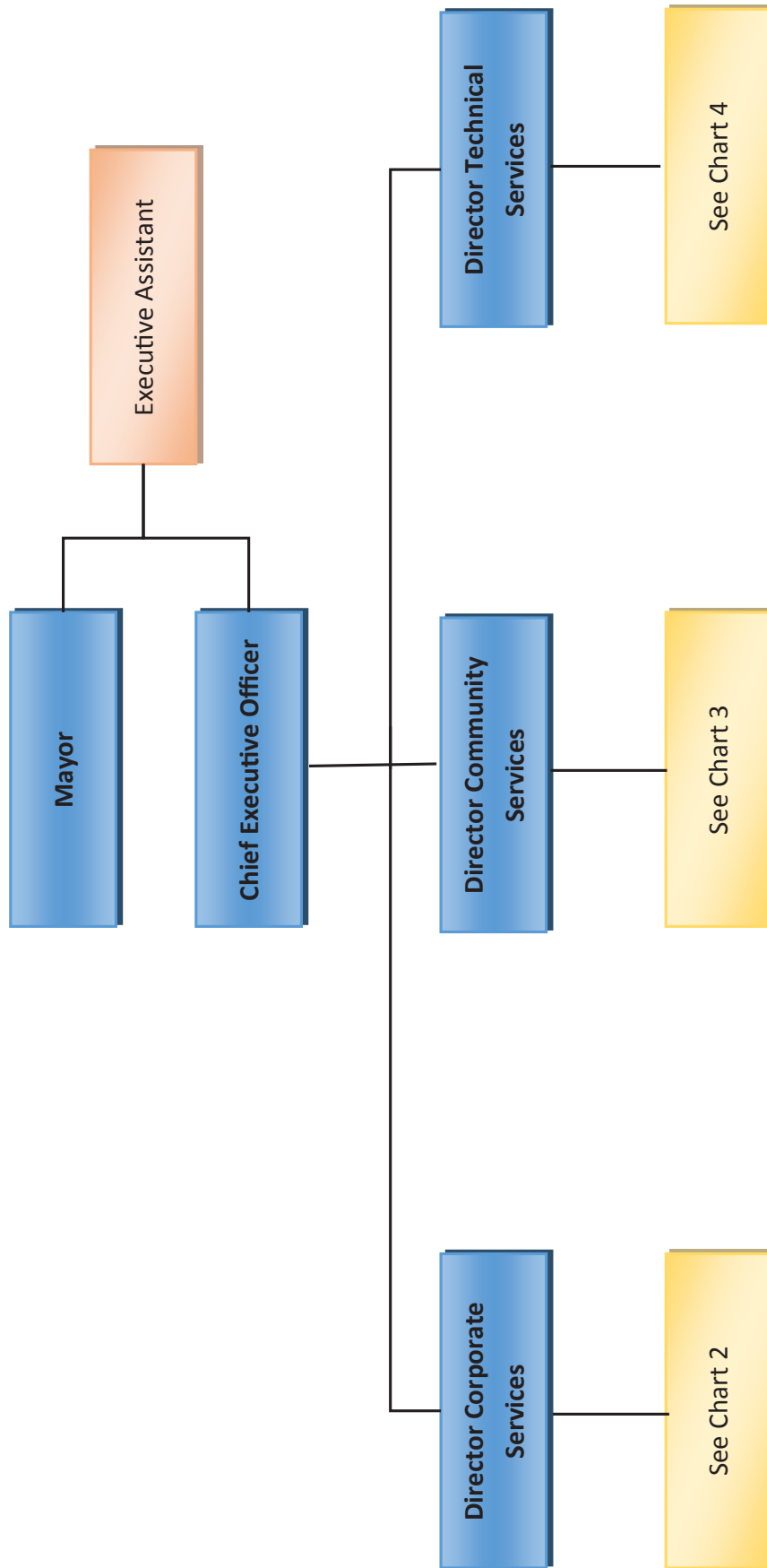
Master Plan

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

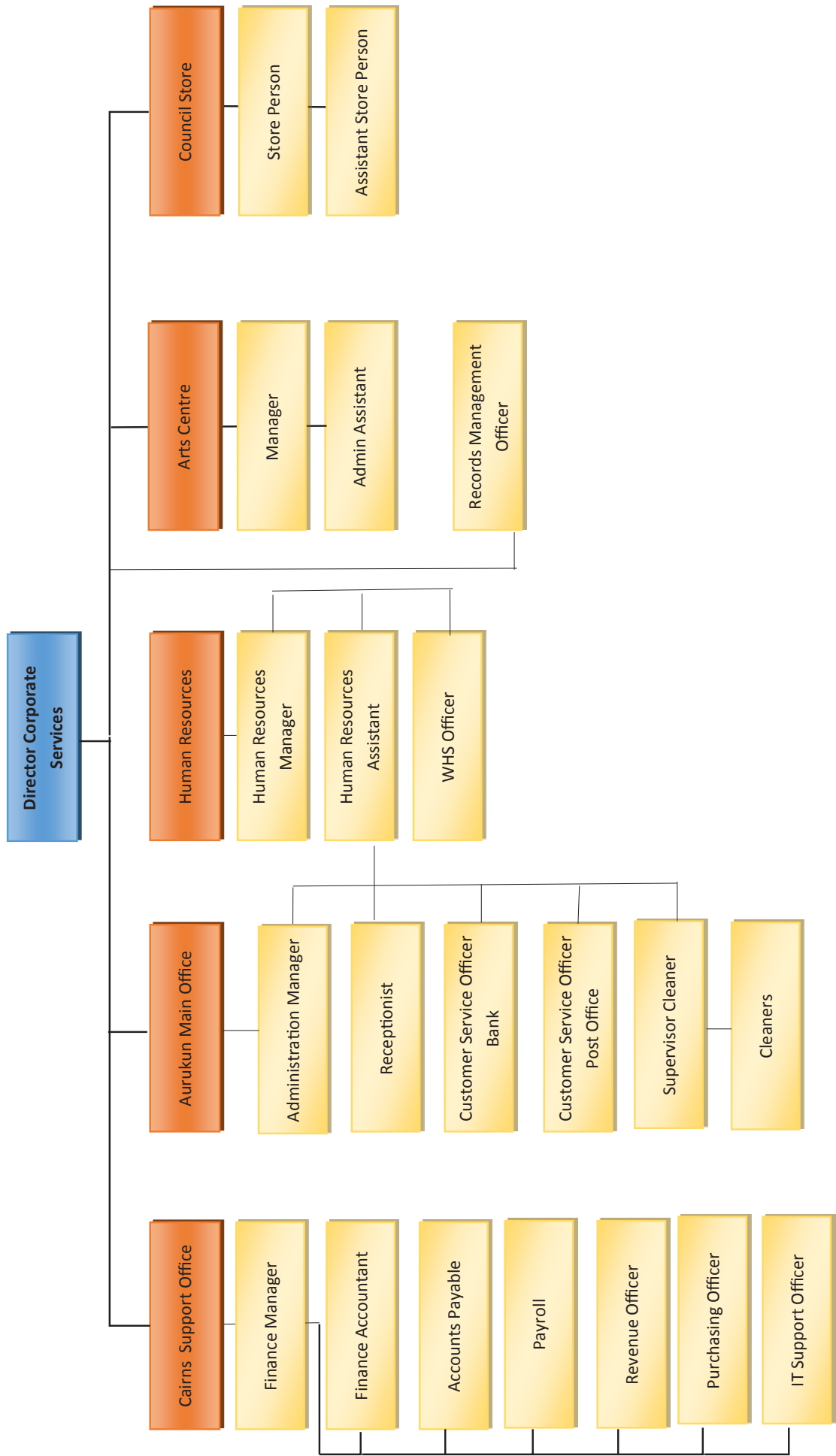
Thanks to all Technical Services staff for their ongoing efforts throughout the year. We all look forward to a positive year working and operating at the required level to provide a diverse range of facilities and services to the Aurukun community.

This report was prepared by Bernie McCarthy, Chief Executive Officer

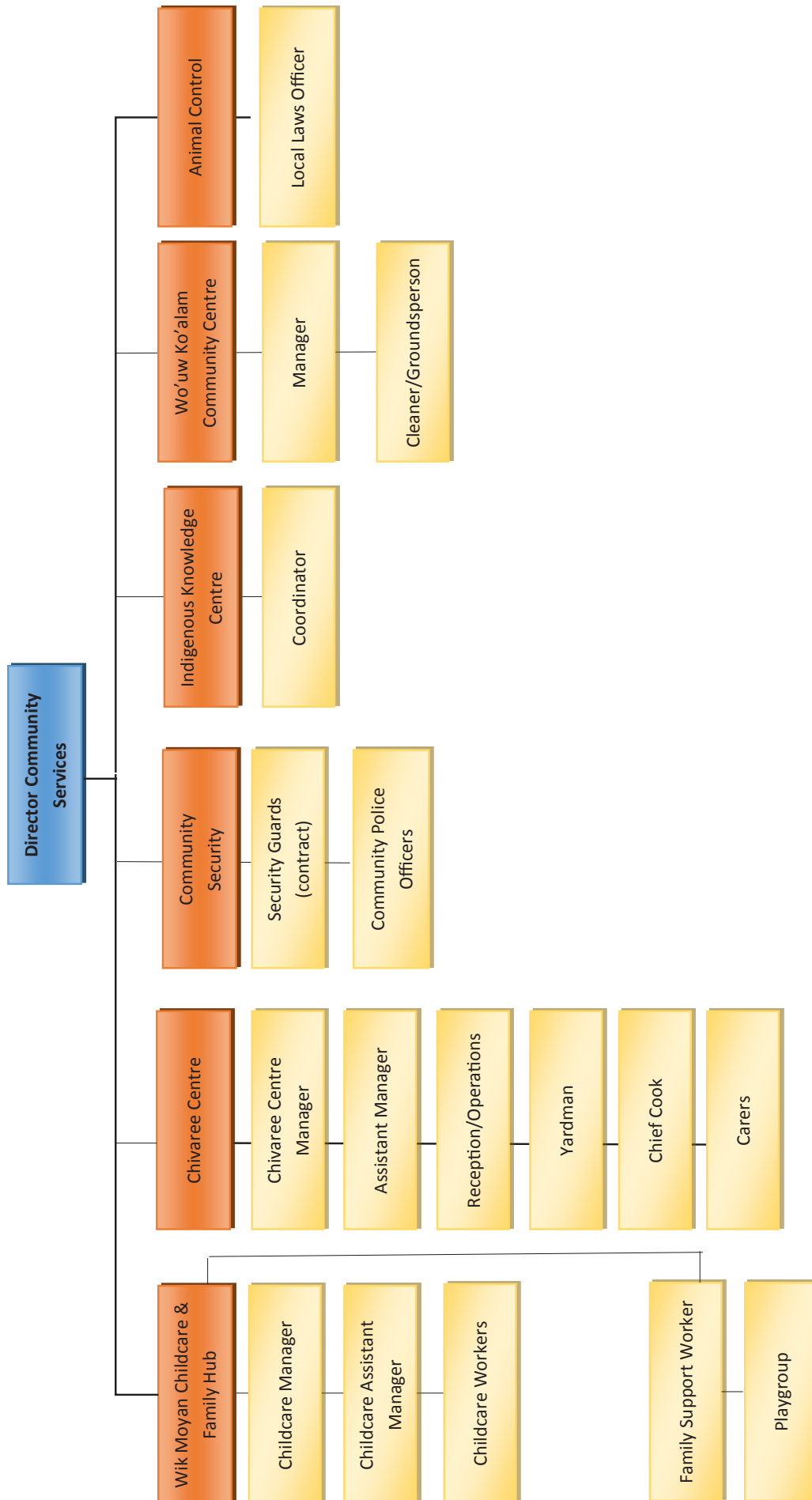
Organisation Chart as at 30 June 2018



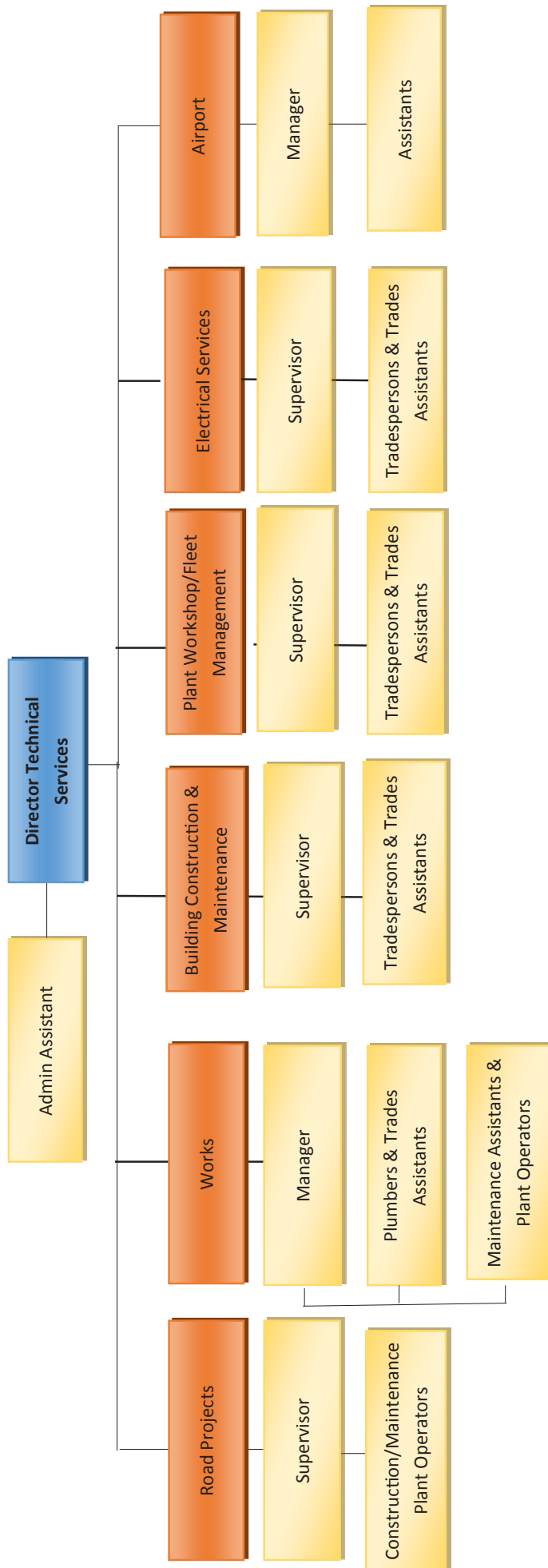
Organisation Chart 2 - Director Corporate Services



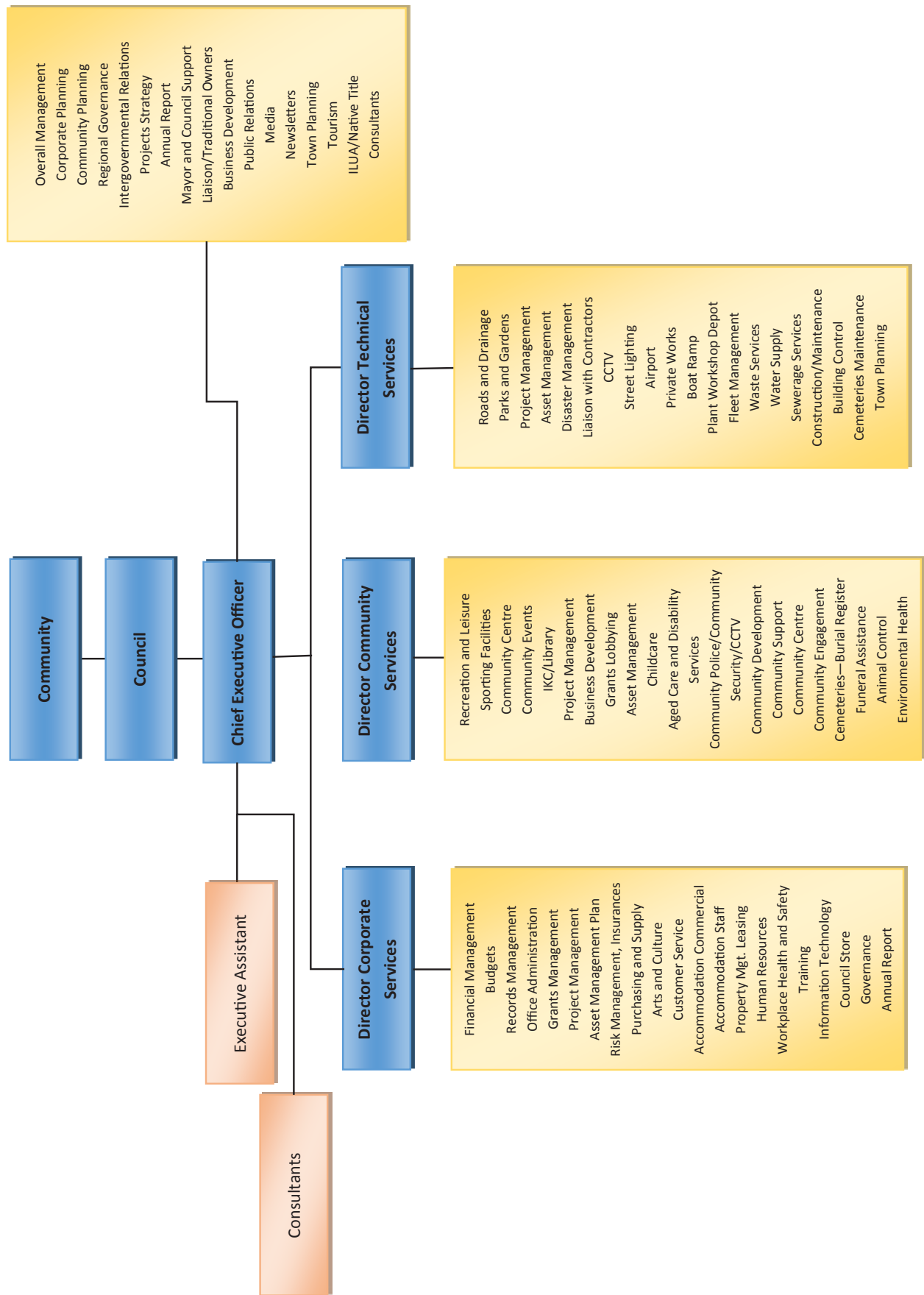
Organisation Chart 3 - Director Community Services



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 2017-18 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 2017-18.

The comprehensive and externally audited 2017-18 Financial Statements follow the Community Financial Report, commencing on page 53.

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 61.6% of Council's total operating revenue. Of the 11,706 million of operating grants, \$3.998 million was untied, and \$8.375 million was tied which can only be spent on programs approved by the funding agencies.

Capital Grants subsidies and contributions increased by \$7.337 million in 2017-18, and is 43.69% of total revenue.

Council relies on capital funding to renew and replace its ageing infrastructure.

- **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-source revenue by \$324 thousand when the contractors' accommodation became fully operational in 2017-18.

- **Operating Expenditure**

Maintenance expenditure on road works, mainly on Aurukun Access Road, was \$7.145 million

Expenditure on community, welfare, cultural services was 20% of total operating expenditure (\$4.835 million, including community policing and safety of \$988 thousand).

- **Assets & Liabilities**

Non-current assets, driven by decreases in valuations and decreased by \$5.7 million, from \$123,056 million in 2016-17 to \$117.349 million in 2017-18.

Total liabilities (amounts owing) decreased by \$388 thousand in 2017-18, and this is 2.28% of total assets.

- **Cash Position**

Cash increased by \$2.075 million due to advance payments of capital grants such as Indigenous Council Critical Infrastructure Program (ICCI) and Work of Queensland Round 2. Of the \$12.341 million in cash assets, \$5,186 million is unexpended grants and \$2.198 million payable to suppliers and for employee benefits.

Net worth (Equity)

Council's net worth increased by \$2.692 million in 2017-18 because of the decrease of value of its assets.

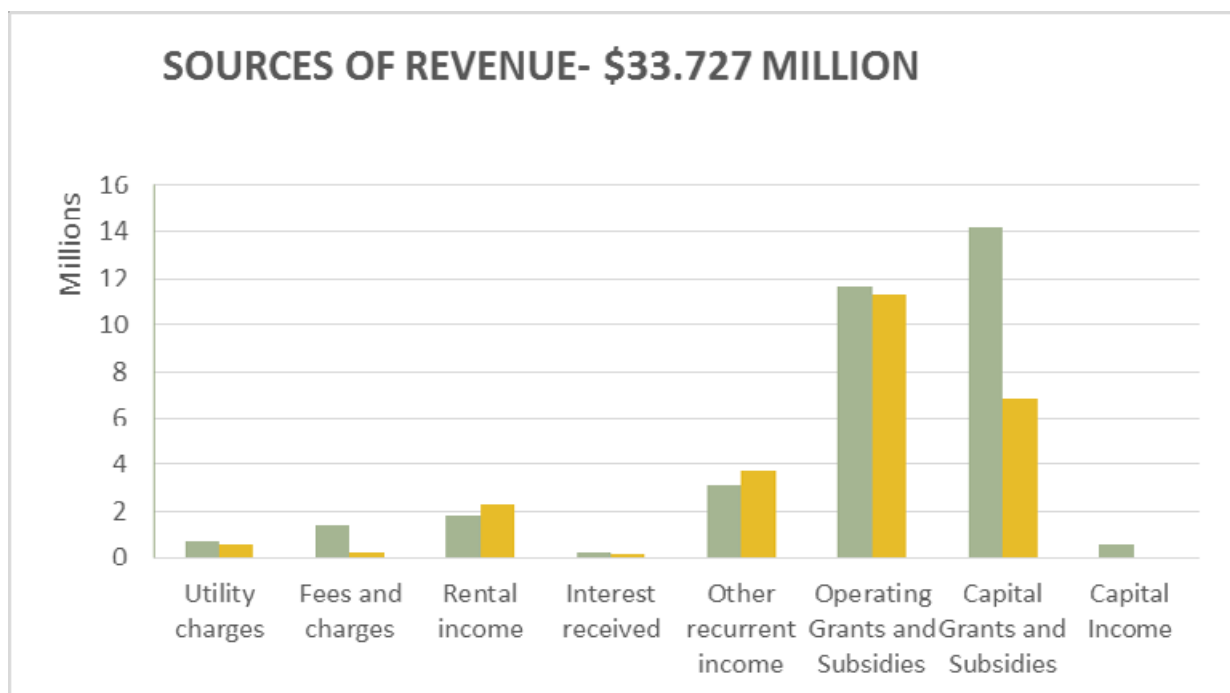
- The **Statement of Financial Position** provides information about assets and liabilities and Council's net financial worth at the end of the year.
- The **Statement of Changes in Equity** shows Council's net worth.
- The **Statement of Cash Flows** reports the movement of cash in 2017-18, and shows how much money Council started the year with, where the incoming money came from, where the money was spent, and how much money was left at the end of the year.

Statement of Comprehensive Income

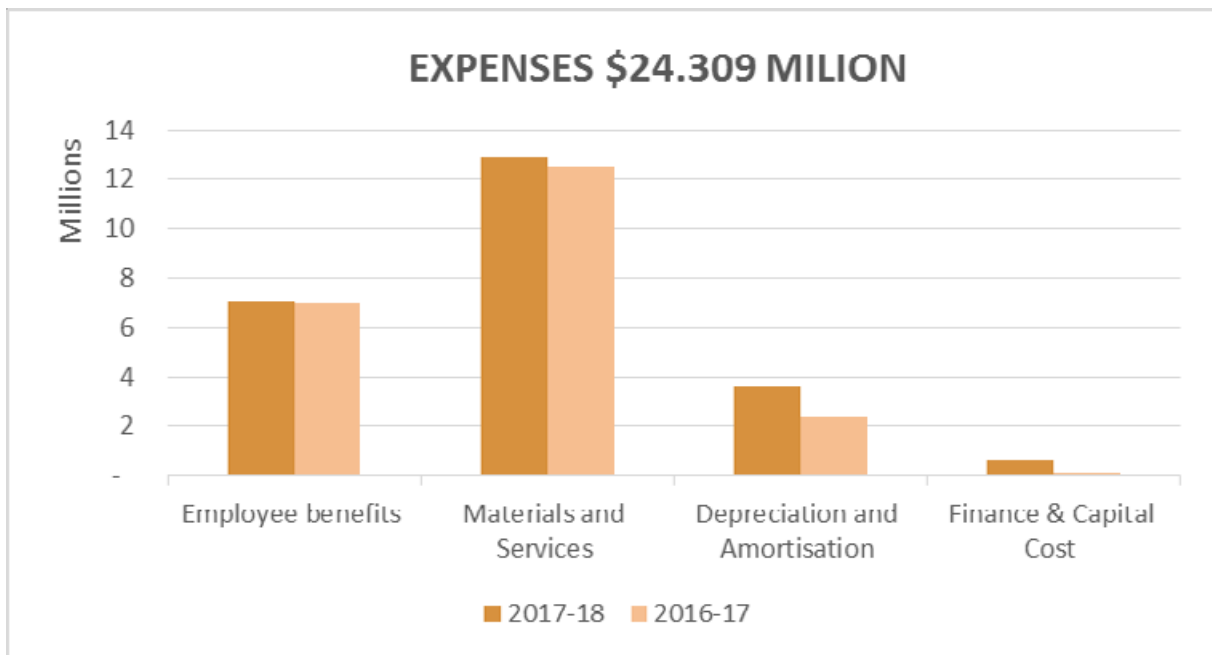
The Statement of Comprehensive Income shows all revenue and expenses, and indicates whether Council made a profit or loss.

Council made a profit of \$9.416 million for the year, which is mainly from grants allocated to specific projects.

Statement of Comprehensive Income	2017-18	2016-17
Recurrent Revenue	18,991,163	18,223,362
Capital Revenue	14,735,399	6,829,717
Total Income	33,726,562	25,053,079
Recurrent Expenses	23,666,737	21,906,651
Capital Expenses	643,149	89,139
Total Expenses	24,309,886	21,995,790
Net Result	9,416,676	3,057,290
Increase/(Decrease) in asset revaluation surplus	(12,108,090)	4,264,505
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,691,415)	7,321,795



Council's own revenue exceeded \$6.9 million for the financial year. There was a decrease of \$2.2 million in 2016-17 caused by decrease in private works done for Building and Assets Services. The bulk of Council's revenue still comes from grants and subsidies from both federal and state governments.

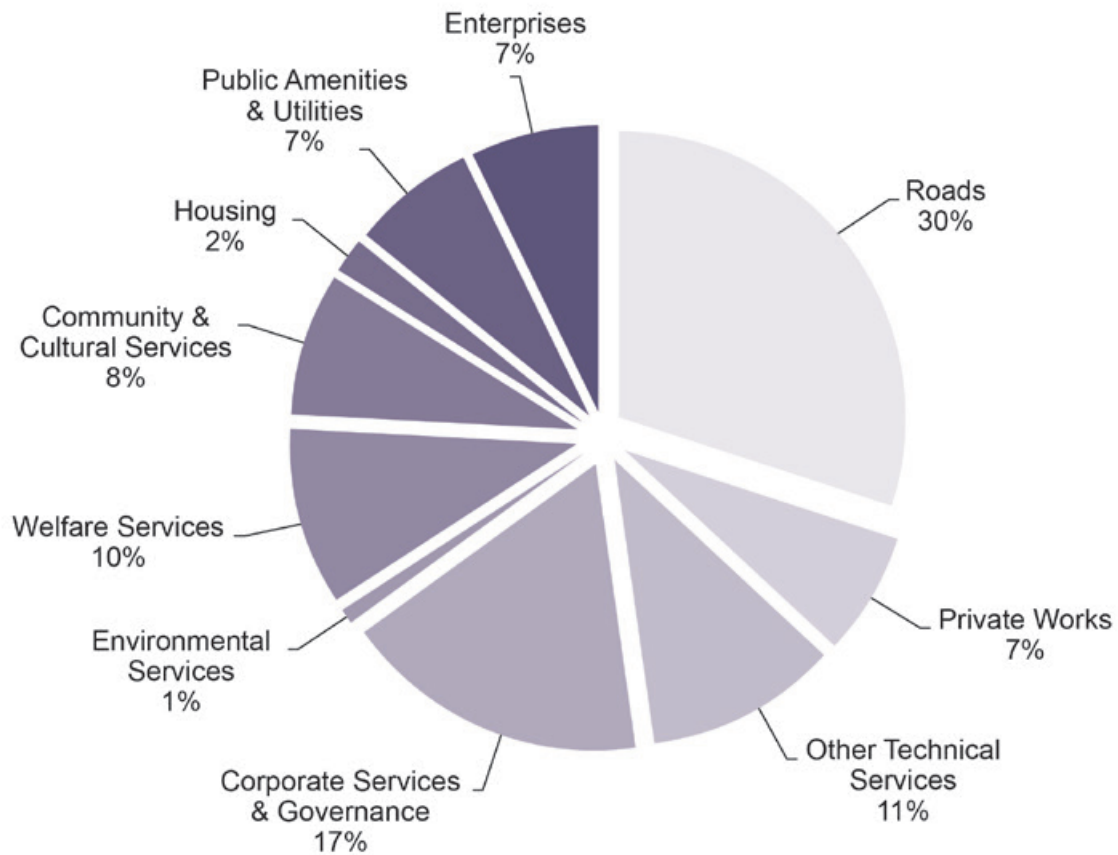


The chart below shows the breakdown of recurring expenses (excluding capital expenses), grouped into Council activities.

A major component of Council expenditure is on roads. The money comes from Queensland Reconstruction Authority through the Natural Disaster Relief and Recovery Arrangements (NDRRA).

Council spent 27.4% (\$1.58 million) of its own source revenue on community service obligations such as community security and policing, Indigenous Knowledge Centre, Cemetery, Airport operations, and promotion of indigenous art through the Wik & Kugu Arts Centre.

RECURRENT EXPENSES \$24,099 MILLION

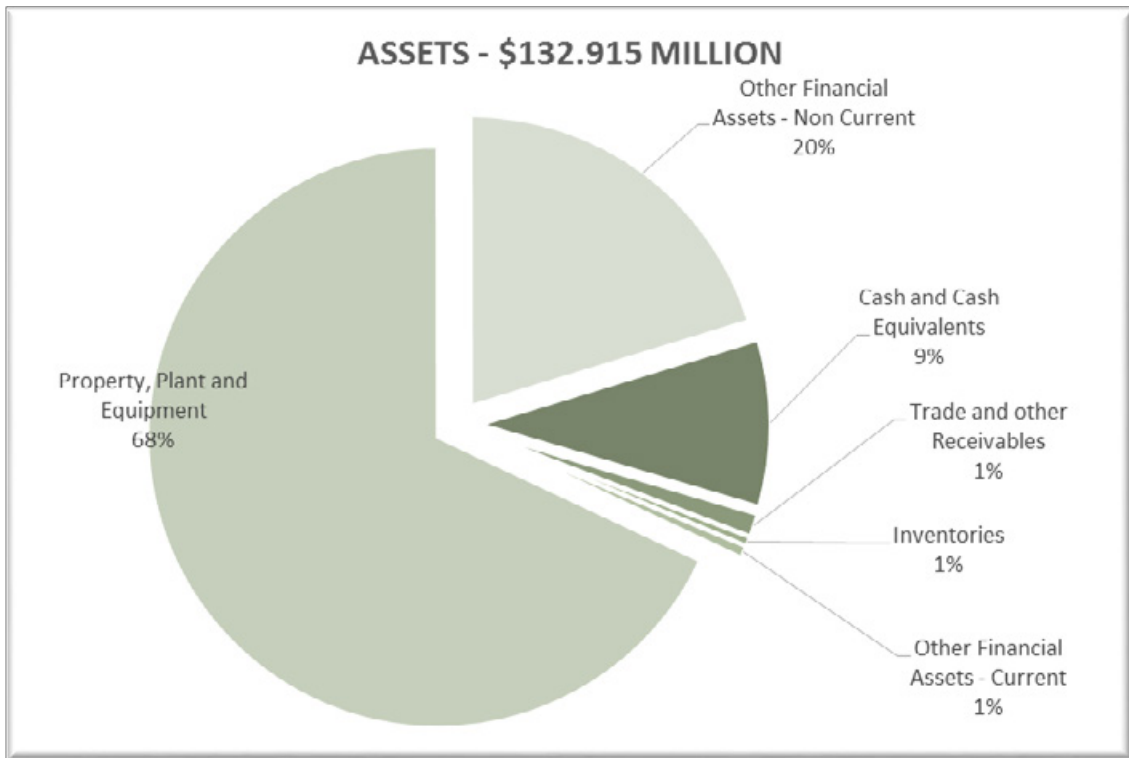


Statement of Financial Position	2017-18	2016-17
Current Assets	15,566,125	12,938,598
Non-current Assets	117,349,482	123,056,527
Total Assets	132,915,607	135,995,125
Less:		
Current Liabilities	2,219,128	2,611,683
Non-current Liabilities	749,740	745,289
Total Liabilities	2,968,868	3,356,971
Net Community Assets	129,946,739	132,638,154
Asset Revaluation Surplus	108,422,853	120,530,942
Retained Surplus	21,523,885	12,107,211
Total Community Equity	129,946,738	132,638,153

As at 30 June 2017, Council owned \$132.579 million of infrastructure and assets.

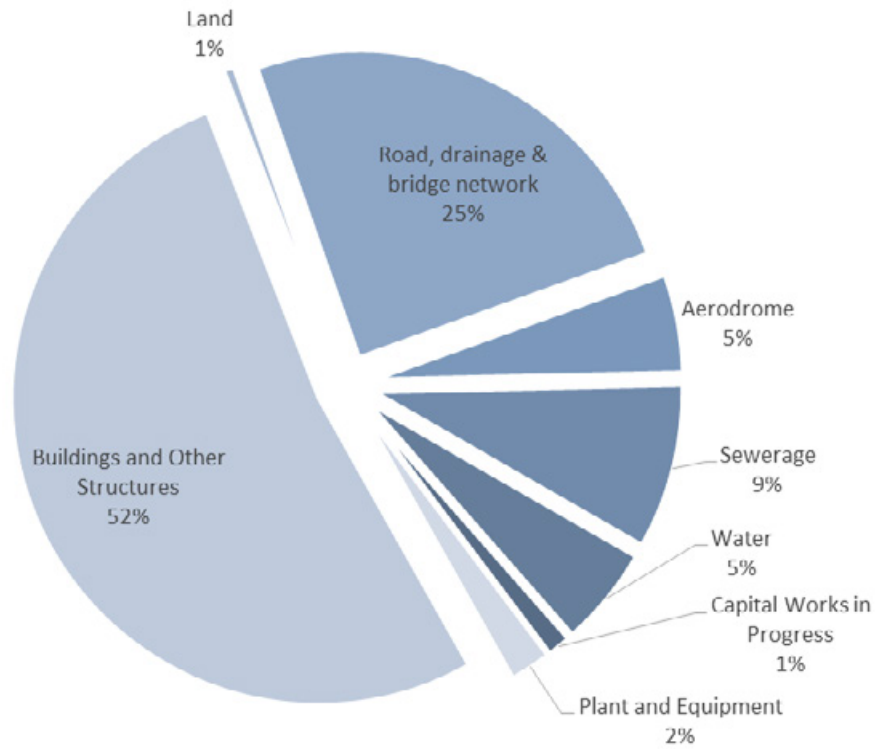
The chart below depicts the major categories of assets.

Store inventory is 0.44% of total assets.



To improve the service levels of its infrastructure assets, Council has implemented a 10-year Asset Management Plan which will be reviewed annually.

PROPERTY, PLANT & EQUIPMENT - \$90.373 MILLION



Liabilities	2016-17	2015-16
Trade and Other Payables	2,562,721	3,541,900
Provisions - Current	21,344	17,397
Provisions - Non-current	84,628	48,786
Borrowings - Current	27,618	26,689
Borrowings - Non-current	660,661	687,140
Total	3,356,972	4,321,912

Council did not borrow any money in 2016-17. The balance of the Queensland Treasury Corporation Loan for the establishment of Wuungkam Lodge at the end of June 2017 was \$688,279. The initial loan was for \$740,000, raised in 2014-15 financial year.

Council's current ratio (Current Assets divided by Current Liabilities) is 4.9:1. Council can pay all of its current debts when they fall due.

Statement of Changes in Equity	2017-18	2016-17
Asset Revaluation Surplus	108,422,853	120,530,942
Retained Surplus	21,523,885	12,107,211
Total Changes in Equity	129,946,738	132,638,153

An increase in assets revaluation values caused Council's net worth to increase by 6.08%. The increase in Retained surplus refers to the net result from the Statement of Comprehensive Income (\$3,207,323).

Statement of Cash Flows	2017-18	2016-17
Cash at the beginning of the year	10,266,244	10,536,175
Less: (Decrease) in cash from operating activities	(1,878,913)	(1,787,628)
Add: Increase in cash from investing activities	4,029,627	1,572,081
Less: (Decrease) in cash from operating activities	(74,989)	(54,382)
Cash at the end of the financial year	12,341,970	10,266,244

As at 30 June 2017, Council held \$10.266 million in cash. Most of this is invested in term deposits to maximise interest earned.

In spite of huge expenditure on road works and other infrastructure, the level of cash Council held for the financial year 2016-17 remained steady due to receipts of Work for Queensland grants and other road works contributions. Council kept a tight control on cash disbursements by strengthening its internal processes and cost allocations.

Financial Sustainability Ratios

Please refer to Financial Sustainability Statements on page 85.

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 2017/18.

2017/18	Ordinary Meetings	Special Meetings
Cr Dereck Walpo	11	5
Cr Edgar Kerindun	11	5
Cr Doris Poonkamelya	10	5
Cr Vera Koomeeta	11	5
Cr Ada Woolla	11	5

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

Councillor	Salary \$	Meeting Fees \$	Total Gross \$	Super. \$	Travel Exp. \$
Cr Dereck Walpo	101,607.89	0	101,607.89	9,652.66	12,847.40
Cr Edgar Kerindun	58,619.85	0	58,619.85	7,034.52	2,708.20
Cr Ada Woolla	33,865.42	16,938.00	50,803.42	6,096.66	3,785.46
Cr Vera Koomeeta	33,865.42	16,938.00	50,803.42	6,096.66	327.26
Cr Doris Poonkamelya	33,865.42	16,938.00	50,803.42	4,826.07	1,251.83

Resolution – Councillors Remuneration

At an Ordinary Meeting of Council held on 20 June, 2016, the following resolution was passed:

Resolution 16.5144

That Council adopts the Councillor Remuneration Policy to remunerate Councillors from 1 July, 2016 as determined by the Local Government Remuneration and Discipline Tribunal:

Position	Remuneration Payable
Mayor	\$99,638
Deputy Mayor	\$57,483
Councillors	\$49,819

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:

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	Nil

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

Complaints Management

The Council has a complaints management process in place and is committed to dealing fairly with administrative complaints. The complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision. The complaints management process is available on the Council's website. During 2017-2018, no complaints were lodged with Council under the complaints management process.

3. Senior Contract Employees

At 30 June 2018, Aurukun Shire Council employed four senior contract employees. Details of the total remuneration packages for the senior contract employees are as follows:

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

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

4. Overseas Travel

No Council staff or Councillors undertook any overseas travel on Council business during the 2017/2018 financial year.

5. Grants to Community Organisations

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

During the 2017/18 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 is will be undertaken in during 2018.

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

There were two instances in 2017/18 where persons who submitted a tender to Council were invited to change their tenders.

Contract 003-17 – Aurukun Sewer Upgrade (Awarded to LDI Constructions)

Tendered Price: \$777,176.00 ex GST
Contract Value: \$772,054.20 ex GST
Contract Variations: Nil

The tendered price was amended to the contract value during post tender negotiations prior to the contract being awarded. The switchboard and SCADA were replaced (provisional item in the tendered pricing) which eliminated the requirement for the assessment of the existing switchboard/SCADA and as such item 3.4 was removed from the contract.

Contract 002-18 – Council Works Depot Concrete Driveway (Awarded to Cameron Herbert Constructions)

Tendered Price: \$483,159.00 ex GST
Contract Value: \$353,768.00 ex GST
Contract Variations: Nil

The tendered price was amended to the contract value during post tender negotiations prior to the contract being awarded. The tender included a minimum concrete area and two additional provisional areas to be priced. Due to the pricing received, the budget only allowed for the minimum concrete area to be constructed and as such the two provisional areas were not included in the contract.

9. Registers kept by Council

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

- Minutes of Council Meetings
- Register of Personal interest of Councillors
- Register of Personal interest of Chief Executive Office and or Senior Executive Managers
- Road Register/Road Map
- Schedule of Fees and Charges
- Register of Local Laws and Subordinate Local Laws
- Register of Burials
- Register of Regulatory Fees
- Register of Delegations
- Register of Council Policies
- Register of Contact by Lobbyists

10. Summary of Service Charges

Utility charges for water, sewerage and cleansing are levied on all government and private enterprises yearly. In addition, refuse tip charges for industrial builder's waste were introduced in July 2017.

Rates, Charges and Service Levies are charged in accordance with the fees and charges schedule approved during the 2017/18 Budget and Council did not grant any concessions for the above charges. Airport landing fee is charged for all commercial, chartered and private flights. Council grants exemption for this fee 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 Council's efficiency and productivity,
Ensure effective and efficient service delivery to the community of Aurukun, and
Meet and fulfil its obligations of equity and fairness.

12. Capital Works Projects

Council completed the following works program during the period 1 July 2017 to 30 June 2018:

- SES Shed \$151,842.89
- Aurukun Sewer Upgrade \$802,495.65
- MacKenzie Camp 2 \$1,501,816.10
- Construct 2 X 2 BR Duplex \$637,661.83
- Staff Housing Roofs \$156,237.02
- Aurukun Administration Building Roof \$172,951.02
- New Aak Ngench Thayan Cemetery Works \$46,100.64
- Council Bulk Fuel Tank \$158,682.28
- Works Depot/Store Pavement \$414,022.35
- Supermarket Freezer Upgrade \$14,710.00
- Works Depot Security Upgrade \$235,833.46
- TCICA Roadworks \$1,325,232.90
- 2017-18 TIDS Roadworks \$540,620.00
- Airport Contractors Camp Safety Upgrade \$236,123.00
- Aerodrome Line Marking \$19,625.00
- Wik and Kugu Arts Centre Showroom \$32,285.34

13. Internal Audit

Council abolished the Internal Audit Committee from 1 July 2016, however retained the services of the Internal Auditor for the financial year.

The Internal Auditor concluded their three year appointment as internal auditor on 30 June 2017 and the focus of Council's internal audit was to ensure compliance with best practise internal Council Fraud Management.

Council will be calling for expressions of interest in 2017-18 from suitable qualified persons or companies for a further three year term as internal auditor.

The focus of Council's 2017/18 Internal Audit was Building and Assets Services (BAS) Job Costing Practices.

AURUKUN SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

AURUKUN SHIRE COUNCIL
Financial statements
For the year ended 30 June 2018

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AURUKUN SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Income			
Recurrent revenue			
Utility charges	3	692,924	558,175
Fees and charges	3	1,205,121	970,136
Rental income	3	1,840,052	1,526,385
Interest received		223,107	194,465
Other recurrent income	3	3,323,453	3,711,581
Grants, subsidies, contributions and donations	4	11,706,506	11,262,620
Total recurrent revenue		18,991,163	18,223,362
Capital revenue			
Grants, subsidies, contributions and donations	4	14,163,180	6,826,619
Other capital income	11	572,219	3,098
Total capital revenue		14,735,399	6,829,717
Total Income		33,726,561	25,053,079
Expenses			
Recurrent expenses			
Employee benefits	5	(7,077,984)	(7,019,636)
Materials and services	6	(13,427,755)	(12,467,845)
Finance cost		(48,466)	(28,831)
Depreciation	12	(3,599,844)	(2,240,306)
Total recurrent expenses		(24,154,049)	(21,756,618)
Capital expenses			
Profit/(loss) on disposal of assets	7	(210,255)	(89,139)
Revaluation decrements	12	(432,894)	-
Total capital expenses		(643,149)	(89,139)
Total expenses		(24,797,198)	(21,845,757)
Net result		8,929,362	3,207,323
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	15	(12,039,508)	4,194,875
Total other comprehensive income for the year		(12,039,508)	4,194,875
Total comprehensive income for the year		(3,110,146)	7,402,198

AURUKUN SHIRE COUNCIL
Statement of Financial Position
as at 30 June 2018

	Notes	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents	8	12,341,970	10,266,249
Trade and other receivables	9	1,681,259	1,263,107
Inventories	10	661,511	589,594
Other financial assets	11	881,384	819,648
Total current assets		15,566,125	12,938,597
Non-current assets			
Property, plant and equipment	12	89,886,284	94,074,195
Other financial assets	11	26,975,885	25,567,025
Total non-current assets		116,862,170	119,641,221
Total assets		132,428,295	132,579,818
Liabilities			
Trade and other payables	13	2,170,010	2,562,721
Provisions		20,450	21,344
Borrowings	14	28,668	27,618
Total current liabilities		2,219,128	2,611,683
Non-current liabilities			
Provisions		116,652	84,628
Borrowings	14	633,088	660,661
Total non-current liabilities		749,740	745,289
Total liabilities		2,968,868	3,356,972
Net community assets		129,459,427	129,222,846
Community equity			
Asset revaluation surplus	15	108,422,853	120,462,360
Retained surplus		21,036,573	8,760,486
Total community equity		129,459,426	129,222,846

AURUKUN SHIRE COUNCIL
Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Asset revaluation surplus		Retained surplus		Total	
		2018	2017	2018	2017	2018	2017
Balance as at 1 July		\$ 120,462,360	\$ 116,267,485	\$ 8,760,486	\$ 5,553,163	\$ 129,222,846	\$ 121,820,648
Net result		-	-	8,929,362	3,207,323	8,929,362	3,207,323
Assets not previously recognised	12	68,582	-	3,346,725	-	3,415,307	-
Other comprehensive income for the year		(12,108,090)	4,194,875	-	-	(12,108,090)	4,194,875
Increase/(decrease) in asset revaluation surplus		(12,039,508)	4,194,875	12,276,087	3,207,323	236,579	7,402,198
Total comprehensive income for the year		108,422,853	120,462,360	21,036,573	8,760,486	129,459,426	129,222,846
Balance as at 30 June							

AURUKUN SHIRE COUNCIL
Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018	2017
		\$	\$
Cash flows from operating activities:			
Receipts from customers		4,640,231	4,697,350
Payments to suppliers and employees		<u>(20,939,236)</u>	<u>(20,422,047)</u>
		(16,299,005)	(15,724,697)
Interest received		223,107	194,465
Rental income		2,003,168	2,479,984
Non capital grants and contributions	4	<u>11,706,506</u>	<u>11,262,620</u>
Net cash inflow (outflow) from operating activities	18	<u>(2,366,225)</u>	<u>(1,787,628)</u>
Cash flows from investing activities:			
Payments for property, plant and equipment		(6,543,949)	(5,428,140)
Proceeds from sale of property, plant and equipment	7	13,182	10,909
Finance lease receipts	11	835,558	804,813
Grants, subsidies, contributions and donations		<u>10,212,147</u>	<u>6,184,499</u>
Net cash inflow (outflow) from investing activities		<u>4,516,939</u>	<u>1,572,081</u>
Cash flows from financing activities:			
Repayment of borrowings	14	(26,524)	(25,551)
Finance costs		<u>(48,466)</u>	<u>(28,831)</u>
Net cash inflow (outflow) from financing activities		<u>(74,989)</u>	<u>(54,382)</u>
Net increase (decrease) in cash and cash equivalent held		2,075,724	(269,929)
Cash and cash equivalents at beginning of the financial year		<u>10,266,246</u>	<u>10,536,175</u>
Cash and cash equivalents at end of the financial year	8	<u>12,341,970</u>	<u>10,266,246</u>

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

Note 1: Significant accounting policies

1(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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.

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

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) Adoption of new and revised Accounting Standards

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 19.

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 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council will apply these standards from 1 July 2019. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact.

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

Note 1: Significant accounting policies (continued)

1(c) Adoption of new and revised Accounting Standards (continued)

AASB 16 Leases

Council has some leases that are not on its balance sheet. These will need to be included on the balance sheet when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Council will apply this standard from 1 July 2019. Council is still reviewing whether this will have any material impact.

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 16

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 2018

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(a) 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
- 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 the 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 2018

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 2018 Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Grants	Other	Grants	Capital		Recurring	Capital				
	2018	2018	2018	2018	2018	2018	2018	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	(253,151)	(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	12,286,988
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	24,154,049	643,149	24,797,198	(5,162,887)	8,929,363	132,428,295

Year ended 30 June 2017 Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Grants	Other	Grants	Capital		Recurring	Capital				
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
Corporate services	\$ 3,957,953	\$ 575,864	\$ 2,933,855	\$ 3,098	\$ 7,470,770	\$ 4,003,455	\$ -	\$ 4,003,455	\$ 530,362	\$ 3,467,315	\$ 15,156,529
Engineering services	4,189,779	3,175,674	3,719,878	-	11,085,331	10,732,531	-	10,732,531	(3,367,078)	352,800	26,745,984
Environmental services	172,228	1,939	-	-	174,167	224,826	-	224,826	(50,659)	(50,659)	435,183
Welfare & social services	1,791,633	117,708	59,500	-	1,968,842	1,967,826	-	1,967,826	(58,485)	1,015	5,324,770
Community & cultural services	483,327	247,632	27,273	-	758,231	1,616,124	89,139	1,705,263	(885,165)	(947,032)	13,317,672
Housing	-	365,268	-	-	365,268	587,234	-	587,234	(201,966)	(201,966)	37,889,805
Public amenities & utilities	667,700	1,624,650	45,153	-	2,337,503	1,223,712	-	1,223,712	(391,704)	(346,553)	19,266,469
Enterprises	-	-	40,961	-	40,961	1,400,910	-	1,400,910	891,440	932,400	14,443,376
Total	11,262,620	6,960,742	6,826,619	3,098	25,053,079	21,756,618	89,139	21,845,757	(3,533,255)	3,207,323	132,579,818

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

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		\$	\$
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		206,782	178,977
Sewerage		342,776	255,213
Garbage charges		143,367	123,986
		<u>692,924</u>	<u>558,175</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		919,005	717,233
Airport landing fees		157,036	174,065
Other fees and charges		129,079	78,839
		<u>1,205,121</u>	<u>970,136</u>
3(b) 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.			
Housing, building and land rental		1,341,513	1,054,974
Operating lease income		498,539	471,411
		<u>1,840,052</u>	<u>1,526,385</u>
3(c) 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		2,456,292	3,040,892
Art work sales		195,972	167,099
Agency commissions		216,575	178,599
Other income		454,613	324,991
		<u>3,323,453</u>	<u>3,711,581</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)	3,331,843	3,957,953
State Government specific and special purpose grants	3,974,428	4,072,046
Commonwealth Government specific and special purpose grants	1,886,731	1,700,715
Contributions, donations and other grants	2,513,504	1,531,905
	<u>11,706,506</u>	<u>11,262,620</u>

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

	Notes	2018	2017
		\$	\$
Note 4: Grants, subsidies, contributions and donations (continued)			
4(b) Capital			
State Government capital grants		14,091,180	6,643,527
Commonwealth Government capital grants		-	183,092
Contributions, donations and other grants		72,000	-
		<u>14,163,180</u>	<u>6,826,619</u>

Note 5: Employee benefits

Total staff wages and salaries		5,352,285	5,494,621
Councillors' remuneration		312,709	307,508
Annual, sick and long service leave entitlements		710,423	626,949
Superannuation	17	621,595	585,144
		<u>6,997,012</u>	<u>7,014,222</u>
Other employee related expenses		247,836	193,588
		<u>7,244,848</u>	<u>7,207,810</u>
Less: capitalised employee expenses		(166,864)	(188,174)
		<u>7,077,984</u>	<u>7,019,636</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	32	33
Depot and outdoors staff	62	66
Total full time equivalent employees	<u>99</u>	<u>104</u>

Note 6: Materials and services

Administration expenses	987,251	1,260,784
Aged care	862,662	507,394
Arts centre	312,110	285,208
Audit of annual financial statements by the Auditor-General of Queensland	73,359	99,392
Child care	464,021	405,884
Other materials and services	1,217,249	962,998
Plant operations	185,677	411,487
Private works	1,518,038	1,830,966
Property, building and housing	1,040,182	1,209,996
Road works	6,551,764	4,964,911
Technical services	206,877	532,048
Write-down of inventories	8,566	(3,222)
	<u>13,427,755</u>	<u>12,467,845</u>

Note 7: Capital expenses

Loss on the disposal of non-current assets		
Book value of property, plant and equipment disposed	223,437	100,048
Less: proceeds from the sale of property, plant and equipment	(13,182)	(10,909)
	<u>210,255</u>	<u>89,139</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	7,696,021	5,703,797
Term deposits - 3 months or less	4,645,950	4,562,452
Balance per Statement of Cash Flows	<u>12,341,970</u>	<u>10,266,249</u>

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

	Notes	2018	2017
		\$	\$

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		2,255,377	1,594,066
Future recurrent expenditure		2,853,081	2,332,008
Total unspent restricted cash	21	5,108,458	3,926,074

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

		148,532	148,532
Security deposits		49,428	49,428
Mission account		641	641
		198,601	198,601

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	34,631	14,731
Rent debtors	129,126	292,242
Other debtors	1,347,493	928,718
Less: impairment	(32,934)	(11,186)
GST receivable	200,962	34,078
Prepayments	1,982	4,524
	1,681,259	1,263,107

Movement in accumulated impairment losses is as follows:

Opening balance at 1 July	(11,186)	(12,034)
Impairment debts written off during the year	2,497	1,220
Additional impairments recognised	(24,246)	(372)
Closing balance at 30 June	(32,934)	(11,186)

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

30-Jun-18	Fully performing	Past due 30-60 days	Past due 61-90 days	Past due 90+ days	Total
	\$	\$	\$	\$	\$
Receivables	1,200,668	81,761	74,220	154,601	1,511,250
Less impairment	-	-	-	(32,934)	(32,934)
GST receivable	200,962	-	-	-	200,962
Prepayments	1,982	-	-	-	1,982
Net receivables	1,403,612	81,761	74,220	121,667	1,681,259

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

Note 9: Trade and other receivables (continued)

30-Jun-17	Fully Performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	1,002,511	109,927	39,583	83,670	1,235,691
Less impairment	-	-	-	(11,186)	(11,186)
GST receivable	34,078	-	-	-	34,078
Prepayments	4,524	-	-	-	4,524
Net receivables	1,041,113	109,927	39,583	72,484	1,263,107

Notes	2018 \$	2017 \$
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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	8,139	7,488
Total inventories for sale	8,139	7,488

Inventories for consumption:

Plant and equipment stores	663,372	592,106
Less: Provision for slow moving and obsolete materials	(10,000)	(10,000)
Total inventories for consumption	653,372	582,106

Total inventories

661,511	589,594
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Note 11: Other financial assets

Council has leased 284 dwellings (2017: 267) 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 \$2,924 and \$3,097 (2017: \$2,871 and \$3,041). 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 Capital Income or Expenses.

Current

Finance leases on social housing	881,384	819,648
	881,384	819,648

Noncurrent

Finance leases on social housing	26,975,885	25,567,025
	26,975,885	25,567,025

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	881,384	819,648
Later than one year but not later than five years	4,406,922	4,098,238
Later than five years	24,885,554	23,706,538
	30,173,861	28,624,424
Add: Estimated contingent rent	16,741,617	16,273,901
Less: Present value adjustment	(19,058,208)	(18,511,653)
Fair value of lease payments	27,857,269	26,386,672

The fair value of lease payments are receivable as follows:

Not later than one year	881,384	819,648
Later than one year but not later than five years	3,482,959	3,238,995
Later than five years	23,492,926	22,328,030
	27,857,269	26,386,672

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

<u>Notes</u>	<u>2018</u>	<u>2017</u>
	\$	\$
Note 11: Other financial assets (continued)		
Movements in finance leases were as follows:		
Opening balance	26,386,672	27,188,388
Add: Initial recognition of new leases	1,733,936	-
Less: Lease receipts	(835,558)	(804,813)
Plus: Gain on revaluation	572,219	3,098
Closing balance	<u>27,857,269</u>	<u>26,386,672</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% per annum (2017: 2.5%) and a discount rate of 3.0% per annum (2017: 3.0%).

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

Note 12: Property, plant and equipment
12(a) 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
			Revaluation	Cost		Revaluation	Revaluation		Revaluation	Revaluation			
	Cost	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	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			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			503,263	8,761,045
Disposals	(7,064)	(217,768)	(2,249,917)	-	-	-	-	-	-			-	(2,474,749)
Internal transfers	(6,540)	(400,603)	706,176	-	364,288	-	301,569	-	(964,889)			(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			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	(7,064)	(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			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					
Additions comprise:													
Infrastructure Renewals	-	-	1,778,683	-	-	-	32,586	-	-			-	1,811,268
Other additions	21,696	649,721	2,664,721	-	1,501,565	19,625.00	1,621,771	-	503,263			503,263	6,982,362
Total additions	21,696	649,721	4,443,404	-	1,501,565	19,625.00	1,654,357	-	503,263			503,263	8,793,631

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

Note 12: Property, plant and equipment
12(b) For the year ended 30 June 2017

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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset values											
Opening gross value as at 1 July 2016		394,363	4,227,981	62,423,528	475,000	19,269,017	3,668,867	10,874,208	7,802,794	2,396,644	111,532,402
Additions at cost		56,241	503,475	1,500,513	-	3,351,532	-	4,538	-	653,961	6,070,260
Disposals	7	(74,466)	(726,247)	(194,988)	-	-	-	-	-	-	(995,701)
Transfers from capital work in progress		-	38,606	1,732,118	-	176,064	-	40,615	-	(1,987,403)	-
Revaluation adjustment to expenditure (capital)		-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus		-	-	1,804,618	-	2,881,398	19,293	114,894	112,109	-	4,932,312
Closing gross value as at 30 June 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
Accumulated depreciation											
Opening balance as at 1 July 2016		303,204	2,932,296	15,335,220	-	4,951,424	52,935	1,394,810	413,097	-	25,382,987
Depreciation provided in period		42,918	286,433	910,406	-	600,485	53,625	185,595	160,845	-	2,240,306
Disposals	7	(74,466)	(703,883)	(117,304)	-	-	-	-	-	-	(895,653)
Revaluation adjustment to asset revaluation surplus		-	-	(1,201,735)	-	(503,692)	261,145	1,773,457	408,263	-	737,438
Accumulated depreciation as at 30 June 2017		271,655	2,514,845	14,926,587	-	5,048,217	367,705	3,353,862	982,205	-	27,465,078
Book value as at 30 June 2017		104,483	1,528,969	52,339,203	475,000	20,629,794	3,320,455	7,680,391	6,932,698	1,063,202	94,074,195
Residual value		-	124,577	-	-	-	-	-	-	-	124,577
Range of estimated useful life in years		3-10	1-25	16-172	Indefinite	6-indefinite	6-indefinite	10-161	11-131	-	-

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.

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.

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)

(i) Valuation processes (continued)

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.

A 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 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)

A 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. The gross current values have been derived 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 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. The level of componentisation was comprehensively reviewed as a part of the 2018 valuation with consideration given to historic and current asset utilisation and capital renewals. 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. The change in the level of componentisation has generally resulted in both lower useful lives and lower remaining useful lives.

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 downward in the 2018 Valuation after a comprehensive and detailed asset inspection programme was conducted by JLL. The views were supported by Aurukun building and asset management officers.

The change in the level of componentisation, reduction of useful lives and asset conditions and remaining useful lives has resulted in a \$10m reduction in the Asset Revaluation Reserve.

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)

Buildings and other structures (level 2 and 3) (continued)

	Notes	2018	2017
Buildings and other structures		\$	\$
- Non-specialised (level 2)		950,000	990,000
- Specialised (level 3)		46,250,312	52,339,203
Total		47,200,312	53,329,203

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 DRC 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 2018 was determined by independent valuers, Jones Lang Lasalle Advisory Pty Ltd through a desktop valuation which included a review of asset unit rates that incorporated discussions with Council's infrastructure staff and the analysis of infrastructure projects undertaken over the last three years. 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. Current replacement costs for estimates, material and services were calculated 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, information provided by Council's technical staff and benchmarking against other valuations.

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 1 and 5, which was used to estimate remaining service potential - 1 being excellent with a remaining service potential of 100% and 5 being unserviceable with a remaining service potential of 0%. The higher the condition rating, the lower the fair value.

Sewerage and water

A comprehensive valuation of water and sewerage assets was undertaken by Jones Lang Lasalle Advisory Pty Ltd, effective 30 June 2018. The next comprehensive valuation of sewerage and water infrastructure assets is planned in 2021.

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. A comprehensive first principles review of all unit rates was conducted as a part of the 2018 valuation based on major infrastructure projects occurring in far north Queensland. This review has resulted in a significant increase in unit rates and, therefore, gross replacement costs.

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 1 and 5, which was used to estimate remaining service potential - 1 being excellent with a remaining service potential of 100% and 5 being unserviceable with a remaining service potential of 0%. The higher the condition rating, the lower the fair value. After a comprehensive review of the currently available information including historic asset data, capital and maintenance programs and current utilisation of the assets, it was determined that the condition of the majority of assets had declined. The views were supported by Aurukun engineering officers. The increase has resulted in a reduction in remaining useful lives.

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

<u>Notes</u>	<u>2018</u>	<u>2017</u>
	\$	\$

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	1,917,984	2,290,989
Annual leave payable	252,026	271,732
	<u>2,170,010</u>	<u>2,562,721</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	28,668	27,618
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Non-current

Loans - Queensland Treasury Corporation	633,088	660,661
	<u>661,756</u>	<u>688,279</u>

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	688,279	713,830
Principal repayments	(26,524)	(25,551)
Book value at end of financial year	<u>661,756</u>	<u>688,279</u>

The QTC loan market value at the reporting date was \$697,623 (2017: \$719,167). 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-18	54,018	216,073	648,220	918,311
30-Jun-17	54,018	216,073	702,238	972,329

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

<u>Notes</u>	<u>2018</u>	<u>2017</u>
	\$	\$

Note 15: 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	120,462,360	116,267,485
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings and other structures	(10,967,889)	3,006,353
Road, drainage and bridge network	669,278	3,385,090
Aerodrome	1,183,580	(241,852)
Sewerage	(1,324,208)	(1,658,563)
Water	(1,600,268)	(296,154)
	<u>(12,039,508)</u>	<u>4,194,875</u>
Balance at end of financial year	<u>108,422,853</u>	<u>120,462,360</u>

Asset revaluation surplus analysis

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

Buildings and other structures	82,231,873	93,199,762
Road, drainage and bridge network	20,316,746	19,647,468
Aerodrome	3,535,075	2,351,496
Sewerage	2,339,159	3,663,367
Water	-	1,600,268
	<u>108,422,853</u>	<u>120,462,360</u>

Note 16: Contingent liabilities

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

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

As at 30 June 2018 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

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

Note 16: Contingent liabilities (continued)

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 \$137,581.90.

Note 17: Superannuation

Council is required to contribute to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. There were no employees who were defined benefit members during 2017-18. 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 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." 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.

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

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

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.

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

Note 17: Superannuation (continued)

There are currently 72 entities contributing to the scheme and any changes in contribution rates would apply equally to all 72 entities. The council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:		621,595	585,144

Note 18: Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

Net result		8,929,362	3,057,290
Non-cash operating items:			
Depreciation and amortisation		<u>3,599,844</u>	<u>2,390,339</u>
		<u>3,599,844</u>	<u>2,390,339</u>
Investing and development activities:			
Net (profit) loss on disposal of non-current assets	7	210,255	89,139
(Gain) loss on revaluation of finance leases	11	(572,219)	(3,098)
Capital grants and contributions	4	(14,163,180)	(6,826,619)
Finance costs		48,466	28,831
Revaluation decrements		432,894	-
		<u>(14,043,784)</u>	<u>(6,711,747)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(418,152)	411,057
(Increase)/decrease in other operating assets		(71,917)	4,824
Increase/(decrease) in payables		(392,711)	(979,179)
Increase/(decrease) in provisions		31,130	39,789
		<u>(851,649)</u>	<u>(523,509)</u>
Net cash inflow/(outflow) from operating activities		<u>(2,366,225)</u>	<u>(1,787,628)</u>

Note 19: Reconciliation of liabilities arising from finance activities

	<u>Notes</u>	<u>As at</u> <u>30 June 2017</u>	<u>Cash flows</u>	<u>Non-cash</u> <u>changes</u> <u>(new leases)</u>	<u>As at</u> <u>30 June 2018</u>
Loans	14	688,279	(26,524)	-	661,756

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

Note 20: Transactions with related parties

20(a) Related entities
Aurukun Shire Council has no associates or joint ventures. The Aurukun Community Foundation Ltd (ACF) is a controlled entity of Aurukun Shire Council, however has not been consolidated with Council's accounts. The ACF had no activity in 2017-18. No transactions occurred between Aurukun Shire Council and the Aurukun Community Foundation Ltd. An application to deregister the ACF has been lodged.

20(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.

	2018	2017
	\$	\$
Short-term employee benefits	1,133,767	1,127,353
Post-employment benefits	113,795	108,395
Long-term benefits	12,398	8,731
Termination benefits	30,338	-
Total	1,290,298	1,244,479

20(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	2018	2017
Fees and charges charged to close family members of key management personnel	20(c)(i)	8,642	11,680
Employee expenses for close family members of key management personnel	20(c)(ii)	2,139,780	2,477,844
Purchase of materials and services from close family members of key management personnel	20(c)(iii)	82,111	70,715

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

Note 20: Transactions with related parties (continued)

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

20(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.

20(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 2017-18, Council employed a total of 181 (2017: 205). During the period 84 were close family members of key management personnel (2017: 95).

20(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.

20(d) Outstanding balances

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

	2018	2017
Receivables		
Current	\$ 2,263	\$ 863
Past due 31-60 days	-	863
Past due 61-90 days	-	376
	<u>2,263</u>	<u>2,102</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.

20(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.

20(f) Commitments to/from other related parties

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

20(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 2018

Note 21: Tied grants by project

Source of funds and/or projects	Balance 1/07/2017 \$	Revenue \$	Expense \$	Balance 30/06/2018 \$
General purpose grants				
Grants for the whole of Council:				
State government financial aid	-	1,283,210	1,283,210	-
Financial assistance grant	-	2,048,633	2,048,633	-
	-	3,331,843	3,331,843	-
Specific purpose grants				
Asset management plan	(28,900)	24,565	(4,335)	-
Consultants - Business Information System	-	35,000	35,000	-
Works for Queensland	1,383,821	1,000,000	2,383,821	-
Fibre optic grant	(40,441)	40,441	-	-
Improvements to Aurukun SES shed	(50,000)	50,000	-	-
Aurukun sewer upgrade	67,378	300,000	467,378	(100,000)
Aurukun community police vehicles	94,000	-	93,199	801
Carvers workshop renovation	-	45,455	-	45,455
New cemetery upgrade	-	90,909	90,909	-
Community centre fitout	-	-	32,326	(32,326)
Council bulk fuel tank	-	134,640	134,640	-
Works for Queensland round 2	-	1,155,000	735,986	419,014
IT systems, infrastructure & business process development	-	48,000	112,067	(64,067)
Business precinct refurbishment	-	-	11,318	(11,318)
SynergySoft enterprise system	-	94,361	228,653	(134,292)
Solid waste facility refurbishment	-	1,087,500	8,192	1,079,308
Community Centre Refurbishment	-	1,368,214	1,368,214	-
Aurukun wastewater pumpstation upgrades	-	823,226	823,226	-
Sewer pump station fencing	-	25,656	25,656	-
Justice centre building refurbishment	-	12,000	-	12,000
PCYC hall roof upgrade	-	6,000	-	6,000
Supermarket building renovation	-	18,000	-	18,000
Artists workshop refurbishment	-	45,000	-	45,000
Waste water infrastructure improvements	-	297,300	-	297,300
Water infrastructure improvements	-	345,000	12,500	332,500
Upgrade & security measures at works depot	(82,131)	86,733	4,602	-
Natural disaster relief & recovery 2015	(1,643,157)	1,672,011	28,854	-
Natural disaster relief & recovery 2016	550,717	508,834	1,682,445	(622,894)
Roads to recovery	(10,907)	10,908	-	-
Cape York roads project	(346,863)	4,863,136	4,523,512	(7,240)
Rio Tinto - road user agreement	1,225,451	2,322,842	1,015,717	2,532,576
Natural disaster relief & recovery 2016 ASC.15.16	(14,682)	26,062	31,107	(19,727)
TIDS 2017-18	-	475,106	950,000	(474,894)
Natural disaster relief & recovery 2017	-	41,660	6,400	35,260
Upgrade and safety measures at airport camp	(99,102)	105,000	5,898	-
ATSI public health	-	162,954	162,954	-
Family income management	65,350	-	-	65,350
Get ready Queensland	(5,970)	12,071	3,497	2,605
Indigenous regional arts development fund	9,256	9,000	15,777	2,479
Backing indigenous arts (Arts Qld)	19,142	60,000	48,509	30,633
BIACB women's CIAF workshops (Arts Qld)	(1,500)	1,500	-	-
2017 Cairns indigenous arts fair - WCCCA	16,951	-	16,951	-
	1,108,413	17,404,083	15,054,974	3,457,521
	1,108,413	20,735,926	18,386,817	3,457,521

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

Note 21: Tied grants by project (continued)

Source of funds and/or projects	Balance 1/07/2017 \$	Revenue \$	Expense \$	Balance 30/06/2018 \$
Specific purpose grants - continued				
Community care services	-	81,177	81,177	-
Commonwealth home support program	184,512	433,774	618,286	-
Home care packages	11,839	469,327	481,166	-
Cape York jobs packages	-	98,616	98,616	-
Aged care package	38,243	-	38,213	30
Indigenous economic development	-	80,000	80,000	-
Indigenous knowledge centre	6,133	17,412	(9,540)	33,085
STEM.I.AM robotics	25,000	-	-	25,000
Koolkan Woyan Min child and family hub program	58,508	45,223	96,672	7,059
Koolkan Woyan Min hub program - small assets 2017	6,649	-	6,649	-
Aurukun playgroup and early childhood learning	59,933	99,690	129,590	30,033
Koolkan Woyan Min child care centre - long day care	(60,709)	386,168	243,456	82,003
Koolkan Woyan Min child care centre - small assets	324	-	324	-
Child care budget based funding program	38,819	489,202	528,022	-
Water fluoridation assistance	26,668	-	26,668	-
Revenue replacement program	-	667,700	667,700	-
Refurbishment of Wik and Kugu Arts Centre	24,943	-	24,943	-
Indigenous visual arts industry support	12,435	200,000	205,436	6,999
	1,541,713	23,804,214	21,704,196	3,641,729
Add back negative grants	2,384,361			1,466,728
Unspent grant revenue	3,926,074			5,108,458

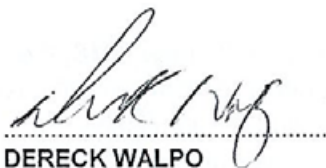
AURUKUN SHIRE COUNCIL
Financial Statements
For the year ended 30 June 2018

Management Certificate
For the year ended 30 June 2018

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

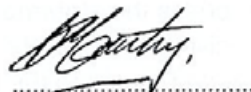
In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 28, 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: 17/10/2018



BERNIE MCCARTHY
Chief Executive Officer

Date: 16/10/2018

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 2018, 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 2018, 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 the Aurukun Shire Council annual report for the year ended 30 June 2018, 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 2018:

- 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

18 October 2018

Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
FINANCIAL SUSTAINABILITY STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

**AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2018**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2018 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-27%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	56%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-66%	not greater than 60%

Note 1 - Basis of Preparation

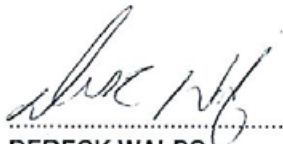
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2018.

AURUKUN SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2018

AURUKUN SHIRE COUNCIL
Certificate of Accuracy for the current year financial sustainability statement
For the year ended 30 June 2018

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: 17/10/2018



BERNIE MCCARTHY
Chief Executive Officer

Date: 16/10/2018

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 for the year ended 30 June 2018 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 2018 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 2018, 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

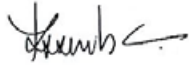
My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, 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.



18 October 2018

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

AURUKUN SHIRE COUNCIL
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2018

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2018	Projected for the years ended								
				30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 15%	-27%	-27.56%	-27.01%	-26.48%	-25.96%	-25.48%	-24.90%	-24.34%	-23.80%	-23.27%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	56%	93.91%	88.54%	91.20%	93.93%	96.75%	99.66%	102.64%	105.72%	108.90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-66%	-41.83%	-22.13%	-2.78%	16.24%	34.86%	53.16%	71.10%	88.70%	105.94%

Aurukun Shire Council's Financial Management

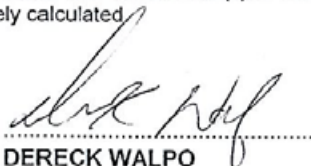
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial 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 2018

AURUKUN SHIRE COUNCIL
Certificate of Accuracy for the long-term financial sustainability statement
as at 30 June 2018

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: 17/10/2018



BERNIE MCCARTHY
Chief Executive Officer

Date: 16/10/2018

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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