



# Aurukun Shire Council



2016-2017 ANNUAL REPORT



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*Cover photo acknowledgement: Graham Poon, Cairns.*

## MESSAGE FROM THE MAYOR



2016/17 has been a challenging but rewarding year for the Aurukun Shire Council. Our efforts for an improved peaceful and harmonious environment for the community has progressed well. Positive initiatives have been the ongoing 24/7 Queensland Police Service presence, the increasing patronage of the PCYC centre, a proactive and settled Aurukun State School and now a refurbished Wo'uw Ko'alam community centre to come on stream during 2017/18.

I am extremely pleased to see the new senior units being progressed by Housing and Public Works. This has been a long standing goal of mine to see our elders living out the final chapter of their lives in more relaxing and comfortable surrounds.

Employment and training opportunities for local people have never been better; particularly with the exciting Amrun mining plus the increased township building projects.

Our local artists, both men and women, continue to achieve. The local art reputation has certainly progressed. I continue to urge all residents and visitors to purchase through the Wik and Kugu Art Centre which provides resources and necessary training for our experienced and budding artists.

In December 2016 we saw the 4G Network completed. It has greatly improved our telecommunications plus internet capacity. Telstra, Traditional Owners, State Government and Council combined extremely well to enable this project to be implemented. It has had significant impact on education, health, government administration, retail and banking. It is also pleasing to see our young people accessing the internet. We can now progress into the 21<sup>st</sup> century on par with any regional township in Australia.

An unqualified report has again been received 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.



*Professor Fredericks, Queensland Productivity Commissioner and Mayor Dereck Walpo*

Council is the main employer and leading community agency and operates as a strong and viable government unit that is not controlled by external organisations. It is most important that local service providers directly deliver community services and not by remote control from outside Aurukun. Also staff housing for these government and external providers must be a priority.

Congratulations to Bernie McCarthy CEO on being awarded a Public Service Medal in the recent Queen's Birthday Honours for his 46 plus years' service in local government.

In conclusion, I consider that we are well placed to maintain positivity and a bright future for all residents of the Aurukun Shire. We must maintain the current calm and peacefulness in association with strong infrastructure development of our expanding community.

Yours in local government,

**Mayor Dereck Walpo**

## 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, Cr Vera Koomeeta, Cr Aida Woolla, Mayor Dereck Walpo, Deputy Mayor Edgar Kerindun.*

## COMMUNITY PROFILES

### Portfolio and Committee Representation

Mayor Cr Dereck Walpo	<p>Served 1994-97, 2004-2008. Elected 2012 to date. Portfolio – Health, Business Development, Community Safety and Environment.</p> <p>Council Representative: Local Government Association of Queensland (LGAQ) Torres Cape Indigenous Council Alliance (TICICA) Inc Island and Cape Retail Enterprises Cape York Sustainable Futures (CYSF) Local Disaster Management Group (LDMG) Aurukun Health Action Team Western Cape Communities Trust – Southern Region</p>
Deputy Mayor Cr Edgar Kerindun	<p>Served 2008-2016. Elected 2016 to date. Portfolio – Transport and Infrastructure, Training and Employment, Local Disaster Management Group</p> <p>Member: Family Responsibilities Commission (FRC)</p>
Cr Ada Woolla	<p>Served 2012-2016. Elected 2016 to date. Portfolio – Arts, Craft and Culture</p> <p>Member: Families Responsibilities Commission (FRC)</p>
Cr Vera Koomeeta	<p>Served 2012-2016. Elected 2016 to date Portfolio – Sport, Recreation and Education Services</p> <p>Member: Families Responsibilities Commission (FRC)</p>
Cr Doris Poonkamelya	<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
Director of Corporate Services	Ron Fenner
Director of Technical Services	Perry Gould
Director of Community Services	Jayne Gilbert
Finance Manager	Marina Schaefer



*Alan Neilan, Perry Gould, Ron Fenner, Bernie McCarthy PSM*

### **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

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

Cape York Employment (RJCP)

Aak Puul Ngantam (APN) Depot and Office

Ngan Aak Kunch Aboriginal Corporation (NAKAC) Office

Child Support Services

Women's Shelter  
Women's Art Centre  
Aged Care 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



*Community 4G Telecommunications Launch*

## 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.



## **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 the 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 continue 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 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.

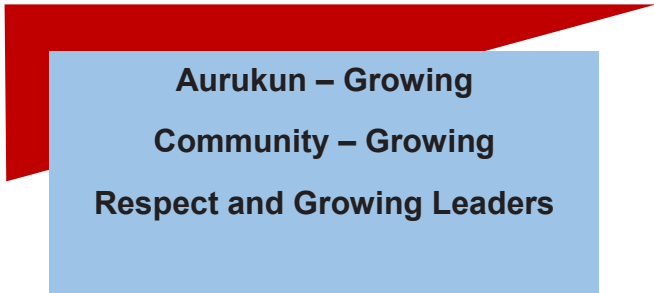


*Community Police and new Community Police Vehicle funded by the Department of Prime Minister and Cabinet.*

## Corporate Vision

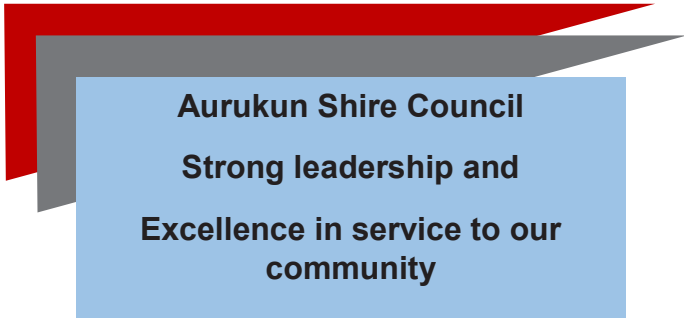
### Our Community Vision and Council Mission

**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.



**Aurukun – Growing  
Community – Growing  
Respect and Growing Leaders**

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



**Aurukun Shire Council  
Strong leadership and  
Excellence in service to 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 45 staff and agency houses.

Council is also supporting the construction of 6 independent 2 bedroom units in a new subdivision near the Chivaree Centre.

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. After the Council-prescribed period of twelve months, an Opening Ceremony is held. 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 artifacts.






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.



## 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 (NAKAC): C/- Post Office, Aurukun, Qld 4892 or Cape York Land Council. [www.cylc.org.au](http://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. Alternatively, eat at Pikuuws Restaurant located adjacent to the Lodge.

There is also a takeaway food bar at the Island and Cape Supermarket which is usually open to 8.00pm on weekdays 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 (Closed at lunch from 12.30 to 1.30) weekdays and open 8.00am to 12.00noon on Saturday and Sunday. If you are arriving in the community late in the afternoon, you might not be able to purchase food before the supermarket closes. It is worthwhile to consider bringing some food with you.

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](http://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](http://www.hawkinsqld.com.au) Phone 0427 028 966. Tuxworths Carriers also services the community – their telephone contact is 07 4035 4022.

### **By Air**

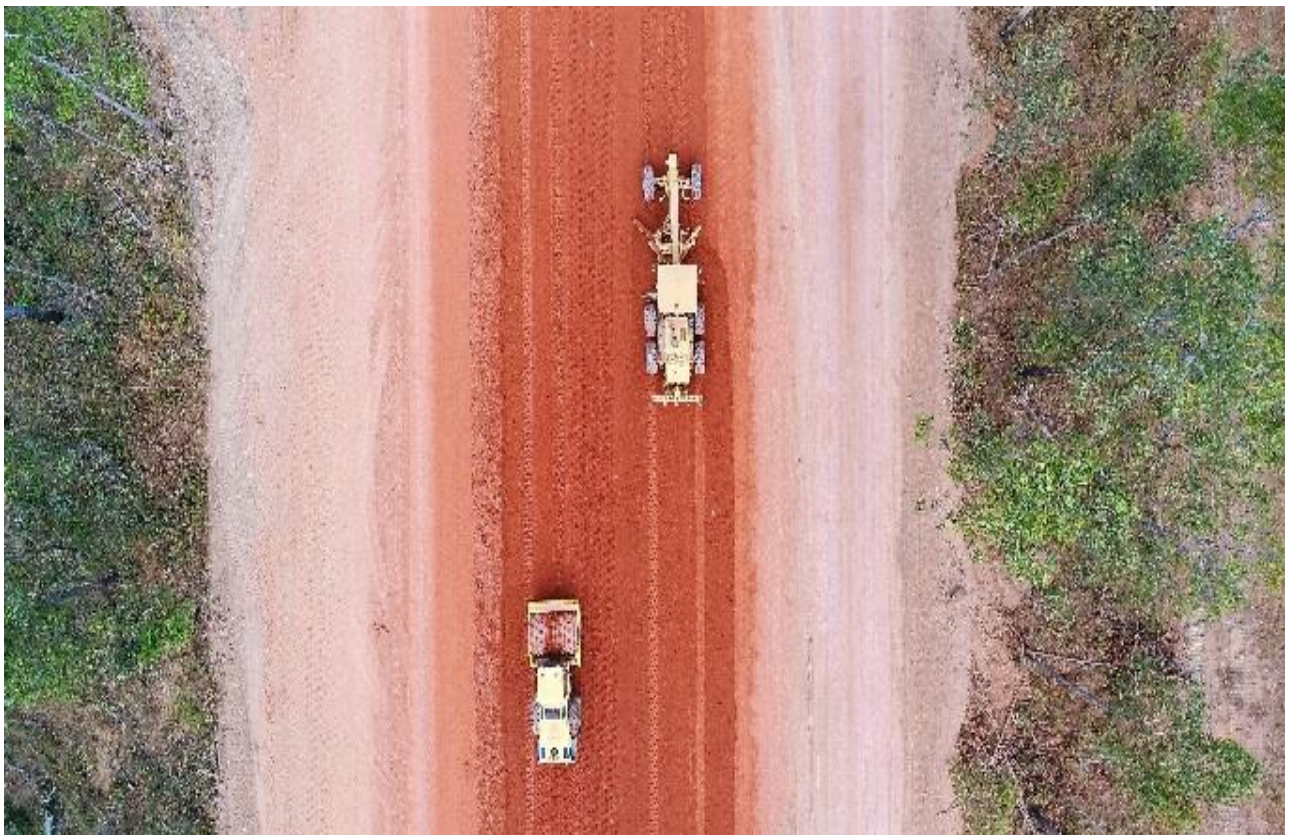
Passenger and freight transport to Aurukun is available on scheduled flights operated by Skytrans. Visit their website at [www.skytrans.com.au](http://www.skytrans.com.au) for schedules and bookings Phone 1300 SKYTRANS (1300759872)

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 Poll Priority in Cairns – Phone 13 15 31.

### **By Sea**

The shipping company Sea Swift provides barge transport to the Torres Strait and Weipa. Sea Swift can be contacted on 07 4035 1234.



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**Bernie McCarthy**  
**Chief Executive Officer**

I am enjoying the challenge of my fifth year as Chief Executive Officer. The progress and positivity that has been achieved has been most rewarding. I consider that Aurukun is now a better place to live and this has been a concerted effort from Council, government, police, stakeholders and residents.

Through ASC Face Book, media releases, website and email networks, the communication of Council's efforts continue to promote the excellent work that has been achieved in service delivery and infrastructure development. The emphasis of Aurukun positively moving forward as a strong and vibrant community has been the reinforcing message.

ASC will continue to stringently monitor its budget to ensure that the Shire's financial viability is maintained. The operation of Cairns Support Office provides most valuable assistance to the main administration office in Aurukun and their regular visits and ongoing support are greatly appreciated. The increasing use of video conferencing has been a great advantage in communications between the two ASC offices. Also other agencies have taken up the opportunity to use this excellent facility to discuss urgent business rather than wait for a visit to Aurukun.

Main ASC priorities continue to be community safety, upgrading of infrastructure, service delivery, customer service, stronger and transparent governance plus better relationships with government agencies and stakeholders.

During the year we conducted a service delivery survey and it was pleasing to see that 76.4% of respondents consider that Council is doing a good job. In future we plan to use the survey data for better infrastructure planning and improvement of services.

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

In the coming year and beyond, Council is 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**

#### **Summary**

The financial year ending 30 June 2017 was another interesting and challenging year, with the council stores function reverting to Corporate Services following a restructure in August 2016.

#### **Arts Centre**

The Wik and Kugu Arts Centre profile has continued to grow as has the number of works produced. A hosting agreement was signed with Cape York Employment for the Men's Art Centre in August 2016 which has improved the success of the centre. There have been major exhibitions held in Woolloongabba, Palm Cove, Cairns Kick Arts Centre and the Cairns Indigenous Arts Fair. The success of the sales of Aurukun art including the camp dog sculptures and more recently the women's paintings has continued all the way to the National Gallery of Victoria, Governor and Premier of Queensland. The Wik and Kugu Art Centre exhibition was one of the major attractions at CIAF, with all works being sold before the official 2016 opening. The National Gallery of Victoria was being the principal buyer.

There was also an exhibition of paintings of the late Akay Koo'oila held at the Cairns Kick Arts Centre in early 2017.

#### **Customer Service**

Bank transactions are currently 2,500 per month. The Bendigo Bank agency issued with internet dropouts and slow reception has been resolved since the introduction of the 4G network in December 2016.

The introduction of the ATM to the agency in January 2017 has been well received by the customers. Council's Operational Review was a positive outcome.

The Local Fares Subsidy Scheme has been extended for a further two years. Council encourages all eligible residents to take advantage of this scheme.

There have been no major cash issues or discrepancies associated with any of the agencies during the last 12 months. Council reception has continued to provide a training opportunity for young indigenous people.

### **Staff Housing and Cleaning**

Council invested approximately \$400,000 on staff housing refurbishments during the year. This included work on the Amban Lane and War Street residences. The ASC Cleaning team undertook scheduled cleaning works in various Council buildings and public facilities.

### **Information Technology**

Improvements in information technology occurred in December 2016 with the connection of optic fibre cable to Aurukun from the Peninsula Development Road. The connection of individual premises to the Telstra tower followed and it is hoped the connectivity for Council will be improve once this connection is made. Council investigated a new finance system, with a view to tendering for a new system in the 2017-2018 financial year.

### **Finance**

Council achieved an unqualified audit report and remained in a strong cash position at year's end. A thank you to the finance team and all managers and supervisors who assisted to achieve this result. Sustainability in the long term still remains an issue with Council being heavily dependent on government grants to support its operations and replace major public infrastructure. Council received a grant to update its asset management plan, which will provide better long term financial forecasts relating to asset refurbishment and replacement.

Revenue from leasing continues to increase. Council has continued to invest in infrastructure refurbishment to better service the community. Positive cash flow was assisted by the \$2.5M Works for Queensland grant in 2016-2017. The re-write of the general ledger was not completed due to issues with the finance IT system.

### **Cairns Support Office**

The officers in Cairns continued to provide invaluable support to all Council employees in Aurukun in the areas of payroll, accounts payable and receivable, purchasing, information technology and accounting.

### **Human Resources**

With the help of additional LGAQ funding, Council has conducted training sessions for all staff in areas such as dealing with conflict and aggression in the workplace and will be conducting other sessions on team building and fraud in the workplace.

## Recruitment

One of the key challenges Council faces is recruiting and then retaining sufficient staff in Aurukun. Renovations to the Aurukun office and Council housing will improve staff recruitment and retention in Aurukun.

## Business Development and Grants

Major Capital Works Grants allocated to Council in 2016-17

Works for Queensland	\$2,500,000
Sewerage Upgrade	\$500,000
Sewerage Pump Upgrade	\$600,000
Council Depot Upgrade	\$150,000
Community Police Vehicles	\$94,000
Airport Contractors Camp	\$150,000

## Commercial Accommodation

The investment made in commercial accommodation via upgrades to the Wuungkam Lodge and the Guesthouse has proven higher rates of occupancy and quality service for guests. The services have extended to a convenience counter and car hire. The new website launched in 2016 has also raised the profile of the Wuungkam Lodge and Guest House. Four new rooms have been commissioned, six rooms renovated and upgrade of furniture. Seven kitchenettes were also added and the rear perimeter fence was upgraded. A disability ramp has also been installed at the entry to Pikuuws Restaurant.

Corporate Services looks forward to a positive and rewarding 2017-18 and as Director, I would like to take the opportunity to thank all my staff for their efforts during 2016-2017 financial year and the Council management for their ongoing support.

## Ron Fenner

Director of Corporate Services



## Community Services Overview



### **Alan Neilan** **Acting Director of Community Services**

This was an exciting year for Community Services. Highlights included; a focus on animal control and reducing the duplication of service delivery in Environmental Health; continued improvement in service delivery for the aged and disability clients; transition towards budget based funding in child care and operation of our Community Police team and safe community strategy.

The Community Services portfolio is made up of:

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  
Funerals  
Community Events  
Wo'uw Ko'alam Community Centre

### **Koolkan Childcare and Family Support Hub including Playgroup Services**

Koolkan faced a number of challenges during the year, particularly with recruitment and retention of suitably qualified staff. This had an effect on numbers of children and numbers of employees at the centre, as well as the general atmosphere in the centre. Staff and client 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.



*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.

The purchase and establish of two demountable staff quarters on site has been completed. This will allow greater security at the centre as well as convenience and comfort for staff members living there.

### **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 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**

State Libraries Queensland continues to provide financial assistance as well as significant logistic support and training of the Coordinator.

As a result of these partnerships, the IKC building has been refurbished to a high standard with state of the art technology and WiFi access. Due to staffing issues, the centre has been closed for a considerable part of this financial year. Council is hopeful the centre will reopen in the near future and both staffing and program delivery will be stabilised.

Our partnership with BlackStar Radio has led to frequent opportunities to spread Aurukun's positive messages and news segments.

### **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.

### **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.

### **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, Clean Up Australia (Aurukun) Day, Inaugural 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**  
**Acting Director of Community Services**



*Anzac Ceremony 2017*



*Tug O War – Aurukun*

## Technical Services Overview



**Perry Gould**  
**Director of Technical Services**

The Technical Services Department provides services as follows:

### **Civil Construction and Maintenance**

Maintenance and further development has continued on the 80 km section of the Aurukun Access Road which is maintained by Council. This is undertaken using a delivery model which partners with the Department of Transport and Main Roads and employs additional local construction personnel from the community. Council relies on funding from external sources to complete major maintenance and capital works. Natural Disaster Relief and Recovery Arrangements (NDRRA), Transport Infrastructure Development Scheme (TIDS), Roads to Recovery (R2R) are all funding bodies assisting council in this annual works program. An additional 14 km of Aurukun Access Road will be sealed by December 2017. MacKenzie Drive is also programmed for a reseal.

### **Building Construction and Maintenance**

Building and Asset Services (BAS) in conjunction with ASC continues minor maintenance and major refurbishments of community housing. The system allows for community members to phone in maintenance requests to BAS, which are then entered as work orders to Council. Works consist of carpentry and cabinet making, plumbing, or electrical works. Major refurbishments are awarded to Council as a principal contractor, using a panel of pre-qualified subcontractors to complete the works.

In addition, a community housing construction program has been undertaken by the Department of Housing and Public Works. This project provided increased community benefits in employment and training opportunities using a mentoring and training model. An additional 11 community houses have been constructed this financial year.

Other building projects included:

1. Full upgrades have been completed on three staff houses
2. Wo'uw Ko'alam Community Centre has been refurbished
3. Ongoing maintenance of staff housing
4. Upgrade of Airport Contractor's Accommodation completed in 2017-18 at a cost of \$250,000
5. Renovations and security measures continue on staff housing as requested.

### **Water Supply and Sewerage Operations**

Maintenance and testing of Council's water and sewerage infrastructure is undertaken on a daily basis. Quarterly reporting is required for Queensland Waste Data (QWDS) and Drinking Water Quality Management Plan (DWQMP) which has recently been updated. Upgrades to the value of \$600,000 will be completed in 2017-18 on Council Depot sewerage pump station with the rising main being replaced from the Council Depot through to Tal Tal Street.

### **Workshop Operations**

Maintenance and repair services were provided by the workshop for Council plant and also provided limited service to community members. This has allowed employment of three local apprentices who are supervised by the workshop manager. Extension of the existing workshop are now complete which has created additional bays for vehicle hoists, resulting in a more user friendly and safer efficient workplace.

### **Airport Operations**

Ongoing operation and maintenance of the Aurukun Airport was undertaken by Council staff in 2016-17. The RFDS, multiple government departments and private charter operators have benefited from this facility. The installation of a new wind sock and additional lighting meets full compliance with CASA requirements.

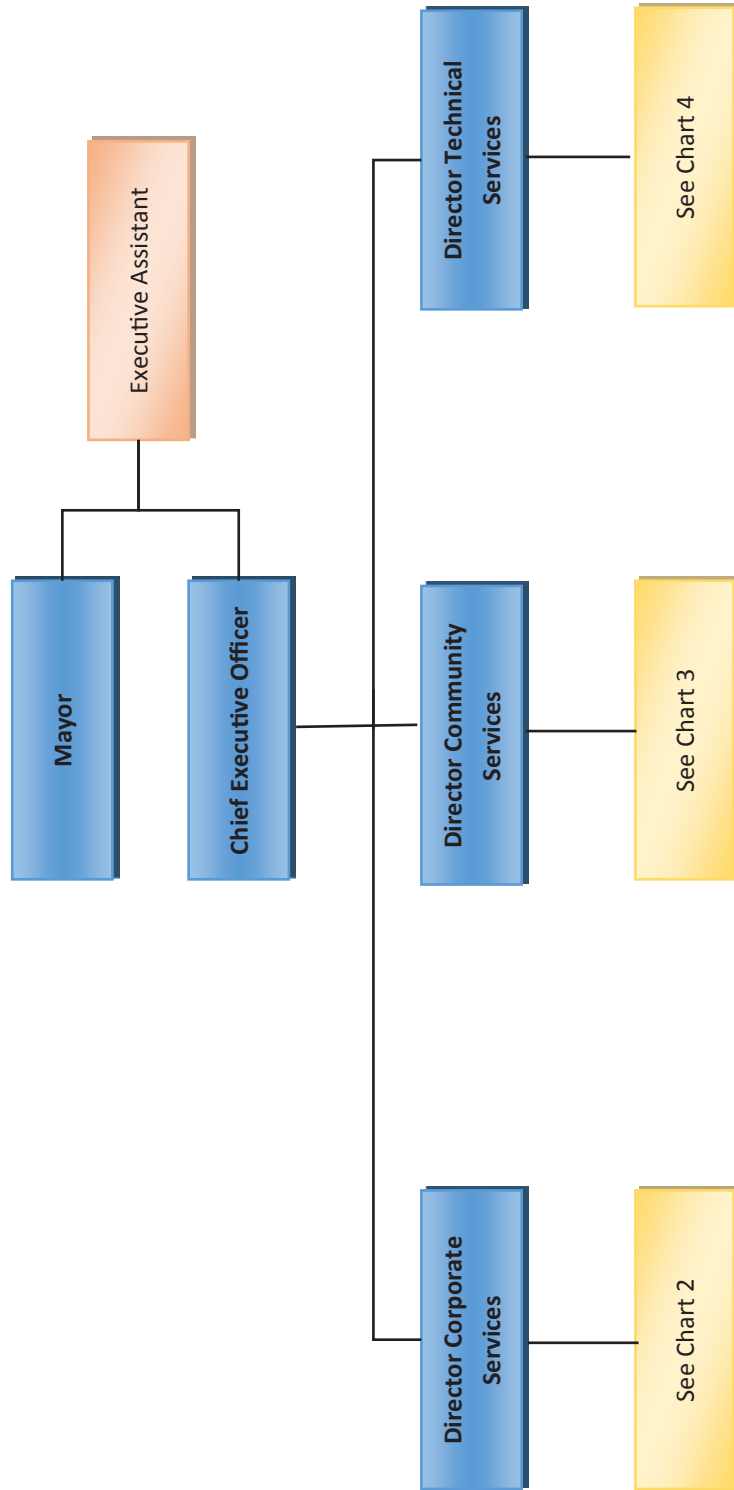
### **Disaster Management**

During the year, Council acted as the coordinator for emergency response in the community and provided support to the operation of individual emergency services including Volunteer Marine Rescue, Queensland Rural Fire Service and State Emergency Services.

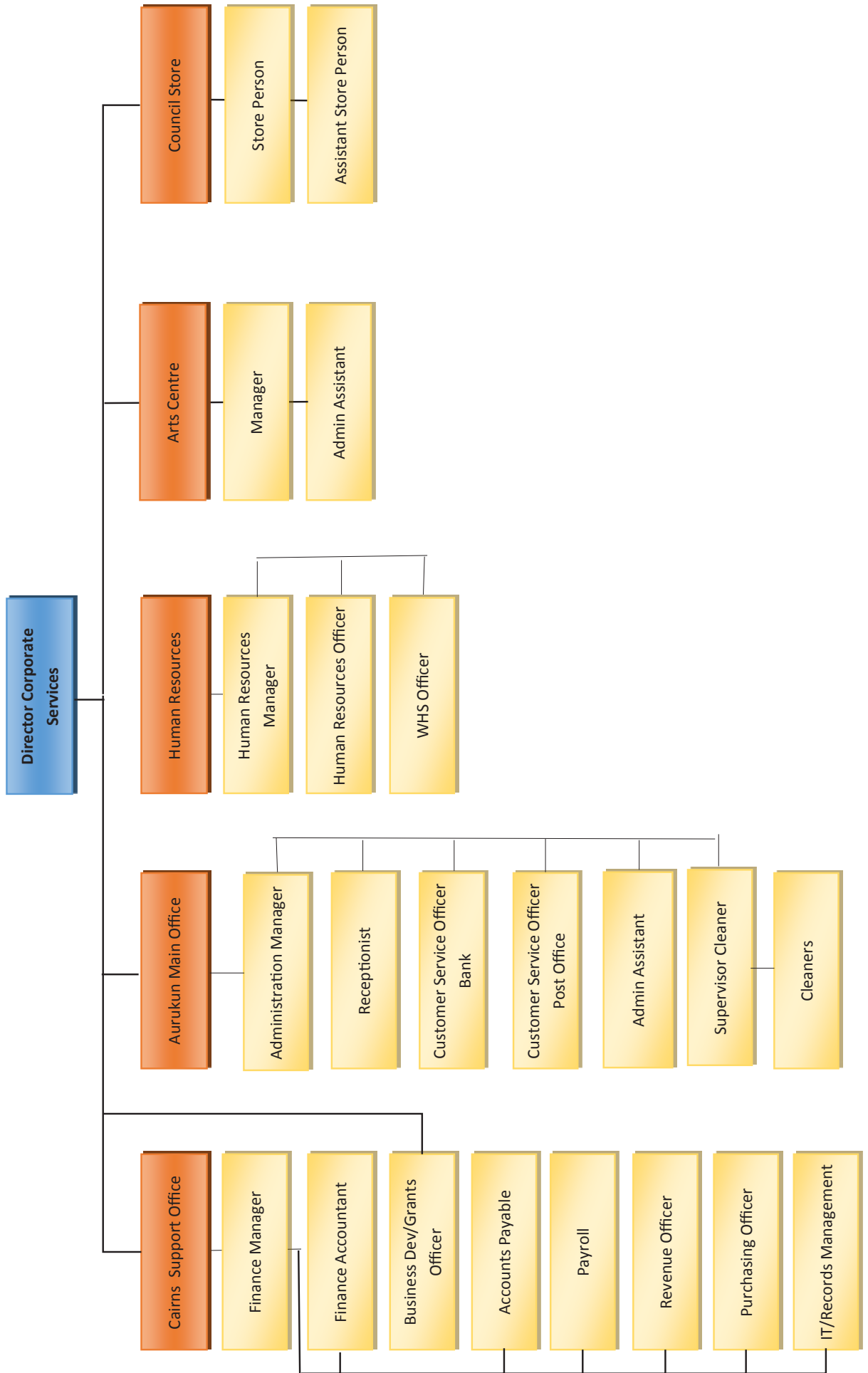
A new SES shed is due for completion at the end of 2017 to house the Aurukun Fire and Rescue vehicle, SES vehicle and Vehicle Marine Rescue Boat.

**Perry Gould**  
**Director of Technical Services**

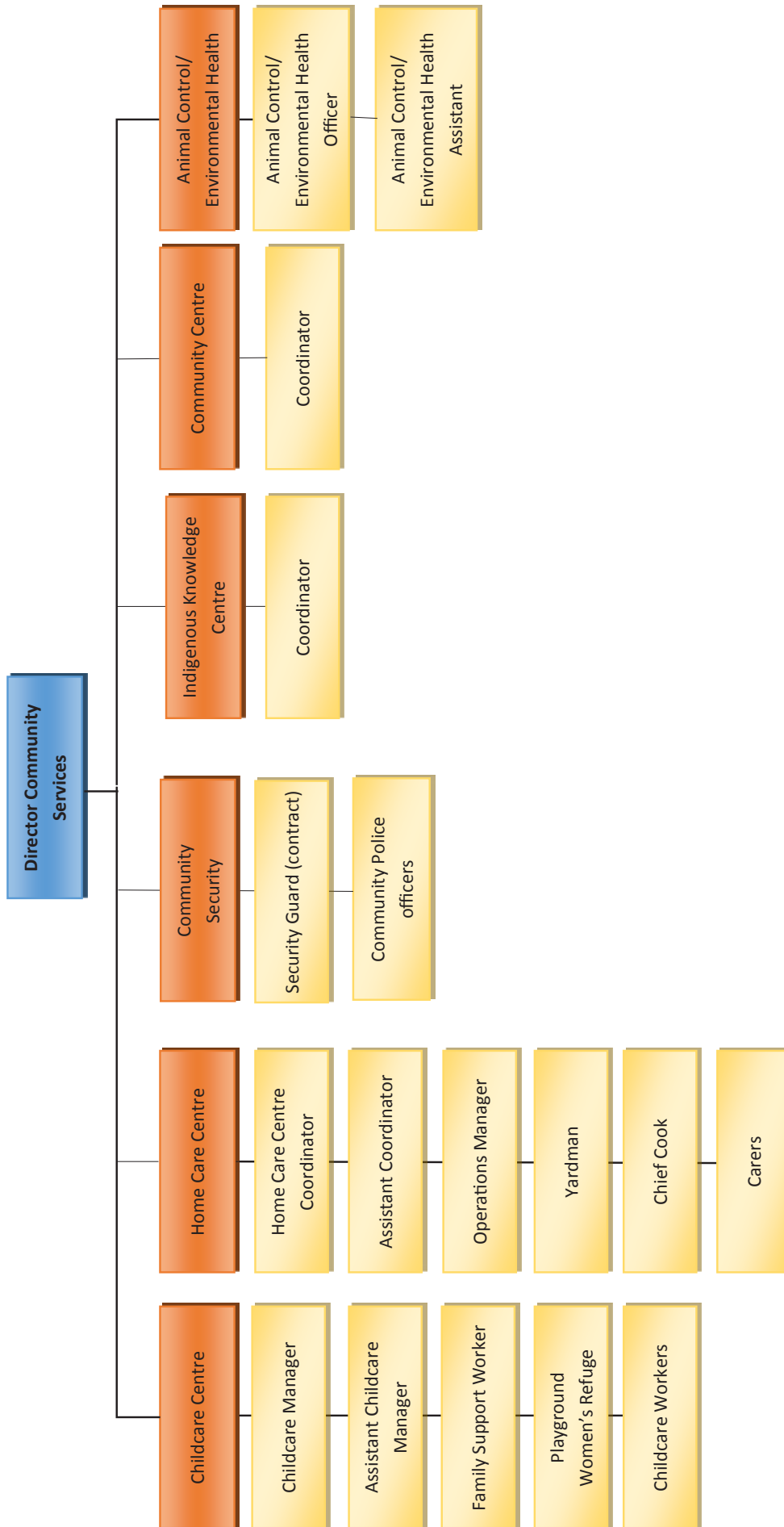
# Organisation Chart as at 30 June 2017



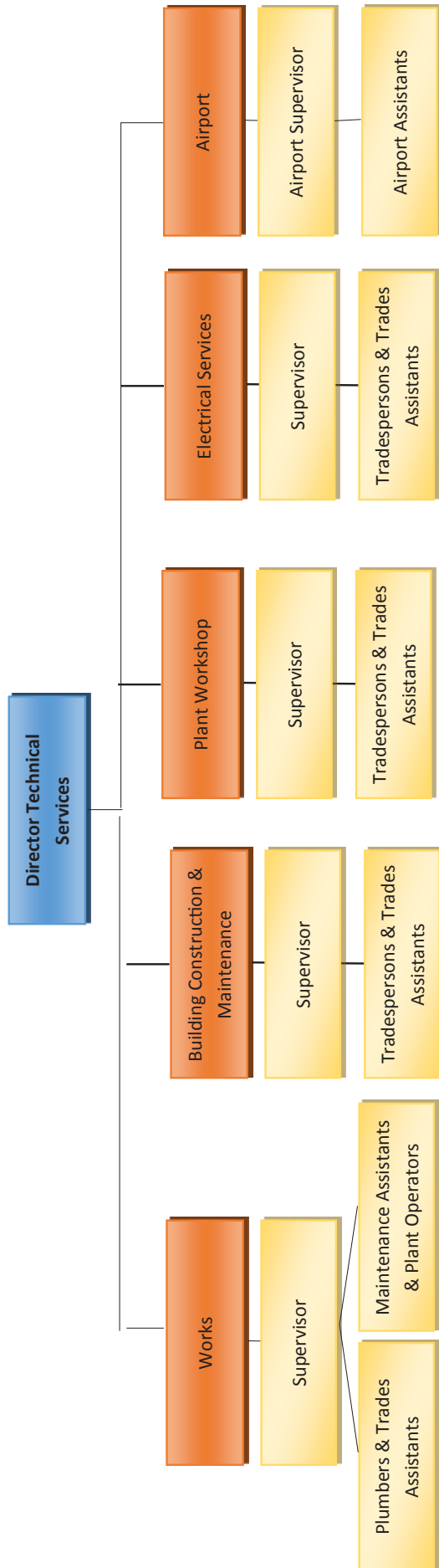
Organisation Chart 2 - Director Corporate Services



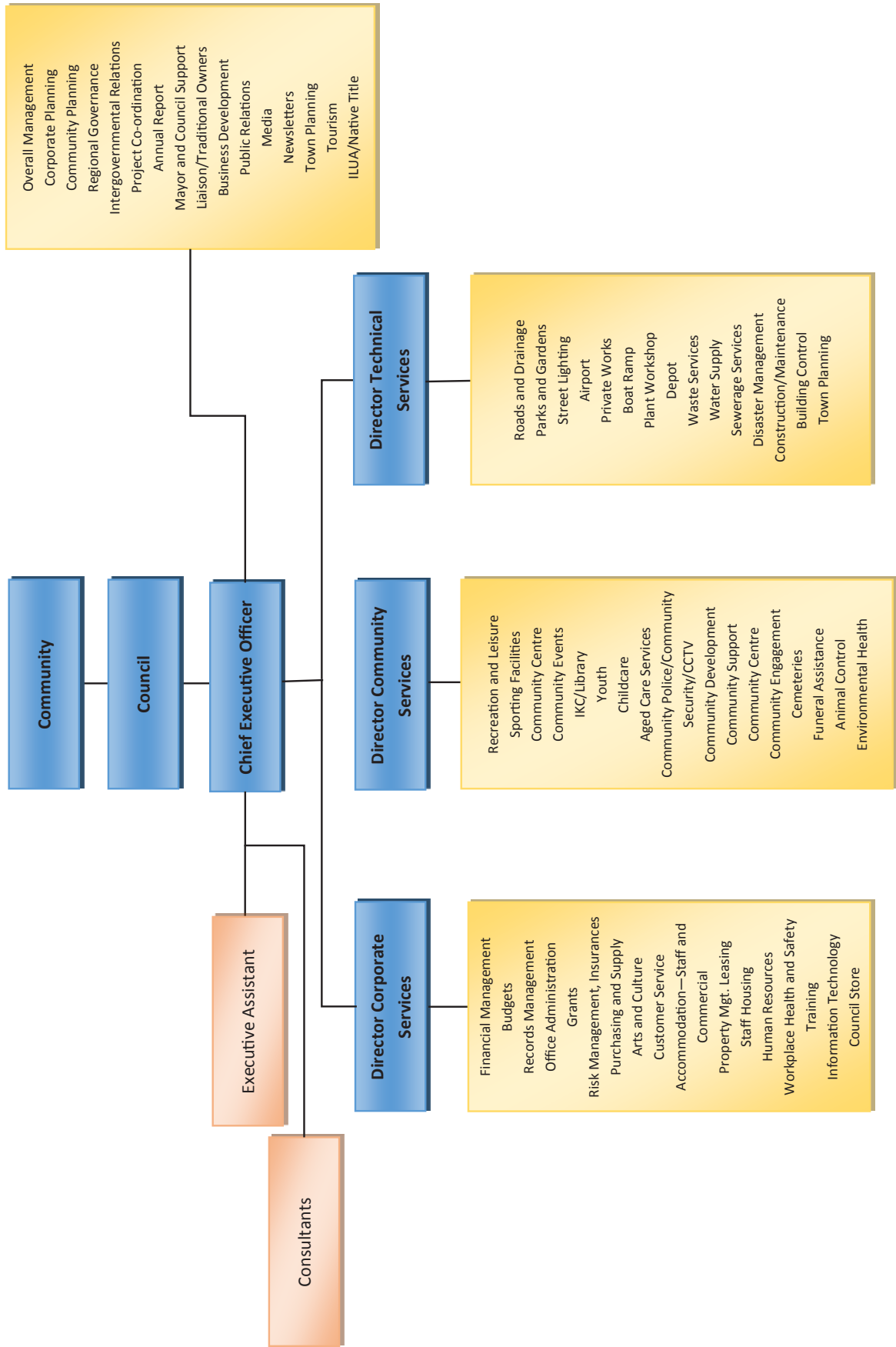
**Organisation Chart 3 - Director Community Services**



## Organisation Chart 4 - Director Technical Services



# Aurukun Shire Council Functional Chart



# COMMUNITY FINANCIAL REPORT

This community financial report explains Council's financial position to parties who may be interested, including the general community. It is a summary only. A full set of the audited 2016-17 Financial Statements, including Notes to the Financial Statements, is included in this Annual Report.

## KEY POINTS

- **Grants and Contributions**

Operating grants and contributions is 61.8% of operating revenue, and 44.95% of total revenue.

Capital Grants subsidies and contributions increased by \$4.98 million in 2016-17, and is 27.25% of total revenue.

- **Operating Revenue & Expenses**

Operating revenue decreased by \$1.1M due to a decrease in Building and Assets Services private works.

Maintenance expenditure on road works, mainly on Aurukun Access Road, is \$4.96 million.

Expenditure on community policing and security is \$1.08 million.

- **Assets & Liabilities**

Non-current assets, driven by increases in valuations and capital additions of roads and buildings, increased by \$7.9 million, from \$112.5 million in 2015-16 to \$119.6 million in 2016-17.

Liabilities (amounts owing) decreased by \$974,000, and 2.5% of total assets.

- **Cash Position**

Cash decreased by \$270,000. Of the \$10.3 million in cash assets, \$3.9 million is unexpended grants.

- **Net worth (Equity)**

Council's net worth increased by \$7.4 million in 2016-17.

## Financial Statements

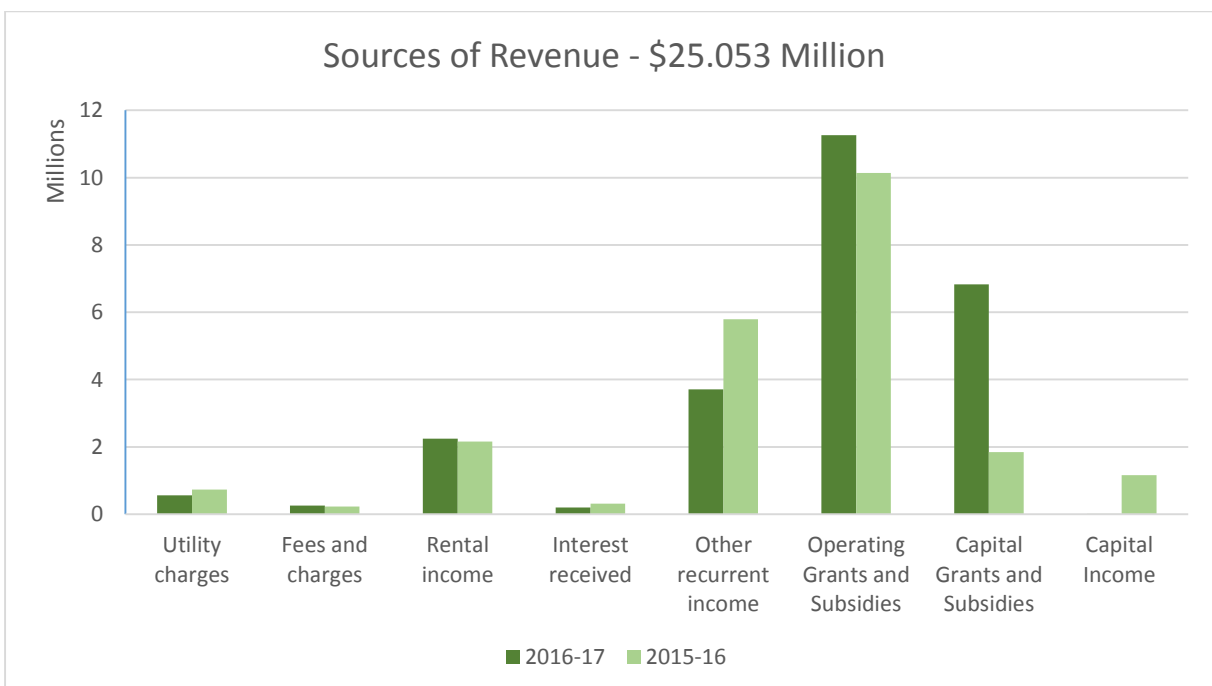
The financial statements comprise 4 key elements:

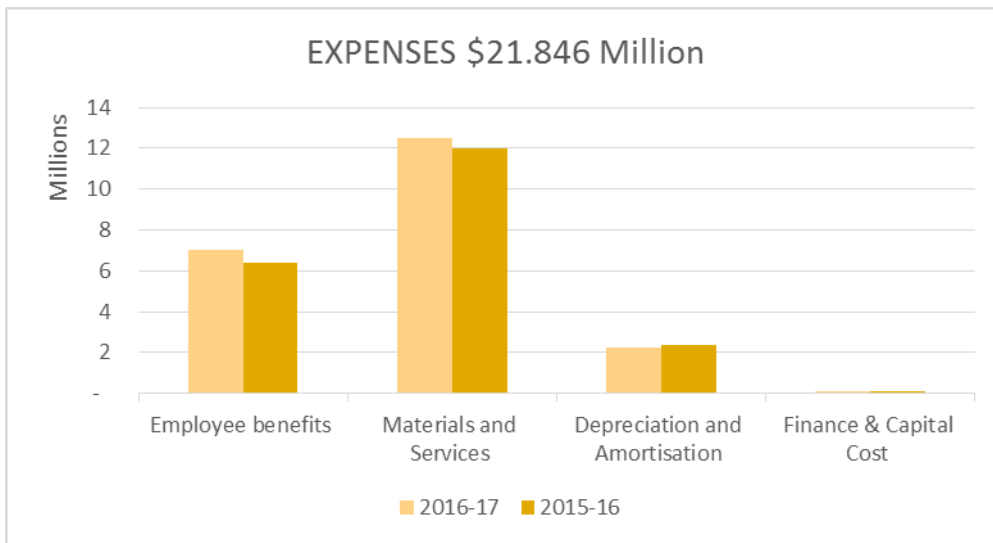
- The **Statement of Comprehensive Income** shows all revenue and expenses, and indicates whether Council made a profit or loss
- The **Statement of Financial Position** provides information about assets and liabilities and Council's net financial worth at the end of the year.
- The **Statement of Changes in Equity** shows Council's net worth.

- The **Statement of Cash Flows** presents the movement of cash during 2016-17. The statement reports where the money came from, where the money was spent, and the balance at the end of the end of the year.

<b>Statement of Comprehensive Income</b>	<b>2016-17</b>	<b>2015-16</b>
Recurrent Revenue	18,223,362	19,342,779
Capital Revenue	6,829,717	3,007,485
<b>Total Income</b>	<b>25,053,079</b>	<b>22,350,263</b>
Recurrent Expenses	21,756,618	20,816,642
Capital Expenses	89,139	24,617
<b>Total Expenses</b>	<b>21,845,757</b>	<b>20,841,259</b>
<b>Net Result</b>	<b>3,207,323</b>	<b>1,509,004</b>
Increase/(Decrease) in asset revaluation surplus	4,194,875	9,929,121
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>7,402,198</b>	<b>11,438,125</b>

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.





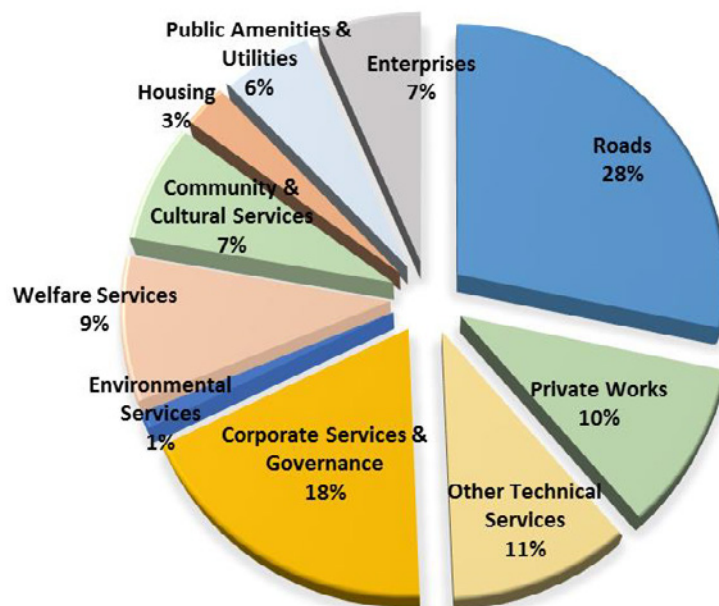
Payments for employee benefits increased by 9.3% in 2016-17 due to movement of staff levels. Retention of staff continues to be one of Council’s main priority.

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.

### RECURRING EXPENSES \$21.756 MILLION

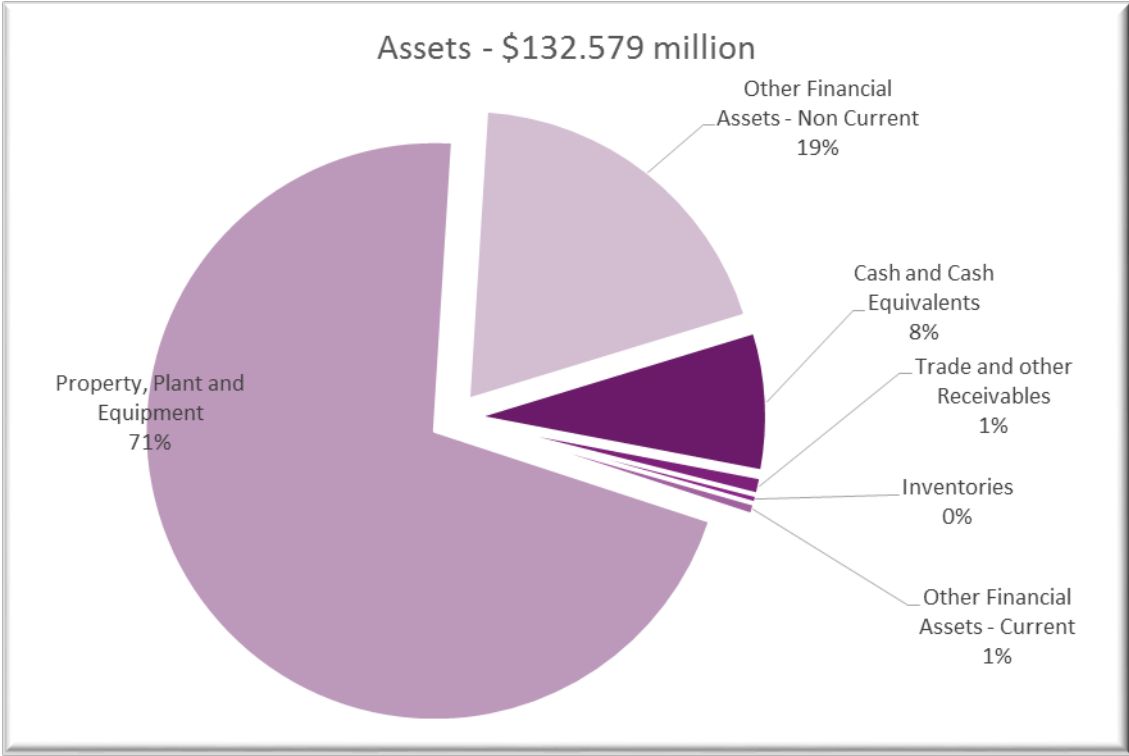


Statement of Financial Position	2016-17	2015-16
Current Assets	12,938,597	13,609,570
Non-current Assets	119,641,221	112,532,990
Total Assets	132,579,818	126,142,560
<b>Less:</b>		
Current Liabilities	2,611,683	3,585,987
Non-current Liabilities	745,289	735,926
Total Liabilities	3,356,972	4,321,912
<b>Net Community Assets</b>	<b>129,222,846</b>	<b>121,820,648</b>
Asset Revaluation Surplus	120,462,360	116,267,485
Retained Surplus	8,760,486	5,553,163
<b>Total Community Equity</b>	<b>129,222,846</b>	<b>121,820,648</b>

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

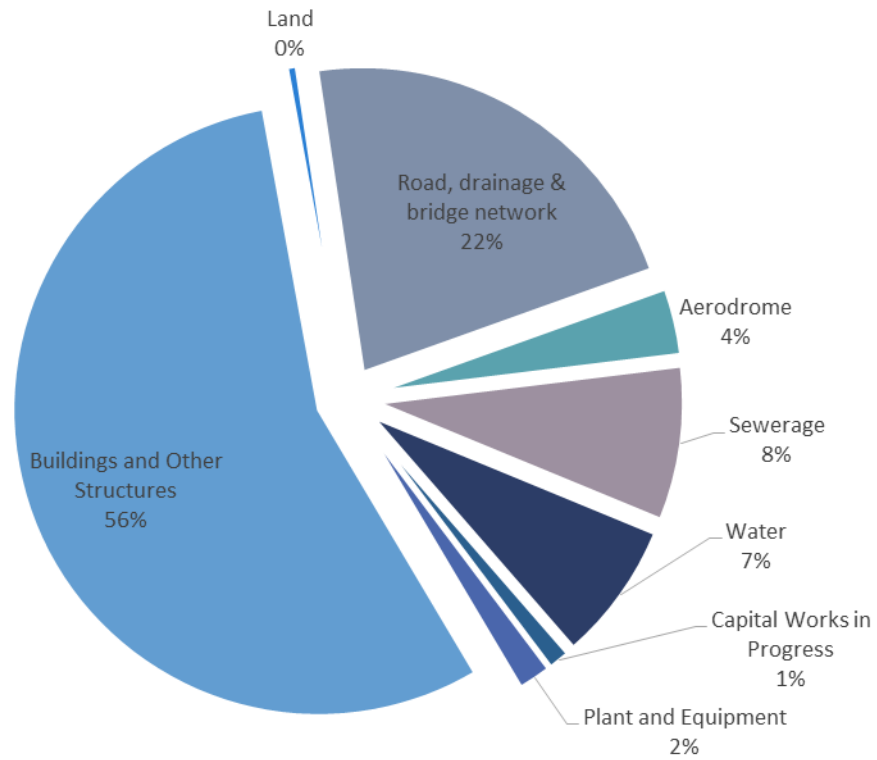
The chart below depicts the major categories of assets.

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 - \$94.074 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
<b>Total</b>	<b>3,356,972</b>	<b>4,321,912</b>

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	2016-17	2015-16
Asset Revaluation Surplus	120,462,360	116,267,485
Retained Surplus	8,760,486	5,553,163
Total Changes in Equity	129,222,846	121,820,648

An increase in assets revaluation values caused Council's net worth to increase by 3.4%. The increase in Retained surplus refers to the net result from the Statement of Comprehensive Income (\$3,207,323.).

Statement of Cash Flows	2016-17	2015-16
Cash at the beginning of the year	10,536,175	9,683,355
Less (Decrease) in cash from operating activities	(1,787,628)	2,959,717
Less (Decrease)/Increase in cash from investing activities	1,572,081	(2,032,106)
Plus (Decrease)/ Increase in cash from financing activities	(54,382)	(74,789)
<b>Cash at the end of the financial year</b>	<b>10,266,246</b>	<b>10,536,175</b>

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

Operating Surplus Ratio	2016-17	2015-16	Target	Analysis
Indicates the extent to which operating revenues cover operational expenses only or are available of capital purposes	-19%	-8%	Between 0% and 10%	The negative ratio indicates that Council was not able generate sufficient revenue to cover operating expenses or fund capital expenditure.
<b>Asset Sustainability Ratio</b>				
Indicates the extent to which Council is replacing its assets as they reach the end of their useful lives	0%	0%	Greater than 90%	In 2016-17 expenditure on assets were limited to repairs and maintenance, and not to replacement or renewals.
<b>Net Financial Liabilities Ratio</b>				
Indicates the extent to which the net financial liabilities of Council can be serviced by its operating revenue	-51%	-48%	Not greater than 60%	Council has the capacity to fund its financial obligations and may have the capacity to increase its loan borrowings if required.

## 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 2016/17.

2016/2017	Ordinary Meetings	Special Meetings
Cr Dereck Walpo	11	5
Cr Edgar Kerindun	11	5
Cr Doris Poonkamelya	11	5
Cr Vera Koomeeta	10	3
Cr Aida 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	100,021.46		100,021.46	9,464.13	14,962.98
Cr Edgar Kerindun	57,703.98		57,703.98	6,896.76	7,816.06
Cr Ada Woolla	33,340.81	16,669.91	50,010.72	5,977.53	1,622.25
Cr Vera Koomeeta	33,340.81	16,419.91	49,760.72	5,947.53	2,946.72
Cr Doris Poonkamelya	33,340.81	16,669.91	50,010.72	4,732.32	3,310.26

## 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	\$24,909.50 plus \$2,264.50 per meeting attended

## 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 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	Not applicable
(v)	Complaints assessed by Chief Executive Officer as being about official misconduct.	Not applicable Not applicable
(vi)	Complaints heard by a conduct review panel.	Nil
(vii)	Complaints heard by the tribunal	
(viii)	Complaints to which section 176C (6) of the Act applied	

### **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 2016-2017, no complaints were lodged with Council under the complaints management process.

### **3. Senior Contract Employees**

At 30 June 2017, Aurukun Shire Council employed five senior contract employees. Details of the total remuneration packages for the senior contract employees are as follows:

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

### **4. Overseas Travel**

No Council staff or Councillors undertook any overseas travel on Council business during the 2016/17 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 2016/17 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 December 2017.

### **Operational Plan**

The Operational Plan has been 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.

## **8. Invitations to Tenders to Change Tenders**

There were nil instances in 2016/17 where persons who submitted a tender to Council were invited to change their tenders.

## **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 2016/17 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.

## **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 2016 to 30 June 2017.

CCTV installation  
Aurukun Access Roadworks  
Sewerage and Water Supply Upgrades  
Airport Contractors Accommodation Upgrade  
Community Centre Refurbishment  
Chivaree Centre Staff Accommodation

## **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.

Pacifica 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.



**AURUKUN SHIRE COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**

**AURUKUN SHIRE COUNCIL**  
**Financial statements**  
**For the year ended 30 June 2017**

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**AURUKUN SHIRE COUNCIL**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2017**

	Notes	2017 \$	2016 \$
<b>Income</b>			
<b>Recurrent revenue</b>			
Utility charges	3	558,175	725,745
Fees and charges		252,904	227,297
Rental income	3	2,243,617	2,154,033
Interest received		194,465	312,727
Other recurrent income	3	3,711,581	5,788,276
Grants, subsidies, contributions and donations	4	11,262,620	10,134,700
<b>Total recurrent revenue</b>		<b>18,223,362</b>	<b>19,342,779</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4	6,826,619	1,844,920
Other capital income	11	3,098	1,162,565
<b>Total capital revenue</b>		<b>6,829,717</b>	<b>3,007,485</b>
<b>Total Income</b>		<b>25,053,079</b>	<b>22,350,263</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(7,019,636)	(6,421,538)
Materials and services	6	(12,467,845)	(12,001,288)
Finance cost		(28,831)	(48,619)
Depreciation and amortisation	12	(2,240,306)	(2,345,197)
<b>Total recurrent expenses</b>		<b>(21,756,618)</b>	<b>(20,816,642)</b>
<b>Capital expenses</b>			
Profit/(loss) on disposal of assets	7	(89,139)	(24,492)
Revaluation decrements	12	-	(125)
<b>Total capital expenses</b>		<b>(89,139)</b>	<b>(24,617)</b>
<b>Total expenses</b>		<b>(21,845,757)</b>	<b>(20,841,259)</b>
<b>Net result</b>		<b>3,207,323</b>	<b>1,509,004</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase/(decrease) in asset revaluation surplus	15	4,194,875	9,929,121
<b>Total other comprehensive income for the year</b>		<b>4,194,875</b>	<b>9,929,121</b>
<b>Total comprehensive income for the year</b>		<b>7,402,198</b>	<b>11,438,125</b>

**AURUKUN SHIRE COUNCIL**  
**Statement of Financial Position**  
**as at 30 June 2017**

	Notes	2017 \$	2016 \$
<b>Current assets</b>			
Cash and cash equivalents	8	10,266,249	10,536,175
Trade and other receivables	9	1,263,107	1,674,164
Inventories	10	589,594	594,418
Other financial assets	11	819,648	804,813
<b>Total current assets</b>		<b><u>12,938,597</u></b>	<b><u>13,609,570</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	12	94,074,195	86,149,415
Other financial assets	11	25,567,025	26,383,575
<b>Total non-current assets</b>		<b><u>119,641,221</u></b>	<b><u>112,532,990</u></b>
<b>Total assets</b>		<b><u>132,579,818</u></b>	<b><u>126,142,560</u></b>
<b>Trade and other payables</b>			
Trade and other payables	13	2,562,721	3,541,900
Provisions		21,344	17,397
Borrowings	14	27,618	26,689
<b>Total current liabilities</b>		<b><u>2,611,683</u></b>	<b><u>3,585,987</u></b>
<b>Non-current liabilities</b>			
Provisions		84,628	48,786
Borrowings	14	660,661	687,140
<b>Total non-current liabilities</b>		<b><u>745,289</u></b>	<b><u>735,926</u></b>
<b>Total liabilities</b>		<b><u>3,356,972</u></b>	<b><u>4,321,912</u></b>
<b>Net community assets</b>		<b><u>129,222,846</u></b>	<b><u>121,820,648</u></b>
<b>Community equity</b>			
Asset revaluation surplus	15	120,462,360	116,267,485
Retained surplus		8,760,486	5,553,163
<b>Total community equity</b>		<b><u>129,222,846</u></b>	<b><u>121,820,648</u></b>

**AURUKUN SHIRE COUNCIL**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2017**

	Asset revaluation surplus Note 15		Retained surplus		Total	
	2017	2016	2017	2016	2017	2016
Balance as at 1 July	\$ 116,267,485	\$ 106,338,363	\$ 5,553,163	\$ 4,044,160	\$ 121,820,648	\$ 110,382,523
Net result	-	-	3,207,323	1,509,004	3,207,323	1,509,004
Other comprehensive income for the year increase/(decrease) in asset revaluation surplus	4,194,875	9,929,121	-	-	4,194,875	9,929,121
<b>Total comprehensive income for the year</b>	<b>4,194,875</b>	<b>9,929,121</b>	<b>3,207,323</b>	<b>1,509,004</b>	<b>7,402,198</b>	<b>11,438,125</b>
<b>Balance as at 30 June</b>	<b>120,462,360</b>	<b>116,267,485</b>	<b>8,760,486</b>	<b>5,553,163</b>	<b>129,222,846</b>	<b>121,820,648</b>

**AURUKUN SHIRE COUNCIL**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

	Notes	2017	2016
		\$	\$
<b>Cash flows from operating activities:</b>			
Receipts from customers		4,697,350	7,534,919
Payments to suppliers and employees		<u>(20,422,047)</u>	<u>(16,905,935)</u>
		<b>(15,724,697)</b>	<b>(9,371,016)</b>
Interest received		194,465	312,727
Rental income		2,479,984	1,883,306
Non capital grants and contributions	4	11,262,620	10,134,700
<b>Net cash inflow (outflow) from operating activities</b>	<b>18</b>	<b><u>(1,787,628)</u></b>	<b><u>2,959,717</u></b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment		(5,428,140)	(4,533,188)
Proceeds from sale of property, plant and equipment	7	10,909	28,752
Finance lease receipts	11	804,813	791,462
Grants, subsidies, contributions and donations		6,184,499	1,680,868
<b>Net cash inflow (outflow) from investing activities</b>		<b><u>1,572,081</u></b>	<b><u>(2,032,106)</u></b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowings	14	(25,551)	(26,170)
Finance costs		<u>(28,831)</u>	<u>(48,619)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<b><u>(54,382)</u></b>	<b><u>(74,789)</u></b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>(269,926)</b>	<b>852,820</b>
Cash and cash equivalents at beginning of the financial year		10,536,175	9,683,355
<b>Cash and cash equivalents at end of the financial year</b>	<b>8</b>	<b><u>10,266,249</u></b>	<b><u>10,536,175</u></b>

# AURUKUN SHIRE COUNCIL

## Notes to the Financial Statements

### For the year ended 30 June 2017

#### Note 1: Significant accounting policies

##### 1(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 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.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- revaluations of property, plant and equipment and other financial assets.

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 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. 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 2017**

**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) Critical accounting judgement and key sources of estimation uncertainty**

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 2017**

**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 2017**

**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 2017 Functions	Gross program income			Total income	Gross program expenses			Total expenses	Net result from recurring operations 2017	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital	Capital				
	Grants 2017	Other 2017	Grants 2017	2017	2017	2017	2017	2017	2017	2017	2017
Corporate services	\$ 3,957,953	\$ 575,864	\$ 2,933,855	\$ 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	(3,367,076)	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	-	385,268	-	385,268	587,234	-	587,234	(201,966)	(201,966)	37,889,805	
Public amenities & utilities	-	832,008	45,153	877,160	1,223,712	-	1,223,712	(391,704)	(346,553)	19,266,499	
Enterprises	667,700	1,624,650	40,961	2,333,310	1,400,910	-	1,400,910	891,440	932,400	14,443,376	
<b>Total</b>	<b>11,262,620</b>	<b>6,960,742</b>	<b>6,826,619</b>	<b>25,053,079</b>	<b>21,756,618</b>	<b>89,139</b>	<b>21,845,757</b>	<b>(3,533,255)</b>	<b>3,207,323</b>	<b>132,579,818</b>	

**Year ended 30 June 2016**

Year ended 30 June 2016 Functions	Gross program income			Total income	Gross program expenses			Total expenses	Net result from recurring operations 2016	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital	Capital				
	Grants 2016	Other 2016	Grants 2016	2016	2016	2016	2016	2016	2016	2016	2016
Corporate services	\$ 2,980,883	\$ 875,774	\$ 1,164,317	\$ 5,020,974	\$ 4,243,041	\$ 125	\$ 4,243,166	\$ (866,384)	\$ 777,808	\$ 16,960,585	
Engineering services	3,866,947	5,274,967	585,027	9,726,941	10,231,304	24,492	10,255,797	(1,089,390)	(528,855)	19,394,154	
Environmental services	175,446	120	-	175,566	205,642	-	205,642	(30,076)	(30,076)	415,578	
Welfare & social services	2,019,474	92,136	-	2,111,610	1,972,684	-	1,972,684	138,926	138,926	5,233,472	
Community & cultural services	390,915	166,792	32,537	590,244	1,352,290	-	1,352,290	(794,583)	(762,046)	10,649,810	
Housing	-	520,226	-	520,226	495,181	-	495,181	25,045	1,187,610	37,991,654	
Public amenities & utilities	33,334	978,379	-	1,011,713	1,185,003	-	1,185,003	(173,290)	(173,290)	21,894,140	
Enterprises	667,700	1,299,685	63,039	2,030,424	1,131,497	-	1,131,497	835,889	898,928	13,603,168	
<b>Total</b>	<b>10,134,700</b>	<b>9,208,079</b>	<b>1,844,920</b>	<b>22,350,253</b>	<b>20,816,642</b>	<b>24,617</b>	<b>20,841,259</b>	<b>(1,473,863)</b>	<b>1,509,004</b>	<b>126,142,560</b>	

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

<u>Notes</u>	<u>2017</u>	<u>2016</u>
	\$	\$

**Note 3: Revenue analysis**

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	178,977	240,292
Sewerage	255,213	312,291
Garbage charges	123,986	173,161
	<u>558,175</u>	<u>725,745</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	1,772,207	1,678,701
Operating lease income	471,411	475,333
	<u>2,243,617</u>	<u>2,154,033</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	3,040,892	5,160,704
Art work sales	167,099	97,611
Agency commissions	178,599	194,564
Other income	324,991	335,397
	<u>3,711,581</u>	<u>5,788,276</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)	3,957,953	2,962,042
State Government specific and special purpose grants	4,072,046	5,219,561
Commonwealth Government specific and special purpose grants	1,700,715	1,952,505
Contributions, donations and other grants	1,531,905	591
	<u>11,262,620</u>	<u>10,134,700</u>

**4(b) Capital**

State Government capital grants	6,643,527	1,042,908
Commonwealth Government capital grants	183,092	637,960
Contributions, donations and other grants	-	164,052
	<u>6,826,619</u>	<u>1,844,920</u>

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

	Notes	2017	2016
		\$	\$
<b>Note 5: Employee benefits</b>			
Total staff wages and salaries		5,494,621	4,830,621
Councillors' remuneration		307,508	295,220
Annual, sick and long service leave entitlements		626,949	566,420
Superannuation	17	585,144	574,694
		<u>7,014,222</u>	<u>6,266,956</u>
Other employee related expenses		193,588	207,861
		<u>7,207,810</u>	<u>6,474,817</u>
Less: capitalised employee expenses		(188,174)	(53,279)
		<u><u>7,019,636</u></u>	<u><u>6,421,538</u></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	33	24
Depot and outdoors staff	66	79
<b>Total full time equivalent employees</b>	<u><b>104</b></u>	<u><b>108</b></u>

**Note 6: Materials and services**

Administration expenses	1,260,784	1,176,292
Aged care	507,394	503,616
Arts centre	285,208	313,585
Audit services	99,392	88,225
Child care	405,884	460,467
Other materials and services	962,998	1,163,886
Plant operations	411,487	320,834
Private works	1,830,966	3,758,162
Property, building and housing	1,209,996	768,774
Road works	4,964,911	2,438,560
Technical services	532,048	761,158
Write-down of inventories	(3,222)	247,731
	<u><b>12,467,845</b></u>	<u><b>12,001,288</b></u>

**Note 7: Capital expenses**

**Loss on the disposal of non-current assets**

Book value of property, plant and equipment disposed	100,048	53,244
Less: proceeds from the sale of property, plant and equipment	(10,909)	(28,752)
	<u><b>89,139</b></u>	<u><b>24,492</b></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	5,703,797	6,081,127
Term deposits - 3 months or less	4,562,452	4,455,048
<b>Balance per Statement of Cash Flows</b>	<u><b>10,266,249</b></u>	<u><b>10,536,175</b></u>

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	20	1,594,066	8,507
Future recurrent expenditure		2,332,008	2,465,329
<b>Total unspent restricted cash</b>		<u><b>3,926,074</b></u>	<u><b>2,473,836</b></u>

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

Notes	2017	2016
	\$	\$

**Note 8: Cash and cash equivalents (continued)**

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	206,883
Security deposits	49,428	49,428
Mission account	641	641
	<u>198,601</u>	<u>256,952</u>

**Note 9: Trade and other receivables**

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

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

Service charge debtors	14,731	195,237
Rent debtors	292,242	528,609
Other debtors	928,718	801,500
Less: impairment	(11,186)	(12,034)
GST receivable	34,078	160,852
Prepayments	4,524	-
	<u>1,263,107</u>	<u>1,674,164</u>

Movement in accumulated impairment losses is as follows:

Opening balance at 1 July	(12,034)	(93,920)
Impairment debts written off during the year	1,220	-
Additional impairments recognised	(372)	-
Impairments reversed	-	81,886
Closing balance at 30 June	<u>(11,186)</u>	<u>(12,034)</u>

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-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
<b>Net receivables</b>	<b>1,041,113</b>	<b>109,927</b>	<b>39,583</b>	<b>72,484</b>	<b>1,263,107</b>

30-Jun-16	Fully Performing \$	Past due 30-60 days \$	Past due 61-90 days \$	Past due 90+ days \$	Total \$
Receivables	617,725	77,241	64,359	766,022	1,525,347
Less impairment	-	-	-	(12,034)	(12,034)
GST receivable	160,852	-	-	-	160,852
<b>Net receivables</b>	<b>778,577</b>	<b>77,241</b>	<b>64,359</b>	<b>753,988</b>	<b>1,674,164</b>

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

<b>Notes</b>	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 10: Inventories</b>		
Plant and equipment stores and miscellaneous saleable items are held for distribution and valued at cost, adjusted when applicable for any loss of service potential.		
<b>Inventories for sale:</b>		
Miscellaneous saleable items	7,488	9,528
<b>Total inventories for sale</b>	<b>7,488</b>	<b>9,528</b>
<b>Inventories for consumption:</b>		
Plant and equipment stores	592,106	594,891
Less: Provision for slow moving and obsolete materials	(10,000)	(10,000)
<b>Total inventories for consumption</b>	<b>582,106</b>	<b>584,891</b>
<b>Total inventories</b>	<b>589,594</b>	<b>594,418</b>

**Note 11: Other financial assets**

Council has leased 267 dwellings as lessor to the Queensland Government for a total lease term of 40 years. The total lease payment per dwelling in the current year was \$3,014.28. 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	819,648	804,813
	<b>819,648</b>	<b>804,813</b>

**Noncurrent**

Finance leases on social housing	25,567,025	26,383,575
	<b>25,567,025</b>	<b>26,383,575</b>

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	819,648	804,813
Later than one year but not later than five years	4,098,238	4,024,066
Later than five years	23,706,538	24,082,297
	28,624,424	28,911,176
Add: Estimated contingent rent	16,273,901	17,081,509
Less: Present value adjustment	(18,511,653)	(18,804,297)
Fair value of lease payments	<b>26,386,672</b>	<b>27,188,388</b>

The fair value of lease payments are receivable as follows:

Not later than one year	819,648	804,813
Later than one year but not later than five years	3,238,995	3,190,797
Later than five years	22,328,030	23,192,778
	<b>26,386,672</b>	<b>27,188,388</b>

Movements in finance leases were as follows:

Opening balance	27,188,388	26,817,285
Less: Lease receipts	(804,813)	(791,462)
Plus: Gain on revaluation	3,098	1,162,565
Closing balance	<b>26,386,672</b>	<b>27,188,388</b>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% per annum (2016: 2.5%) and a discount rate of 3.000% per annum (2016: 2.865 %).

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

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

Basis of measurement	Note	Office equipment	Plant & equipment	Buildings and other structures	Land	Road, drainage and bridge network		Aerodrome	Sewerage	Water	Capital works in progress	TOTAL
						Revaluation	Cost					
Asset values		Cost	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Cost
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)	(194,986)	-	-	-	-	-	-	-	(995,701)
Transfers from capital work in progress		-	38,606	1,732,118	-	176,064	-	40,615	-	-	(1,987,403)	-
Revaluation adjustment to asset revaluation surplus		-	-	1,804,618	-	2,881,398	19,293	114,894	112,109	-	-	4,932,312
<b>Closing gross value as at 30 June 2017</b>		<b>376,138</b>	<b>4,043,814</b>	<b>67,265,790</b>	<b>475,000</b>	<b>25,678,011</b>	<b>3,688,160</b>	<b>11,034,254</b>	<b>7,914,903</b>	<b>1,063,202</b>	<b>1,063,202</b>	<b>121,539,273</b>
<b>Accumulated depreciation</b>												
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
<b>Accumulated depreciation as at 30 June 2017</b>		<b>271,655</b>	<b>2,514,845</b>	<b>14,926,587</b>	<b>-</b>	<b>5,048,217</b>	<b>367,705</b>	<b>3,353,862</b>	<b>982,205</b>	<b>-</b>	<b>-</b>	<b>27,465,078</b>
<b>Book value as at 30 June 2017</b>		<b>104,483</b>	<b>1,528,969</b>	<b>52,339,203</b>	<b>475,000</b>	<b>20,629,794</b>	<b>3,320,455</b>	<b>7,680,391</b>	<b>6,932,698</b>	<b>1,063,202</b>	<b>1,063,202</b>	<b>94,074,195</b>
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	-	-	-
<b>Additions comprise:</b>												
Infrastructure Renewals		-	-	-	-	-	-	-	-	-	-	-
Other additions		56,241	503,475	1,500,513	-	3,351,532	-	4,538	-	-	653,961	6,070,260
<b>Total additions</b>		<b>56,241</b>	<b>503,475</b>	<b>1,500,513</b>	<b>-</b>	<b>3,351,532</b>	<b>-</b>	<b>4,538</b>	<b>-</b>	<b>-</b>	<b>653,961</b>	<b>6,070,260</b>

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 12: Property, plant and equipment (continued)**  
**12(b) For the year ended 30 June 2016**

	Note	Office equipment		Plant & equipment		Buildings and other structures		Land		Road, drainage and bridge network		Aerodrome		Sewerage		Water		Capital works in progress		TOTAL	
		Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation		
<b>Basis of measurement</b>																					
<b>Asset values</b>																					
Opening gross value as at 1 July 2015		400,261	5,249,004	55,294,583	-	17,446,285	3,631,831	10,687,437	7,609,207	2,614,790	102,933,398										
Additions at cost		-	511,184	1,496,836	475,125	74,418	-	-	-	2,139,677	4,697,240										
Disposals	7	(5,898)	(1,673,278)	-	-	-	-	-	-	-	(1,679,176)										
Transfers from capital work in progress		-	141,070	861,186	-	1,355,568	-	-	-	(2,357,824)	-										
Revaluation adjustment to expenditure (capital)		-	-	-	(125)	-	-	-	-	-	(125)										
Revaluation adjustment to asset revaluation surplus		-	-	4,770,923	-	392,746	37,036	186,771	193,587	-	5,581,063										
<b>Closing gross value as at 30 June 2016</b>		<b>394,363</b>	<b>4,227,981</b>	<b>62,423,528</b>	<b>475,000</b>	<b>19,289,017</b>	<b>3,668,867</b>	<b>10,874,208</b>	<b>7,802,794</b>	<b>2,396,644</b>	<b>111,532,402</b>										
<b>Accumulated depreciation</b>																					
Opening balance as at 1 July 2015		267,935	4,300,545	14,459,848	-	8,030,923	131,012	1,353,000	468,514	-	29,011,778										
Depreciation provided in period		40,925	252,025	786,683	-	813,562	68,634	200,964	182,403	-	2,345,197										
Disposals	7	(5,656)	(1,620,275)	-	-	-	-	-	-	-	(1,625,931)										
Revaluation adjustment to asset revaluation surplus		-	-	88,689	-	(3,893,061)	(146,711)	(159,154)	(237,820)	-	(4,348,057)										
<b>Accumulated depreciation as at 30 June 2016</b>		<b>303,204</b>	<b>2,932,296</b>	<b>15,335,220</b>	<b>-</b>	<b>4,951,424</b>	<b>52,935</b>	<b>1,394,810</b>	<b>413,097</b>	<b>-</b>	<b>25,382,987</b>										
<b>Book value as at 30 June 2016</b>		<b>91,160</b>	<b>1,295,685</b>	<b>47,088,308</b>	<b>475,000</b>	<b>14,317,593</b>	<b>3,615,932</b>	<b>9,479,397</b>	<b>7,389,697</b>	<b>2,396,644</b>	<b>86,149,415</b>										
Residual value		-	94,077	-	-	-	-	-	-	-	94,077										
Range of estimated useful life in years		3-10	1-25	21-172	Indefinite	19-indefinite	33-indefinite	13-120	22-143	-	-										
<b>Additions comprise:</b>																					
Infrastructure Renewals		-	-	-	-	-	-	-	-	-	-										
Other additions		-	511,184	1,496,836	475,125	74,418	-	-	-	2,139,677	4,697,240										
<b>Total additions</b>		<b>-</b>	<b>511,184</b>	<b>1,496,836</b>	<b>475,125</b>	<b>74,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,139,677</b>	<b>4,697,240</b>										

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**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.

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

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

Depreciation methods 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 is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

**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.

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 12: Property, plant and equipment (continued)**

**12(g) Valuation (continued)**

**(i) Valuation processes (continued)**

In the intervening years professionally qualified independent valuers perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life and condition rating. The valuer then determines suitable indices which are reviewed by management and are applied to each of these asset classes.

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

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

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

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

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

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

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

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

**Land (level 2)**

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

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

The last comprehensive valuation of land located outside of the boundaries of Aurukun Shire Council was undertaken by APV Valuers and Asset Management, effective 30 June 2015. The same independent valuers performed a desktop valuation at 30 June 2017. The next comprehensive valuation of land is planned in 2018. Level 2 valuation inputs were used to value land in freehold title. Sales prices of comparable land sites in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

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

The last comprehensive valuation of buildings and other structures assets was undertaken by APV Valuers and Asset Management, effective 30 June 2015. CRC at 30 June 2017 was determined by the same independent valuers through a desktop valuation through the application of appropriate indices. The next comprehensive valuation of buildings and other structures assets is planned in 2018.

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 after adjusting for differences in key attributes such as property size (level 2). The most significant input into this valuation approach was the price per square metre. 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 on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, 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 lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**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)***

	2017	2016
Buildings and other structures	\$	\$
- Non-specialised (level 2)	990,000	940,000
- Specialised (level 3)	52,339,203	46,148,308
Total	<u>53,329,203</u>	<u>47,088,308</u>

***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**

A 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 .

***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**

The last comprehensive valuation of water and sewerage assets was undertaken by APV Valuers and Asset Management, effective 30 June 2015. CRC at 30 June 2017 was determined by the same independent valuers through a desktop valuation through the application of indices derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics and the valuers' own internal market research and costings. The next comprehensive valuation of sewerage and water infrastructure assets is planned in 2018.

***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.

***Accumulated depreciation***

In determining accumulated depreciation, a determination was made of each asset's remaining useful life in line with their design characteristics. 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.

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
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<u>Notes</u>	<u>2017</u>	<u>2016</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	2,290,989	3,346,990
Annual leave payable	271,732	194,910
	<u>2,562,721</u>	<u>3,541,900</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	27,618	26,689
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**Non-current**

Loans - Queensland Treasury Corporation	660,661	687,140
	<u>688,279</u>	<u>713,830</u>

**Loans - Queensland Treasury Corporation**

Opening balance at beginning of financial year	713,830	740,000
Principal repayments	(25,551)	(26,170)
Book value at end of financial year	<u>688,279</u>	<u>713,830</u>

The QTC loan market value at the reporting date was \$719,167 (2016: \$786,224). 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-17	54,018	216,073	702,238	972,329
30-Jun-16	54,018	216,073	756,256	1,026,348

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

<u>Notes</u>	<u>2017</u>	<u>2016</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	116,267,485	106,338,363
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings and other structures	3,006,353	4,682,235
Road, drainage and bridge network	3,385,090	4,285,808
Aerodrome	(241,852)	183,747
Sewerage	(1,658,563)	345,924
Water	(296,154)	431,407
	<u>4,194,875</u>	<u>9,929,121</u>
<b>Balance at end of financial year</b>	<b><u>120,462,360</u></b>	<b><u>116,267,485</u></b>

**Asset revaluation surplus analysis**

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

Buildings and other structures	93,199,762	90,193,408
Road, drainage and bridge network	19,647,468	16,262,378
Aerodrome	2,351,496	2,593,347
Sewerage	3,663,367	5,321,930
Water	1,600,268	1,896,422
	<u>120,462,360</u>	<u>116,267,485</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 2017 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 2017**

**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**

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

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation fund for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

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

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

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

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

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

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 17: Superannuation (continued)**

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Aurukun Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

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

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:		585,144	574,694

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

<b>Net result</b>		<b>3,207,323</b>	<b>1,509,004</b>
<b>Non-cash operating items:</b>			
Depreciation and amortisation		2,240,306	2,345,197
		<u>2,240,306</u>	<u>2,345,197</u>
<b>Investing and development activities:</b>			
Net (profit) loss on disposal of non-current assets	7	89,139	24,492
(Gain) loss on revaluation of finance leases	11	(3,098)	(1,162,565)
Capital grants and contributions	4	(6,826,619)	(1,844,920)
Finance costs		28,831	48,619
Revaluation decrements		-	125
		<u>(6,711,747)</u>	<u>(2,934,249)</u>
<b>Changes in operating assets and liabilities:</b>			
(Increase)/decrease in receivables		411,057	522,874
(Increase)/decrease in other operating assets		4,824	(212,118)
Increase/(decrease) in payables		(979,179)	1,719,899
Increase/(decrease) in provisions		39,789	9,110
		<u>(523,509)</u>	<u>2,039,765</u>
<b>Net cash inflow/(outflow) from operating activities</b>		<b><u>(1,787,628)</u></b>	<b><u>2,959,717</u></b>

**Note 19: Transactions with related parties**

**19(a) Related entities**

Aurukun Shire Council has no subsidiaries, associates or joint ventures. The Aurukun Community Fund (ACF) is a controlled entity of Aurukun Shire Council. The ACF had no activity in 2016-17, and no transactions occurred between Aurukun Shire Council and the Aurukun Community Fund.

**19(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.

	<u>2017</u>
	\$
Short-term employee benefits	1,127,353
Post-employment benefits	108,395
Long-term benefits	8,731
Termination benefits	-
<b>Total</b>	<b><u>1,244,479</u></b>

Detailed remuneration disclosures are provided in the annual report.

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 19: Transactions with related parties (continued)**

**19(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	2017
		\$
Fees and charges charged to close family members of key management	19(c)(i)	11,680
Employee expenses for close family members of key management	19(c)(ii)	2,138,543
Purchase of materials and services from close family members of key	19(c)(iii)	70,715

**19(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.

**19(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 2016-17, Council employed a total of 205. During the period 95 were close family members of key management personnel.

**19(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.

**19(d) Outstanding balances**

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

Receivables	Commercial rent	Total
	\$	\$
Current	863	863
Past due 31-60 days	863	863
Past due 61-90 days	376	376
	<u>2,103</u>	<u>2,103</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.

**19(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.

**19(f) Commitments to/from other related parties**

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

**19(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
- Borrowing books from the council library

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 20: Tied grants by project**

Source of funds and/or projects	Balance 1/07/2016 \$	Revenue \$	Expense \$	Balance 30/06/2017 \$
<b>General purpose grants</b>				
Grants for the whole of Council:				
State government financial aid	-	1,144,614	1,144,614	-
Financial assistance grant	-	2,813,339	2,813,339	-
	-	<b>3,957,953</b>	<b>3,957,953</b>	-
<b>Specific purpose grants</b>				
Asset management plan	-	-	28,900	(28,900)
Closed-circuit television system - DATSIP	(366,136)	597,736	231,600	-
Works for Queensland	-	1,500,000	116,179	1,383,821
Sports hall refurbishment	-	516,665	516,665	-
Fibre optic grant	-	-	40,441	(40,441)
Improvements to Aurukun SES shed	(50,000)	-	-	(50,000)
Aurukun sewer upgrade	-	100,000	32,622	67,378
Wuungkam Lodge disability access ramp	-	80,000	80,000	-
Aurukun community police vehicles	-	94,000	-	94,000
Old TAFE shed upgrade	-	45,455	45,455	-
Upgrade & security measures at works depot	-	45,000	127,131	(82,131)
Natural disaster relief & recovery to 2014	(236,523)	236,523	-	-
Natural disaster relief & recovery 2015	1,233,494	2,204,729	5,081,379	(1,643,157)
Natural disaster relief & recovery 2016	556,377	26,137	31,797	550,717
TIDS	(255,681)	255,681	-	-
Roads to recovery	(76,091)	89,092	23,908	(10,907)
Cape York - CIMA	(96,878)	3,441,928	3,691,913	(346,863)
Rio Tinto - road user agreement	(18,678)	1,310,541	66,411	1,225,451
TIDS 2016	-	80,000	80,000	-
Royalties to regions	8,507	-	8,507	-
Natural disaster relief & recovery 2016 ASC.15.16	-	-	14,682	(14,682)
Upgrade and safety measures at airport camp	-	45,000	144,102	(99,102)
ATSI public health	-	158,786	158,786	-
Family income management	66,044	-	694	65,350
Get ready Queensland	6,154	-	12,124	(5,970)
Indigenous regional arts development fund	-	15,000	5,744	9,256
Backing indigenous arts (Arts Qld)	-	60,000	40,858	19,142
IAC professional development fund	1,674	-	1,674	-
BIACB women's CIAF workshops (Arts Qld)	-	13,500	15,000	(1,500)
2017 Cairns indigenous arts fair - WCCCA	-	31,700	14,749	16,951
NAIDOC family fun run	1,000	-	1,000	-
Domestic and family violence prevention	447	-	447	-
Community care services	4,366	79,097	83,462	-
Commonwealth home support program	54,866	428,208	298,562	184,512
Queensland seniors week	400	-	400	-
Home care packages	155,383	410,399	553,943	11,839
Cape York jobs packages	-	98,616	98,616	-
Aged care package	151,920	-	113,677	38,243
	<b>1,140,644</b>	<b>11,963,792</b>	<b>11,761,428</b>	<b>1,343,007</b>
	<b>1,140,644</b>	<b>15,921,745</b>	<b>15,719,381</b>	<b>1,343,007</b>

**AURUKUN SHIRE COUNCIL**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2017**

**Note 20: Tied grants by project (continued)**

Source of funds and/or projects	Balance 1/07/2016 \$	Revenue \$	Expense \$	Balance 30/06/2017 \$
<b>Specific purpose grants - continued</b>				
Broadband for seniors	-	360	360	-
Indigenous economic development	-	80,000	80,000	-
Indigenous knowledge centre	6,029	38,569	38,465	6,133
Tech savvy seniors Queensland program	6,100	-	6,100	-
STEM.I.AM robotics	-	25,000	-	25,000
Koolkan Woyan Min child and family hub program	29,243	58,532	29,267	58,508
Koolkan Woyan Min hub program - small assets	6,384	-	6,384	-
Koolkan Woyan Min hub program - small assets 2017	-	15,900	9,251	6,649
Aurukun playgroup and early childhood learning	32,972	111,501	84,540	59,933
Koolkan Woyan Min child care centre - long day care	2,537	126,509	189,755	(60,709)
Koolkan Woyan Min child care centre - small assets	-	43,600	43,276	324
Child care budget based funding program	83,880	478,411	523,472	38,819
Sports hall sewer upgrade	(40,615)	45,153	4,538	-
Water fluoridation assistance	26,668	-	-	26,668
Further upgrade of Wuungkam Lodge	(10,129)	40,961	30,831	-
Revenue replacement program	-	667,700	667,700	-
Refurbishment of Wik and Kugu Arts Centre	-	27,273	2,330	24,943
Arts and craft centre - Cape York job transition in arts	39,389	-	39,389	-
Indigenous visual arts industry support	-	173,220	160,785	12,435
	<b>1,323,104</b>	<b>17,854,432</b>	<b>17,635,823</b>	<b>1,541,713</b>
<b>Add back negative grants</b>	<b>1,150,732</b>			<b>2,384,361</b>
<b>Unspent grant revenue</b>	<b>2,473,836</b>			<b>3,926,074</b>

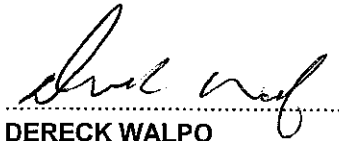
**AURUKUN SHIRE COUNCIL**  
**Financial Statements**  
**For the year ended 30 June 2017**

**Management Certificate**  
**For the year ended 30 June 2017**

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 26, 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: 25/10/17



**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 25/10/17

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Aurukun Shire Council

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of *Aurukun Shire Council*.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, 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 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

Other information comprises the information included in Aurukun Shire Council's annual report for the year ended 30 June 2017, 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 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.

### **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:

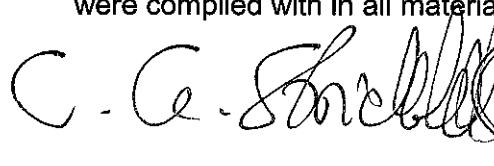

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 2017:

- 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

C G STRICKLAND  
as Delegate of the Auditor-General

Queensland Audit Office  
Brisbane

**AURUKUN SHIRE COUNCIL**  
**FINANCIAL SUSTAINABILITY STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**

**AURUKUN SHIRE COUNCIL**  
**Financial Statements**  
**For the year ended 30 June 2017**

**Current year financial sustainability statement**

**Certificate of Accuracy for the current year financial sustainability statement**

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

**Long-term financial sustainability statement**

**Certificate of Accuracy for the long-term financial sustainability statement**

## AURUKUN SHIRE COUNCIL Current-year Financial Sustainability Statement For the year ended 30 June 2017

### Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-19%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-53%	not greater than 60%

### Note 1 - Basis of Preparation

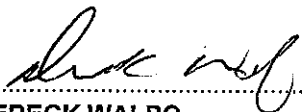
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

**AURUKUN SHIRE COUNCIL**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2017**

**AURUKUN SHIRE COUNCIL**  
**Certificate of Accuracy for the current year financial sustainability statement**  
**For the year ended 30 June 2017**

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: 25/10/17

  
.....  
**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 25/10/17

**AURUKUN SHIRE COUNCIL**  
**Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2017**

Measures of Financial Sustainability	Council	Measure	Target	Projected for the years ended									
				Actuals at 30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Operating surplus ratio		Net result divided by total operating revenue	Between 0% and 15%	-19%	-5.66%	-10.34%	-28.84%	-28.51%	-28.18%	-27.87%	-27.56%	-27.27%	-26.97%
Asset sustainability ratio		Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	0%	497.13%	76.74%	79.05%	81.42%	83.86%	86.38%	88.97%	91.64%	94.39%
Net financial liabilities ratio		Total liabilities less current assets divided by total operating revenue	not greater than 60%	-51%	-51.19%	-59.14%	-59.39%	-49.52%	-39.68%	-29.96%	-20.22%	-10.53%	-0.90%

**Aurukun Shire Council's Financial Management**

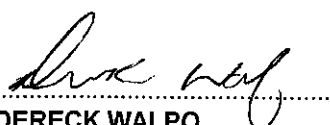
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial 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 2017**

**AURUKUN SHIRE COUNCIL**  
**Certificate of Accuracy for the long-term financial sustainability statement**  
**as at 30 June 2017**

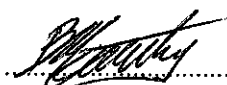
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

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: 25/10/17



**BERNIE MCCARTHY**  
Chief Executive Officer

Date: 25/10/17

## 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 2017, 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 2017 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 2017, 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 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.


C G STRICKLAND  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## 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](mailto:ceo@aurukun.qld.gov.au)

## Acknowledgment of Photographs

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

## International Standard Serial Number

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