

2016-17 Budget Overview & Highlights of Key Elements

Legislative requirement

LGA 2009 107A

LGA 2009 (12)(4)(b)

LGA 2009 (94)(2)

LGA 2009 (104)(5)(iv)

Local Government Regulation 2012 Division 3

Council's vision

Growing Community, Growing Respect, Growing Leaders

Council's mission

Strong leadership and excellence in service to our community

Council's key priorities

Rebuild respect in our community by restoring pride within our community, respecting each other, looking after each other, and taking pride in how our town looks

Avail of opportunities arising from mining in our region to develop direct employment and local businesses to support the mining industry

Prepare the next generation of leaders who can look after our community into the future

Diversify Council's revenue stream by pursuing feasible commercial operations

Develop local employment with Council

Budget Principles and Assumptions

1. Capital works include expenditure to enhance community and staff safety and to create a more efficient working environment. It must be noted that repairs and maintenance of Council's ageing building infrastructure is a strain on operating revenue. An update of Council's 2012 Asset Management Plan will be done in 2016-17 with the assistance of Directors, Managers and Supervisors.
2. An average of 10% increase (rounded up/down to the nearest \$5 increment) in levies, fees and charges for water, sewerage and waste management
3. An average of 3% increase for other fees and charges (rounded up/down to the nearest \$5 increment).

4. Operating expenses are closely matched with operating revenue except in areas that Council may deem as community service obligation (Community Police, Indigenous Knowledge Centre /Library, Bank and Post Office, and to some extent Airport operations)
 - a. Councillor remuneration - as stated in Remuneration Tribunal Report, effective 1 July 2016
 - b. Council Administration and Employee Benefits – training is budgeted at \$120k Council-wide and limited to comply with regulations and workplace health and safety requirements. Minimal budget for professional development, except for training for Councillors and apprentices. Retention of staff will be given priority in 2016-17.
 - c. Water, Sewerage, and Waste Management -- with a view to full cost recovery from commercial and industrial operators
 - d. Town Streets – maintenance of street lighting and CCTV cameras
 - e. Parks and Gardens – Tree lopping and pre-wet cleanup in conjunction with environmental health function
 - f. Stores – recurring stocktake for accurate accounting of inventory and production costs
 - g. Planning and Development - review of fees and charges in 2016-17 with the view to incorporating these in future MOUs.

5. Operating Revenue and Expenditure from Council enterprises
 - a. Leased commercial properties and housing rent
 - i. Register of leases constantly updated; calculation of leasing and rent revenue is based on projected occupancy and agreed rates in the lease agreements
 - b. Building and Construction services
 - i. Review of contractual agreements as per Council's procurement policy and requirements of *Local Government Act 2009* and *Local Government Regulation 2012*
 - ii. Review all costs incurred by ASC in undertaking Building and Asset Services works, reflecting the true benefit of undertaking BAS works. At the moment ASC is incurring costs, both direct and indirect, that are not charged against apparent profit received from BAS.
 - c. Workshop operations
 - i. Allocation of plant hire costs across Council departments for cost recovery of workshop operations
 - d. Private works – to be closely monitored to ensure revenue is captured and costs allocated accordingly.

6. Tied Grants
 - a. Unexpended funds are tracked in a dedicated spreadsheet and reported monthly to Council and to managers.
 - b. Accurate allocation costs from Requisition level
 - c. Close monitoring of expenditure levels to avoid returning unexpended amounts
 - d. Timely lodgement of reports
7. Planned priorities (not discussed elsewhere in this Budget document) for the Finance Department pending approval from Management and Council
 - a. Complete the implementation of the new Chart of Accounts by 31 August 2016
 - b. Tidy up accounting for stores and inventory levels by assisting with periodic stocktake
 - c. Update the 2012 Asset Management Plan and 10-year Financial Forecast
 - d. Produce Plant Hire and Oncost Rates by December 2016 to accurately capture hidden costs in each department
 - e. Negotiate and discuss with Skytrans and other carriers increases in landing and other fees and charges
 - f. Review operating costs of Council across all departments and recommend strategies for more efficient operations
 - g. Explore feasible commercial operations to enhance Council's financial sustainability

Highlights and Key Elements

Aurukun Shire Council's 2016/17 aims to generate a total operating revenue of \$25.32M and \$6.25M of capital grants. The operating loss is \$1.03M, due to depreciation of \$2.3M.

Operating Revenue	\$
Utility Charges	570K
Fees and Charges	166K
Leasing and Rental Income – Commercial and Residential	2.23M
Interest Received	236K
Private Works and other income	5.65M
Operating Grants and Subsidies	16.48M
TOTAL OPERATING REVENUE	\$25.32M

Operating Expenses	\$
Wages and other employee entitlements – incorporating allowances and industrial relations increase in September 2016	7.12M
Materials and Services	16.63M
Finance Cost (to service QTC Loan of \$713k)	59K
Depreciation	2.48M
TOTAL OPERATING EXPENDITURE	\$26.35m

Capital Expenditure of \$12.23M will be funded by:

1. Approved Capital Grants of \$6.25M
2. Subject to successful application of capital funding - \$4.6M
3. 40-year lease revenue in balance sheet - \$740K
4. Grants in Reserve - \$270k
5. Funded depreciation - \$371K *

Approved Capital Grants - \$6.25M

- Transport and Infrastructure Development Scheme (TIDS) - \$70k
- Cape York Roadworks - \$4.852M for 2016-17; \$3.948M for 2017-18; a total of \$8.8M
- Sewerage Grant – \$600k for 2 pump stations
- Roads to Recovery - \$152k
- Wuungkam lodge refurbishment- \$40K
- Arts Centre Refurbishment (WCCCA) - \$30k

Capital expenditure subject to successful application of Capital Grants funding - \$4.6M

- Construction of new staff housing - \$1M
- Relocation of Airport Contractors Camp to McKenzie Drive - \$1M
- Re-establishment of Airport Camp and adjoining allotment as visitor accommodation - \$2M
- Establishment of Wuungkam Lodge guest entertainment area - \$30k
- Establishment of Three Rivers Community Centre for Community Engagement - \$500K
- Additional kitchen plant for Pikkuws Restaurant (combi oven, Mixer, etc) - \$40K
- Double Diesel Tank (Stores) - \$50k
- Financial Management System - \$150K

**Note: The budgeted depreciation expense is \$2.482M; the estimated net operating result is \$1.03M, which leaves a balance of \$1.45M. It is this balance that will be used to fund capital expenditure.*