

# 2017-18 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 Division3

## 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 focus on improving core transport infrastructure such as sealing sections of Aurukun Access Road and restoring building infrastructure including Wo'uw Ko'alam Community Centre, McKenzie and Airport Contractors' Camps. All these are made possible through grants from the state government. The Asset Management Plans were completed in July 2017 and will serve as guidelines for future capital works programs.
2. An average of 2.1% increase (rounded up/down to the nearest \$5 increment) in levies, fees and charges for water, sewerage and waste management. Food preparation licences and permits charges are introduced in 2017-18.

3. 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, Airport operations, and Wo'um Ko'alam Community Centre)
  - a. Councillor remuneration - as stated in Remuneration Tribunal Report, effective 1 July 2017.
  - b. Council Administration and Employee Benefits – retention of staff is still an issue. A training plan is being developed with funds sourced where possible including from LGAQ. Given priority is training required by legislation.
  - c. Water, Sewerage, and Waste Management -- Scheduled maintenance for utilities infrastructure is budgeted for, including renewals of licences and permits for the SCADA system.
  - d. Town Streets– \$70,000 is budgeted for from Council revenue to maintain and repair street lighting. Maintenance of town streets is funded from the road component of the Financial Assistance Grant.
  - e. Parks and Gardens – Tree lopping has a budget of \$60,000
  - 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.
  - h. Children and Aged Care services are fully funded from both federal and state departments.
  - i. Arts Centre has received a \$50,000 allocation from Council to fund further exhibitions.
4. 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
      - ii. Review of all items of plant and equipment and draft a detailed replacement program
    - d. Private works – to be closely monitored to ensure revenue is captured and costs allocated accordingly.
5. 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
6. Planned priorities (not discussed elsewhere in this Budget document) for the Finance Department:
- a. Complete the implementation of New Chart of Accounts by 31 August 2017.
  - b. Tidy up accounting for stores and inventory levels by assisting with periodic stocktake, with the assistance of Purchasing Officer
  - c. Review Purchasing strategy with view to full utilisation of Local Buy benefits
  - d. Update the 2017 Asset Management Plan and 10-year Financial Forecast
  - e. Produce Plant Hire and Oncost Rates by September 2017 to accurately capture hidden costs in each department
  - f. Complete the review of and transition to a more efficient Business Information System. The Department of Local Government has allocated \$509,000 for this project, which includes upgrade of Council’s Information Technology and Communications infrastructure.
  - g. Assist in the preparation of Enterprise Bargaining Agreement
  - h. Review operating costs of Council across all departments and recommend strategies for more efficient operations

## Highlights and Key Elements

Aurukun Shire Council’s 2017/18 aims to generate a total operating revenue of \$17.18M and \$11.5M of capital grants. The operating loss is \$972K due to depreciation of \$2.3M.

<b>Operating Revenue</b>	<b>\$</b>
Utility Charges	572K
Fees and Charges	246K
Leasing and Rental Income – Commercial and Residential	2.511M
Interest Received	170K
Private Works and other income	3.116M

Operating Grants and Subsidies	10.565M
<b>TOTAL OPERATING REVENUE</b>	<b>17.18M</b>

<b>Operating Expenses</b>	<b>\$</b>
Wages and other employee entitlements – incorporating allowances and industrial relations increase in September 2017	8.194M
Materials and Services	7.594M
Finance Cost (to service QTC Loan of \$713k)	54K
Depreciation	2.314M
<b>TOTAL OPERATING EXPENDITURE</b>	<b>18.156M</b>

**Capital Expenditure of \$17.55M will be funded by:**

1. Confirmed Capital Grants of \$13.69M
2. Subject to successful application of capital funding - \$3.9M
3. 40-year lease revenue in balance sheet - \$819K
4. Grants in Reserve - \$1.75M
5. Council Funds - \$700k

**Approved Capital Grants - \$13.69**

- Transport and Infrastructure Development Scheme (TIDS) - \$500k
- Cape York Roadworks - \$4.5M
- Sewerage Grant – \$400k for pump station
- Work for Queensland Round 1 - \$2.5M
- Work for Queensland Round 2 \$2.31M
- Arts Centre Refurbishment (WCCCA) - \$45.5K
- Wo’uw Ko’alam Community Centre Refurbishment - \$2.33M
- Council Depot Bulk Fuel Tank - \$140k

**Capital expenditure subject to successful application of Capital Grants funding - \$3.19M**

- Waste Management Facility - \$1M
- Doug Pound - \$400k
- New street lights - \$250k
- Building infrastructure - \$650K
- Other structures - \$900K