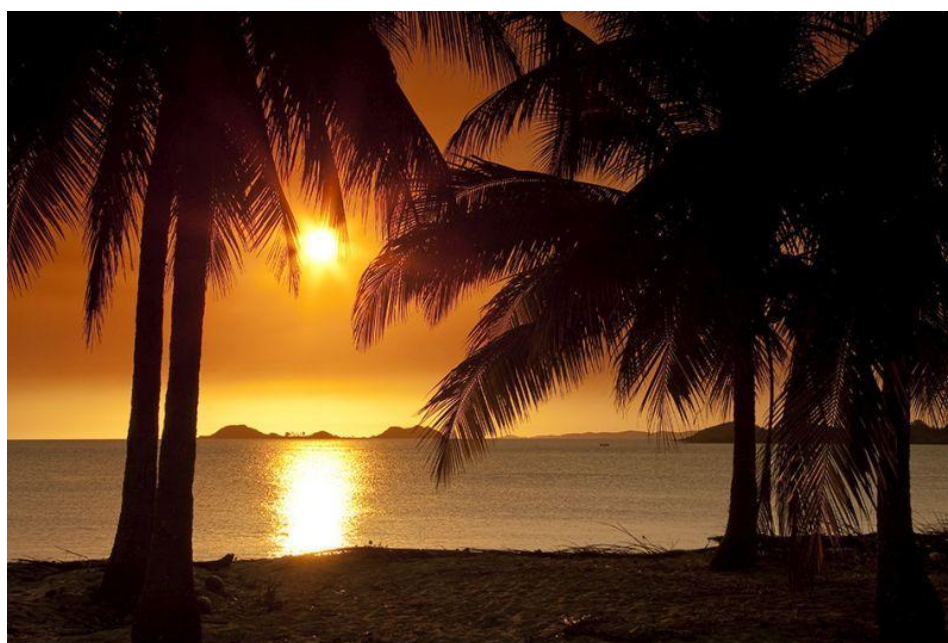




# **Northern Peninsula Area Regional Council Annual Report 2017-2018**





# Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

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# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### INTRODUCTION AND OVERVIEW

Welcome to the Northern Peninsula Area Regional Council's Annual Report, which provides an account of the organisation's performance, activities and other information for the financial year 1st July 2017 to 30th June 2018.

The Annual Report is an important document by which Council is transparently accountable for its financial and operational performance throughout the year. It contains important information for residents and ratepayers, Councillors, staff, community groups, government, developers / investors and other interested parties on Council's operations, achievements, challenges, culture, purposes and plans for the future.

Council is strongly committed to serving the NPA community and provides this Annual Report in accordance with relevant local government legislation.

### Availability of Documents

Objectives and strategies addressed in this Annual Report are contained in the Northern Peninsula Area Regional Council 2013-2017 Corporate Plan and 2017– 2018 Operational Plan. Copies of both the Corporate Plan and this Annual Report are available from:

Northern Peninsula Area Regional Council, 180 Adidi Street, Bamaga.

Council's website at : [www.nparc.qld.gov.au](http://www.nparc.qld.gov.au)

In written request to : Northern Peninsula Area Regional Council,  
PO Box 200, Bamaga, Qld, 4876

### Feedback

Feedback and suggestions for any improvement to this Annual Report are welcomed by the Northern Peninsula Area Regional Council and maybe forwarded by emailing [Info@nparc.qld.gov.au](mailto:Info@nparc.qld.gov.au) or by phoning 07 4090 4100.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### MAYOR'S FOREWORD

#### MAYORS FORWARD



This is the 2017-18 Annual Report of the Northern Peninsula Area Regional Council (NPARC), which reflects our service delivery and developmental achievements and challenges, is presented in recognition of our obligation to be an accountable and transparent organisation. This is required under the Queensland Local Government Regulation 2012 section 182.

I am pleased to present the 2017-18 Annual Report to you on behalf of the Northern Peninsula Area Regional Council. The financial year presented the Council with many challenges. I am very pleased to report that these challenges in the most part were met and overcome.

The difficulties in previous years has led to NPARC not being able to achieve the statutory timeframes for completion of the annual financial statements and subsequently the Council's Annual Report. Due to the diligence and hard work of our Executive Management I am pleased to report that this annual Report will be the first Annual Report that has been adopted within the statutory timeframes since the Council was created by the 2008 amalgamation. It is also pleasing to advise that the Financial Statements were unqualified by the Queensland Audit Office for the first time since 2012. The extraordinary work of Mr Graeme Gillam Executive Manager Finance cannot be overstated in achieving this outcome.

NPARC continues to have a strong and productive relationship with all levels of government, Federal, State and other local government entities, including non-government organisations that provide services to our region.

Performance highlights over the review period include the following:

- ✚ Completion of 27 new houses within the contract timeframe. These houses were funded under the federal government national partnership for remote indigenous housing. The program has now been completed and it is a concern there has been no funding allocated to indigenous housing going forward. Council has



## Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

been heavily involved in the lobbying campaign to secure future funding.

- + Council has continued to build a strong relationship with the Registered Native Title Body Corporate, Ipima Ikaya to enable future home ownership, as well as residential and commercial leases to ensure that the economic opportunities for indigenous businesses are fully achieved.
- + Recruitment of experienced and qualified staff to ensure quality delivery of services to the community, including the Chief Executive Officer and the Executive Manager Finance.
- + Delivery of the CIMA and ATSI TIDS programs in the ongoing improvement to the NPA road network whilst providing substantial economic opportunity and employment within the local business sector.
- + Delivery of the NDRRA program to restore essential transport corridors across the NPA once again providing substantial economic opportunity and employment within the local business sector.
- + The successful staging of successful events in the NPA throughout the year including the Queens Baton Relay, QRL Intrust Super Cup Cairns Northern Pride against Wynnum Manly The NPA Show, Australia Day Mud Rally and Pig Hunt and supporting the Dan Ropeyarn Cup.

Finally, I would like to express my sincere gratitude to all Councillors, Council management and staff, the Northern Peninsula Area community and other stakeholders for their dedication, support and co-operation, to the Northern Peninsula Area Regional Council.

**Edward Newman (Mayor)**



# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### NORTHERN PENINSULA AREA REGIONAL COUNCIL (NPARC)

Northern Peninsula Area Regional Local Government Area (LGA) includes the communities of Seisia, New Mapoon, Bamaga, Umagico and Injinoo, and surrounding land covering a total area of 1,061.1 km<sup>2</sup>.

Northern Peninsula Area Regional LGA has an average daily temperature range of 23.5 to 30.2 degrees Celsius and on average receives 1,838 mm of rainfall each year; being differentiated as the wet season and the dry season.

The Northern Peninsula Area Regional Council has a strong and productive relationship with State and Australian government, industry, community, private sector, community and traditional owner groups. In the context of traditional owner groups, the Apudthama Land Trust is the representative body established to act as a custodian for the Injinoo land.

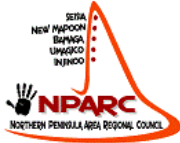
The Land Trust is committed to high quality natural resource management programs which lead to self-sustaining Aboriginal-owned enterprises.

Council is directly involved with a significant part of the local economy through providing customary civic services, operating local enterprises, and administering government assistance programs.

It is envisaged that NPARC will aim to increase involvement to accelerate towards achieving the goals and aspirations that is underpinned by the strategic themes of our region.

The Northern Peninsula Area (NPA) at the tip of Cape York is made up of the following five communities according to the ABS 2011 Census the estimated resident populations of: Bamaga 1407, Seisia 203, Umagico 281, Injinoo 474 and New Mapoon 289. The area receives a significant influx of visitors and tourists during the dry season, both by road, air and sea links which can boost the population by thousands of people and provides a huge economic boost to the economy.

Seisia is the main seaport for the NPA and Bamaga is the commercial and administrative centre for government services. Community services in Bamaga include a hospital, Police Station, a health centre and ambulance service, a family resource centre, a healing centre, a healthy lifestyle centre, Home and Community Care, a women's shelter, a crisis shelter, magistrate's court services, and child safety services and support. The health centre provides primary health care and general nursing service. There are Indigenous Knowledge Centres at Seisia, New Mapoon, and Injinoo.



# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### STRATEGIC DIRECTION

#### Our Vision

With respect and pride we will build a future for our children based on unity, equitable self-governance, education and culture.

#### Our Mission

- ✚ To provide unity and cohesion across the Northern Peninsula Area five communities, and
- ✚ To establish the unified NPA community as a single point of accountability, with Government and service providers as enablers (not the implementers)

#### Our Goals

<b>Community Ownership:</b>	A unified NPA, leaving a legacy of pride and respect,
<b>Accountability:</b>	Trust, transparency and confidence in thought, word and deed,
<b>Community Engagement:</b>	Connecting and communicating with everyone, with mutual respect,
<b>Respect:</b>	For yourself, family, community and culture,
<b>Working Together:</b>	We encourage everyone to be creative and innovative.

#### Strategic Themes

- ✚ Infrastructure Services
- ✚ Community Wellbeing
- ✚ Community Economics
- ✚ Local Environment
- ✚ Leadership

#### Strategic Corporate Outcomes

- ✚ Organisational Management and Corporate Governance
- ✚ Fiscal Management
- ✚ Infrastructure Lifestyle
- ✚ Community Development
- ✚ Environmental
- ✚ Land Use Planning
- ✚ Quality assurance

Management of local government services and infrastructure is becoming more complex and requires effective tools to help Council achieve its mission.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### ELECTED MEMBERS



### Northern Peninsula Area

*Back row (L-R): Deputy Mayor Cr Michael Bond, Cr Dennis Getawan, Cr Joseph Elu*

*Front row (L-R): Cr Cassie Adidi, Cr Gina Nona, Mayor Cr Edward Newman*

### Mayor

Councillor: Edward Newman

### Division 1, Injinoo

Councillor: Gina Nona

### Division 2, Umagico

Councillor: Dennis Getawan

### Division 3, Bamaga

Councillor: Cassie Adidi

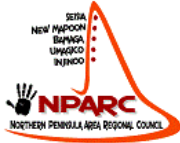
### Division 4, New Mapoon

Deputy Mayor: Michael Bond

### Division 5, Seisia

Councillor: Joseph Elu





# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Local Government Regulations 2012

#### Section 182 Preparation of Annual Report

***Preparation of Annual Report.***

***Annual report placed on Councils website within 2 weeks after council has adopted it.***

#### Section 183 Financial statements

***The annual report for a financial year must contain—***

- (a) the general purpose financial statement for the financial year, audited by the auditor-general; and***
- (b) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and***
- (c) the long-term financial sustainability statement for the financial year; and***
- (d) the auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement.***

Council's Audited Financial Statements and sustainability statements are included as Appendix B.

#### Section 184 Community financial report

***The annual report for a financial year must contain the community financial report for the financial year.***



Council's Community Financial Report is included as Appendix A.

#### Section 185 Particular resolutions

***The annual report for a financial year must contain—***

- (a) a copy of the resolutions made during the financial year under section 250(1); and***
- (b) a list of any resolutions made during the financial year under section 206(2).***

Council did not make any resolutions under the above sections:

-  Section 250(1) relates to Evidentiary Documents, and
-  Section 206(2) relates to Interim Administration

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Section 186 Councillors

*The annual report for a financial year must contain particulars of—*

- (a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and*
- (b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy; and*
- (c) the number of local government meetings that each councillor attended during the financial year, and*
- (d) the total number of the following*
  - i. orders and recommendations made under S180(2) or (4); and*
  - ii. orders made under S181; and*
- (e) each of the following during the financial year-*
  - i. the name of the Councillor for whom the order was made or recommendation was made under S180 if the Act or an order was made under S181 of the Act;*
  - ii. a description of the misconduct or inappropriate conduct engaged in by each of the councillors;*
  - iii. a summary of the recommendation made for each councillor*
- (f) the number of each of the following during the financial year –*
  - i. complaints about the conduct or performance of councillors for which no further action was taken under S176C(3)(a)(ii) or (b)(i) of the Act;*
  - ii. complaints referred to the departments chief executive under S176C(1)(a) of the Act;*
  - iii. complaints referred to the mayor under S176C(3)(a)(a)(ii) or (b)(i) of the Act;*
  - iv. complaints referred to the departments Chief Executive under S176C(4)(a) of the Act;*
  - v. complaints assessed by the chief executive officer as being about corrupt conduct under the Crimes and Corruption Act;*
  - vi. complaints heard by a regional conduct review panel;*
  - vii. complaints heard by the tribunal;*
  - viii. complaints to which S176 of the Act applied.*

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COUNCILLOR MEETING ATTENDANCE AND REMUNERATION

Councillors	Meetings Attended	Statutory Remuneration	Superannuation	Expenses	Total
Mayor, <b>Cr Edward Newman</b>	13 of 15	\$101,569.57	\$9,649.02	\$8,579.92	\$119,798.51
Deputy Mayor, Division 4 New Mapoon, <b>Cr Michael Bond</b>	14 of 15	\$58,597.70	\$5,566.86	\$1,670.00	\$65,834.56
Division 1 Injinoo, <b>Cr Gina Nona</b>	12 of 15	\$50,766.89	\$4,822.80	\$1,713.80	\$57,303.49
Division 2 Umagico, <b>Cr Dennis Getawan</b> (from 08/11/2016)	15 of 15	\$50,766.89	\$4,822.80	\$3,069.25	\$58,656.94
Division 3 Bamaga, <b>Cr Cassie Adidi</b>	14 of 15	\$50,766.89	\$4,822.80	\$835.55	\$56,427.24
Division 5 Seisia, <b>Cr Joseph Elu</b>	14 of 15	\$50,766.89	\$4,822.80	\$3,662.55	\$59,252.24
<b>Total Remuneration</b>		<b>\$363,234.83</b>	<b>\$34,507.08</b>	<b>\$19,531.07</b>	<b>\$417,272.98</b>

Facilities provided to Councillors -

Mayor – Vehicle, office space and fittings at Bamaga

Deputy Mayor – Office space and fittings at New Mapoon

Councillors – Office space and fittings at office in each ward

### Complaints Relating to Councillors

Councillor	Complaint	How Dealt With	Outcome	Date of instance
Cr Nona	Misconduct – Fail to deal with Material Personal Interest (S.172(5))	Regional Conduct Review Panel	Department to monitor conduct, Cr Nona Counselling and \$1000 Fine	15 December 2016
Cr Bond	Misconduct – Fail to deal with Conflict of Interest (S.173(4)(5))	Regional Conduct Review Panel	Issue Apology to the Council	15 December 2016
Cr Nona	Misconduct – Fail to deal with Material Personal Interest (S.172(5))	Regional Conduct Review Panel	Cr Nona Counselling, make admission of error and \$250 Fine	15 December 2016

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Section 187 Administrative action complaints

- (1) The annual report for a financial year must contain -**
- (a) A statement about the local governments commitment to dealing fairly with administrative action complaints; and**
  - (b) A statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process.**
- (2) The annual report may also contain particulars of -**
- (a) The number of the following during the financial year -**
    - (i) Administrative action complaints made to the local government;**
    - (ii) Administrative action complaints resolved by the local government under the complaints management process,**
    - (iii) Administrative complaints not resolved by the local government**
  - (b) The number of administrative action complaints under paragraph (a)(iii) that were made in the previous financial year.**

The NPARC is committed to dealing fairly with administrative action complaints through a council endorsed document GP-005 Administrative Action Complaints Process Policy.

No complaints were recorded for the 2017-18 financial year.

### Section 188 Overseas travel

- (1) The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—**
- (a) for a councillor—the name of the councillor;**
  - (b) for a local government employee—the name of, and position held by, the local government employee;**
  - (c) the destination of the overseas travel;**
  - (d) the purpose of the overseas travel;**
  - (e) the cost of the overseas travel;**
- (2) The annual report may also contain any other information about the overseas travel the local government considers relevant.**

There was no overseas travel undertaken by Councillors or staff during the 2017-18 financial year.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Section 189 Expenditure on grants to community organisations

*The annual report for a financial year must contain a summary of—*

- a) the local government's expenditure for the financial year on grants to community organisations; and*
- b) expenditure from each councillor's discretionary fund, including—*
  - (i) the name of each community organisation to which an amount was allocated from the fund; and*
  - (ii) the amount and purpose of the allocation.*

Council does not have a policy allowing Councillors to incur expenditure allocated to individual discretionary funds.

### Section 190 Other contents

*(1) The annual report for a financial year must contain the following information—*

- a) the chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan;*
- b) particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year*  
*[additional points on later pages]*

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### CHIEF EXECUTIVE OFFICER'S ASSESSMENT OF PERFORMANCE

As reported in the 2016/17 Annual Report the current Executive Management Team have worked tirelessly to re-build systems and put in place processes that will enable NPARC to achieve its strategic goals as outlined in the NPARC 2014-2017 Corporate Plan as well as meet legislative requirements and funding body expectations. This will be an ongoing process to restore Council to the level that had been achieved prior to 2012. The hard work is beginning to bear fruit with Council receiving an unmodified audit opinion and meeting the statutory timeframe for the 2017/18 Financial Statements and Annual Report.

NPARC has delivered 27 new home constructions under NPARH program meeting contractual deadlines utilising local building companies and one non NPA based company that provided employment and training to local residents.

NPA critical roads and transport infrastructure has been renewed, restored and maintained to improve the transport experience for residents and visitors alike. Funding utilised has included Atsi-TIDS, Roads to Recovery, NDRRA and Council funds to provide the best value for money for Council and funding bodies whilst providing vital economic opportunity for local businesses and local employment

The Council has achieved a majority of the objectives of the NPARC 2014-2017 Corporate Plan and targeted outcomes of the 2016/17 Operational plan. The delivery of core local government services and programs to the community has continued efficiently. Following a comprehensive consultation process and Council workshops a new Corporate Plan has been developed and adopted for the period 2018 to 2022 which continues with the themes and objectives of the superseded Corporate Plan as Council strives to continually improve the liveability and amenity of the region for the benefits of the NPA residents

My assessment on the performance of the Northern Peninsula Area Regional Council in 2017/18 has been very good.

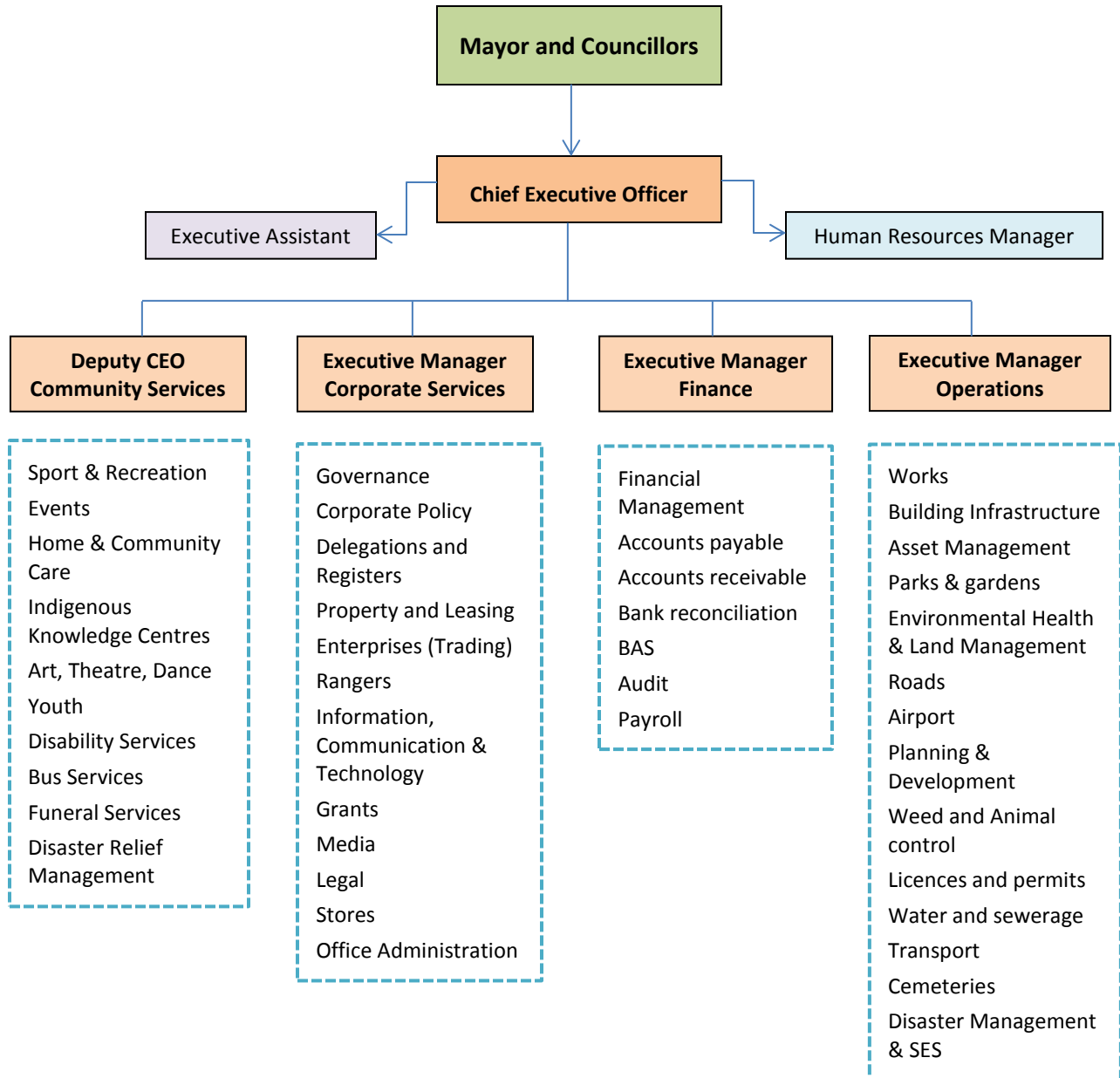
A handwritten signature in black ink, appearing to read 'Stephen Wilton'.

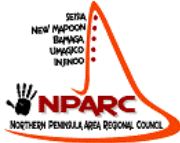
Stephen Wilton  
Chief Executive Officer

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Organisation Structure 2018





## Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

**(c) an annual operations report for each commercial business unit;**

Council does not have any commercial business units under the terms and conditions of the National Competition Policy.

**(d) details of any action taken for, and expenditure on, a service, facility or activity—**

- (i) supplied by another local government under an agreement for conducting a joint government activity; and**
- (ii) for which the local government levied special rates or charges for the financial year;**

There were no instances where Council was involved in any activities relating to this section during the 2017-18 financial year, or for which special rates and charges have been levied.

**(e) the number of invitations to change tenders under section 228(7) during the financial year;**

There were no instances where Council invited tenderers to change tenders under Section 228(7) during the financial year.



# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

**(f) a list of the registers kept by the local government;**

The List of Registers as required by the *Local Government Regulation 2012*, s190, maintained by Council and open for inspection, is as set out hereunder:

SECTION OF ACT	NAME OF REGISTER	HELD BY
Local Government Regulation 2012, S290	Register of Interests of the CEO and a person who is related to the CEO	Mayor
Local Government Regulation 2012, S290	Councillors' Registers of Interests and a person who is related to a Councillor	CEO
Local Government Regulation 2012, S290	Senior Executive employees and a person who is related to a senior executive employee	CEO
S125 -137 LGA 2009	Authorised Persons	CEO
S260 of LGA 2009 S305 of Local Government Regulation 2012	Register of Delegations by Chief Executive Officer to Employees	CEO
Local Government Act 2009 S181 A(1)	Register of written complaints received by the Office of the CEO, outcome of each complaint including any disciplinary action taken in relation to the complaint.	CEO
S98 of LGA 2009	Register of Planning & Sustainable Development Fees	Operations
S74 of LGA 2009 S57 of the Local Government Regulation 2012	Map and Register of Roads	Operations
Local Law No. 2 (Animal Management) 2011	Impounded Animals	Operations
S51 of Animal Management (Cats and Dogs) Act 2008	Cat and Dog Register	Operations
S172 of Animal Management (Cats and Dogs) Act 2008	Regulated Dog Register	Operations
S540 of Environmental Protection Act 1994	Environmentally Relevant Activities—Development Approvals	Operations
S540 of Environmental Protection Act 1994	Environmental Authorities	Operations
S540 of Environmental Protection Act 1994	Environmental Development Approvals and Registrations	Operations
S31 of LGA 2009 S14 of the Local Government Regulation 2012	Register of Local and Subordinate Local Laws	Corporate Services
Local Government Regulation 2012 S56	Register of Business Activities to which competitive neutrality applies	Corporate Services

**(g) a summary of all concessions for rates and charges granted by the local government;**





Council granted concessions for rates and charges for the 2017-18 financial year for Churches on application to the CEO as per Council's policy.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### **(h) the report on the internal audit for the financial year;**

An internal audit function helps Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness or risk management, control and governance processes in relation to:

-  Effectiveness and efficiency of operations
-  Reliability and integrity of financial and operational information
-  Safeguarding of assets
-  Compliance with laws, regulations and contracts

Council does not have an internal Audit Committee or a fully operational internal Audit Function.

### **(i) a summary of investigation notices given in the financial year under S49 for competitive neutrality complaints;**

Council did not receive any notices under S49 for competitive neutrality complaints.

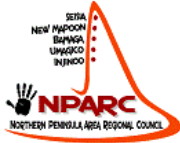
### **(j) the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under S52(3).**

As there were no competitive neutrality complaints, there were no responses to QCA under Section 52(3).

### **2) In this section annual operations report, for a commercial business unit, means a document that contains the following information for the previous financial year—**

- a) information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan;**
- b) particulars of any changes made to the unit's annual performance plan for the previous financial year;**
- c) particulars of the impact the changes had on the unit's—**
  - i. financial position; and**
  - ii. operating surplus or deficit; and**
  - iii. prospects.**

Council did not formally identify any commercial business units applicable under the terms and conditions of the National Competition Policy in the previous year.



# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### Local Government Act 2009

#### Section 201 Annual report must detail remuneration

- (1) The Annual Report of a local government must state—**
- (a) the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government; and**
  - (b) the number of employees in senior management who are being paid each band of remuneration**
- (2) The senior management, of a local government, consists of the chief executive officer and all senior executive employees of the local government.**
- (3) Each band of remuneration is an increment of \$100,000.**
- (4) To remove any doubt, it is declared that nothing in this section requires the exact salary of any employee in senior management to be separately stated in the annual report.**

The following list identifies the number of senior contract employees who are each being paid remuneration in the package ranges identified:

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

No senior management employees with a total remuneration package in the range of \$200,000 to \$300,000



# **Northern Peninsula Area Regional Council**

## **2017 – 2018 Annual Report**

### Appendix A - Community Financial Report 2017-18



# **Northern Peninsula Area Regional Council 2017 – 2018 Annual Report**



## **COMMUNITY FINANCIAL REPORT**

**For the financial year  
ended 30 June 2018**

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT

The Statement of Comprehensive Income is often referred to as a Revenue & Expenses Statement and shows how Council has performed throughout the financial year.

This Statement shows the annual breakdown of Council's 'sources of funds', referred to as Revenue and 'applications of funds', referred to as Expenses.

The net result of these two figures represents money that is available to be directed to capital expenditures such as loan repayments (if any); capital work construction and acquisition of assets, and working capital requirements for Council to remain financially viable. Council may also decide to set aside some of the "net result" in reserves for future community assets or improvements; or for future replacement of existing assets.

#### Revenue

There are two main categories of revenue for the financial year, recurrent revenue and capital revenue.

**Council's Recurrent Revenue** is income which Council can generally rely on being available every year for funding the operations of Council. Council raises recurrent revenue from sources such as rate levies, fees and charges, grants, subsidies, contributions, donations, contract and recoverable works and interest on investments.

Council continues to be heavily reliant on State and Federal Government grants and subsidies in 2017-2018 to underpin its operations.

**Council's Capital Revenue** is sourced for the purpose of constructing Council's assets now and in the future. Council's capital revenue consists of capital grants, subsidies, contributions and donations and any gain on the disposal of non-current assets.

INCOME	\$
<b>Recurrent Revenue</b>	
Service Charges	2,686,908
Fees & Charges	704,266
Rental Income	633,825
Interest Income	60,519
Sales - Contract and recoverable works	11,964,683
Enterprise Revenue	7,694,644
Other income	642,308
Grants, Subsidies, Contributions & Donations	12,565,327
<b>Total Recurrent Revenue</b>	<b>36,952,480</b>
<b>Capital Revenue</b>	
Grants, Subsidies, Contributions & Donations	7,586,972
<b>Total Capital Revenue</b>	<b>7,586,972</b>
<b>TOTAL INCOME</b>	<b>44,539,452</b>

# Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

## COMMUNITY FINANCIAL REPORT

Chart 1 (below) identifies the major components of Council's revenue and the proportion of each funding source as a percentage of the total revenue.

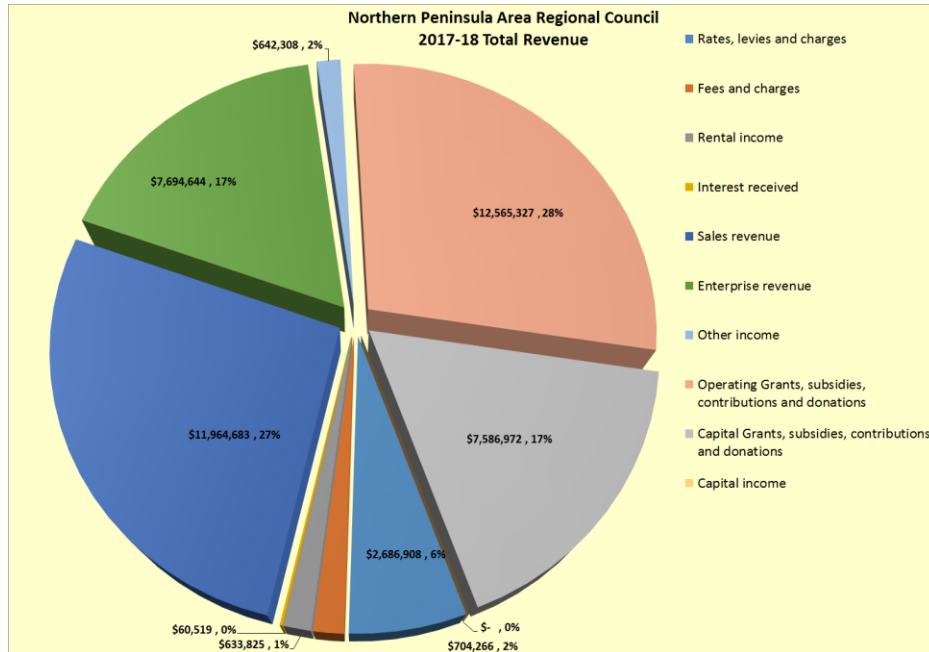


Chart 1: Identifies the proportion of Council's total revenue sourced from each category of revenue.

## Expenditure

Council incurs both recurrent expenses and capital expenses. Recurrent expenses include:

- employee benefits, made up of salaries and wages (excluding salaries and wages utilised in the construction, renewal or replacement of property, plant & equipment, or infrastructure assets) and other employee entitlements such as superannuation contributions paid by Council and movements in employee leave entitlements,
- the cost of materials and services utilized to administer, operate and deliver Council services to the community and goods and services used to repair and maintain Council's property, plant & equipment, and infrastructure assets,
- Finance costs including the cost of bank and loan interest and administration fees and charges. Finance and operating leases would also be included if applicable.
- Depreciation expenses which represent the amount which Council's non-current assets (including property, plant & equipment, and infrastructure assets) is deteriorating or declining in value in each year of operation.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

Funds raised through recurrent revenue are used to fund recurrent expenses in provide services such as planning, corporate and governance services, operational services including road, building and infrastructure maintenance programs, waste management services and facilities, water and sewerage operation and services.

Recurrent Expenditure also provides for community services including aged, home and community care programs, sport and recreation programs, cultural activities and events, public celebrations and facilities, and indigenous knowledge centre operations.

EXPENDITURE	\$
Employee Costs	10,663,564
Materials & Services	24,233,538
Finance Costs	245,445
Depreciation	5,868,470
Other expenses	1,371,953
<b>Total Recurrent Expenditure</b>	<b>42,382,970</b>
Capital Expenses	4,887,559
<b>Total Expenses</b>	<b>47,270,529</b>

Chart 2 (below) identifies the nature of each expenditure type and the proportion of each component as a percentage of the total expenditure.

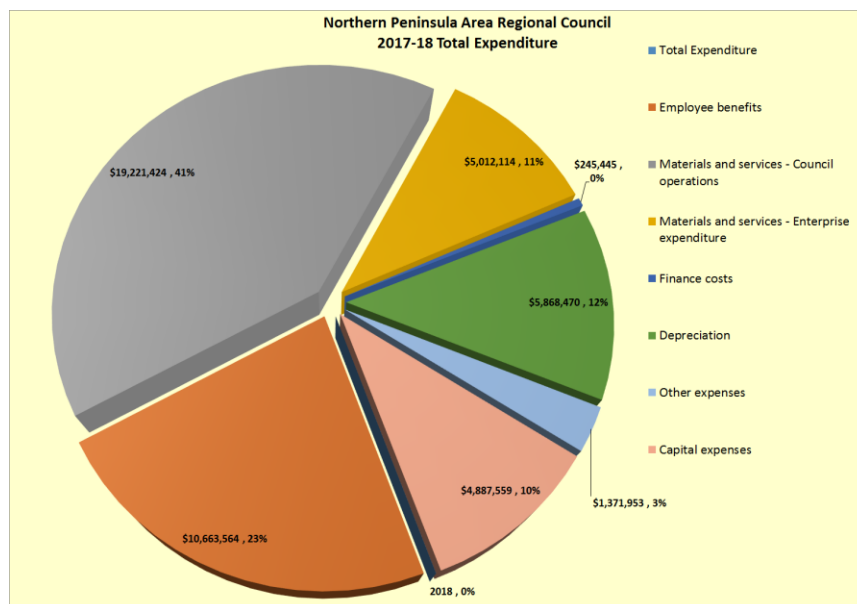


Chart 2: Proportion of Council's total expenditure applied to each category of expenditure.



# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

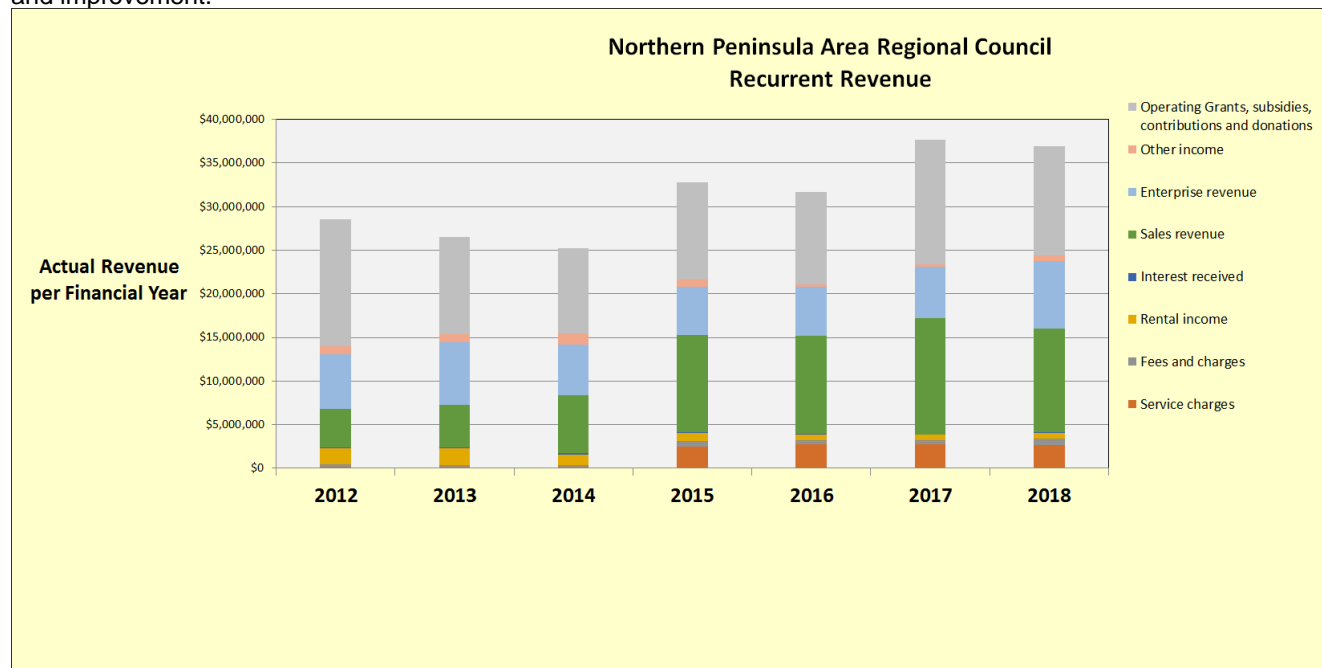
#### Significant factors affecting Council's Financial Performance or Net Result

The Northern Peninsula Area Council struggled to come to deal with the governance, financial and operational ramifications and impact resulting post amalgamation, and has had to make many difficult financial and operational decisions in order to maintain the Council as a sustainable Local Government.

A significant amount of work has been undertaken to maximize Council's own source revenues from trading operations and contractual and recoverable works and services.

Despite some very difficult years, the Council has made the difficult decisions that have arrested the decline and has stabilized the revenue base to ensure the future operational capacity of the Council.

Chart 3 (below) identifies the recent trends in respect to Council's revenue sources and highlights the significant decline in overall operational and capital revenues following amalgamation followed by the recent stabilisation and improvement.

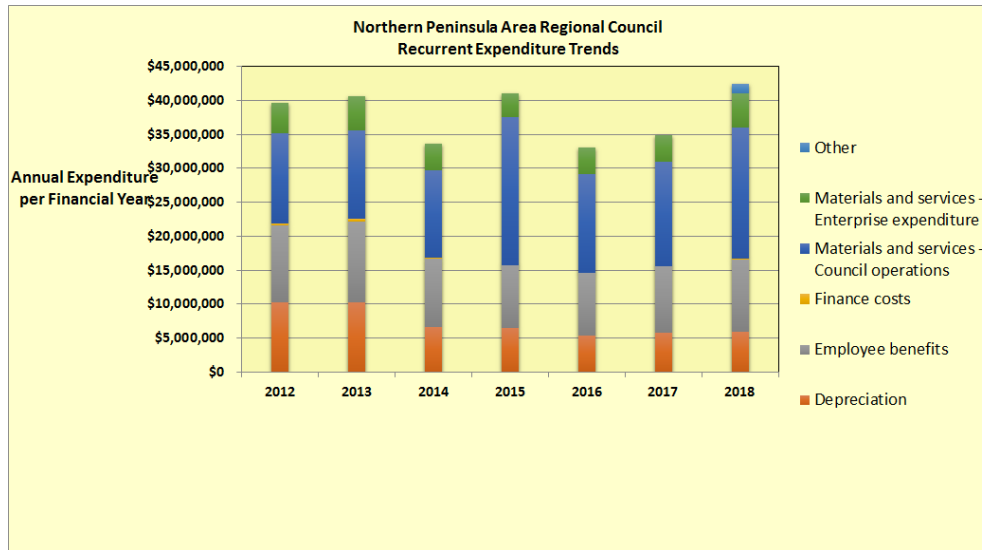


**Chart 3: Identifies the proportion of Council's total Recurrent Revenue applied to each category of revenue.**

Chart 4 (on next page) identifies the recent trends in respect of Council's expenditure and highlights the challenges that Council was confronted with. Expenditure exceeded revenue by a very substantial margin and in order to stabilize Council's obvious financial decline the Council has had to control costs and rationalize its operations. This has had a major effect on Community employment, service delivery and functional capacity, but if the actions had not been taken the Council would not have been sustainable and this would have had much wider implications for the communities of the NPA.

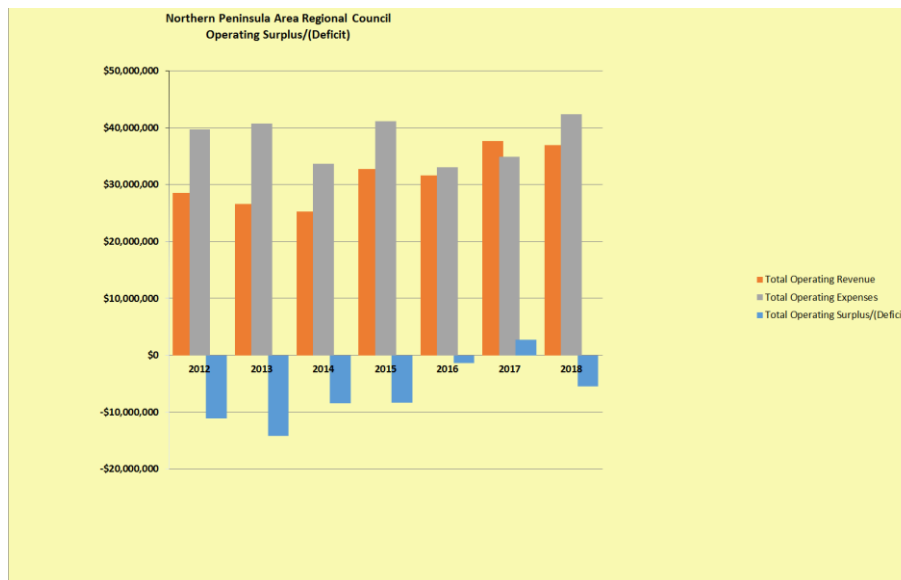
# Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

## COMMUNITY FINANCIAL REPORT Cont'd



**Chart 4: Identifies the proportion of Council's total expenditure applied to each category of expenditure.**

Council's financial performance has improved in recent years (as indicated in Chart 5 below), with overall operating deficits (after allowing for depreciation) being dramatically reduced from \$11,131,626 in 2012-13 to a small surplus in 2016-17. This trend has not continued - with an operating deficit of \$5,430,490 in 2017-18 and this will need close monitoring. The provision for landfill rehabilitation of \$1,371,953 has contributed to this situation.



**Chart 5 : Identifies the "net result" (Revenue minus Expenditure) and the obvious improvement in Council's overall financial performance in recent years**

Council's 2018-2019 Budget, combined with improved financial management and performance will underpin a significant reversal of the recent decline in service capacity and establish a sound financial basis upon which to plan for a more stable and positive future.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

The Council's objective is to deliver a positive net result (operating surplus), with sustainable operating and revenue capacity, underpinned by efficient and effective functional service delivery and stable employment for the communities within the NPA.

#### STATEMENT OF FINANCIAL POSITION

This statement is often referred to as the Balance Sheet and summarises the financial position of the Council at the end of the financial year.

The statement measures what Council owns (referred to as assets) and what Council owes (referred to as liabilities) at the end of the financial year, with the difference between these two components being the net community wealth (referred to as equity) of the Council.

Current Assets consist primarily of cash and cash equivalents, while it also represents monies owing to Council or invested in stocks held for resale or future use by Council

Non-Current Assets are primarily in the form of fixed assets or property, plant and equipment. These assets make up 84.4% of the assets on Council's Statement of Financial Position. Infrastructure assets such as roads, drainage and the water and sewerage network, make up the bulk of the property, plant and equipment.

<b>CURRENT ASSETS</b>	<b>\$</b>
Cash Investments and Cash Equivalents	12,681,960
Trade and Other Receivables	6,815,377
Inventories	965,705
Other Financial Assets	404,139
<b>TOTAL CURRENT ASSETS</b>	<b>20,656,181</b>

<b>NON-CURRENT ASSETS</b>	
Trade and other Receivables	
Other Financial Assets	13,376,064
Property, Plant & Equipment	138,943,634
<b>TOTAL NON-CURRENT ASSETS</b>	<b>152,319,698</b>

<b>TOTAL ASSETS</b>	<b>172,975,879</b>
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#### Liabilities

Liabilities are the amounts that Council owes to suppliers, employees and lenders both now and in the future.

Provisions for future leave entitlements relate to money Council owes its employees.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

<b>CURRENT LIABILITIES</b>	<b>\$</b>
Trade and other payables	2,588,308
Borrowings	319
Provisions	528,428
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,117,055</b>

<b>NON-CURRENT LIABILITIES</b>	<b>\$</b>
Borrowings	-
Provisions	1,477,081
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,477,081</b>

<b>TOTAL LIABILITIES</b>	<b>4,594,136</b>
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### Equity

The difference between assets and liabilities is the total community equity or the net worth of Community Assets. At 30 June 2018 this was an amount of \$168,381,742.

The Equity consists of Council Capital, Asset Revaluation Surplus and Retained Surpluses.

### Significant factors affecting Council's Financial Position

Council's ability to meet its financial commitments when they fall due is fundamental to its ability to be sustainable into the future.

The Council must manage its financial resources to ensure that it has readily available cash to meet planned and unforeseen commitments and liabilities.

Council continues its effort in the 2017-18 financial year to restore its working capital position, and will persist to improve its current position. There has been marginal deterioration to the 30th June 2018, when compared to previous years.

The challenge for Council now is to continue to actively manage its operational cash-flows, and to continually improve its overall cash and financial position.

The Council must also, now that there is a sound basis on which to build, develop meaningful long term financial plans and asset management plans in order to provide the direction for future management and Council, continuous improvement in its overall financial performance and position, and build a more robust and sustainable Council that will have the flexibility and capacity to meet future operational challenges and community development requirements.

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

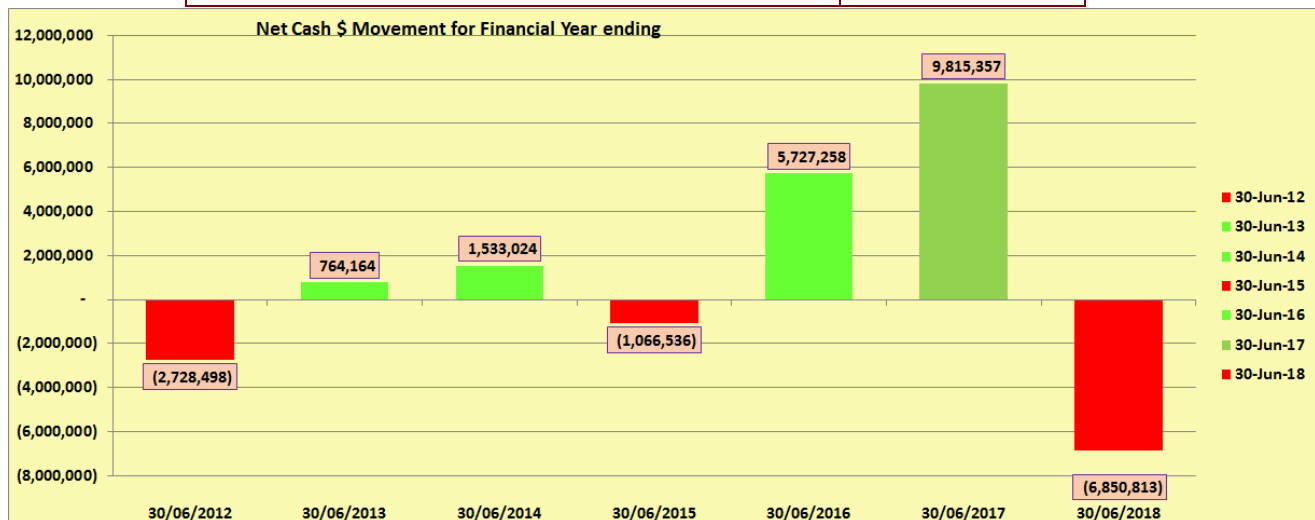
#### STATEMENT OF CASH FLOWS

The Statement of Cash Flows identifies the net cash movement (cash receipts net of cash payments) throughout for the 2017-18 financial year.

The Statement of Cash Flows is a financial statement that shows how changes in statement of financial position (balance sheet) accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities. (Refer to Page 6 of the Audited Annual Financial Statements).

Essentially, the cash flow statement is concerned with the flow of cash in and out of the business. The statement captures both the current operating results and the accompanying changes in the statement of financial position (balance sheet). As an analytical tool, the statement of cash flows is useful in determining the short-term viability of a company, particularly its ability to pay bills.

2018	\$
Cash and Investments Opening Balance	19,532,773
Net Decrease in Cash Held	(6,850,813)
<b>Cash and Investments Available at end of year</b>	<b>12,681,960</b>



**Chart 6 : Identifies the net cash movements over recent financial years and budget projections for the next year.**

The cash flow statement is needed because the income statement reports the revenues earned and the expenses incurred using the accrual method of accounting.

These amounts are different from the amount of cash received and paid. Since cash is critical for a Council's operations and decision making, it is necessary to have the cash flow statement.

In recent years Council has made a concerted effort to reverse its previous trend of declining net cash flows in order to improve its increase its overall working capital, liquidity and short term viability.

Council's decision to repay borrowings of \$2,571,368 reflect negatively in the net decrease in cash held whilst being of positive long term benefit to Council

### COMMUNITY FINANCIAL REPORT Cont'd

#### FINANCIAL SUSTAINABILITY

##### Measures of Financial Sustainability

Local governments are responsible for directly providing residents in a local government area, a wide range of public services, and access to essential utilities and community facilities.

This requires local governments to hold and maintain a significant base of infrastructure assets, which necessitates not only substantial initial investments, but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

It is paramount that long-term financial and asset management planning is undertaken to ensure local governments can continue to provide the desired levels of services to residents now and into the future, within the confines of their respective financial capacities.

The emphasis on long-term planning for infrastructure assets strengthens a local government's capacity to plan and determine the long-term requirements for services, service levels and associated costs. Understanding such future financial commitments assists local governments in the development of strategies that address key decisions surrounding the approach to not only service provision, but also revenue (including rating methodologies) and borrowing policy formulation.

*A local government is **financially sustainable** if the local government is able to maintain its financial capital and infrastructure capital over the long-term.*

As demonstrated above, there are three key elements to financial sustainability:

- maintaining financial capital
- maintaining infrastructure capital
- over the long-term

**Financial capital** refers to the productive capacity provided by the working capital of the local government.

**Working capital** refers to the capital used to undertake day-to-day operations. It is represented by the difference between current assets and current liabilities.

**Infrastructure capital** refers to the productive capacity provided by the significant asset classes of the local government that provide or support public services — e.g. roads, water and sewerage assets, drains, bridges, footpaths and public buildings. In a financial sense, the infrastructure capital is represented by the non-current assets and financing liabilities (debt financing and lease financing) of the local government.

**Long term** refers to a period of at least 10 years.

Strategies for sustainability attempt to effectively manage each of the capital components individually but within an integrated approach, and not manage one component to the detriment of another.

A key aspect of assessing sustainability is the calculation of relevant measures in budgets, long-term financial forecasts, and current year and long-term sustainability statements. Section 169(5) of the Local Government Regulation 2012 outline the three relevant measures of financial sustainability for all Queensland local governments have to report on:

- Asset Sustainability Ratio
- Net Financial Liabilities Ratio
- Operating Surplus Ratio

# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

The Department of Local Government, Community Recovery and Resilience is facilitating progression towards local government Sustainability by:

- encouraging an emphasis on long-term financial forecasting and asset management planning;
- encouraging tighter integration between financial and asset management planning processes; and
- encouraging transparency through requirements to review and report key Sustainability measures.

Measures of Financial Sustainability	Objective of measures	Basis of Calculation	Target Ratio <sup>1</sup>	Actual ratio at 30 June 2018
<b>Operating surplus ratio</b>	Identification of a local government's financial capacity and ability to fund ongoing operations over the long-term	Net Result <sup>2</sup> divided by total operating revenue	Between 0% and 10%	-15.0%
<b>Asset sustainability ratio</b>	Identification of a local government's existing asset base consumption, renewal levels and capacity to fund the level of investment needed over the long-term	Capital expenditure on the replacement of assets (renewals) divided by annual depreciation expense	Greater than 90%	47.0%
<b>Net financial liabilities ratio</b>	Identification of a local government's existing asset base consumption, renewal levels and capacity to fund the level of investment needed over the long-term	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	-43.0% <sup>3</sup>

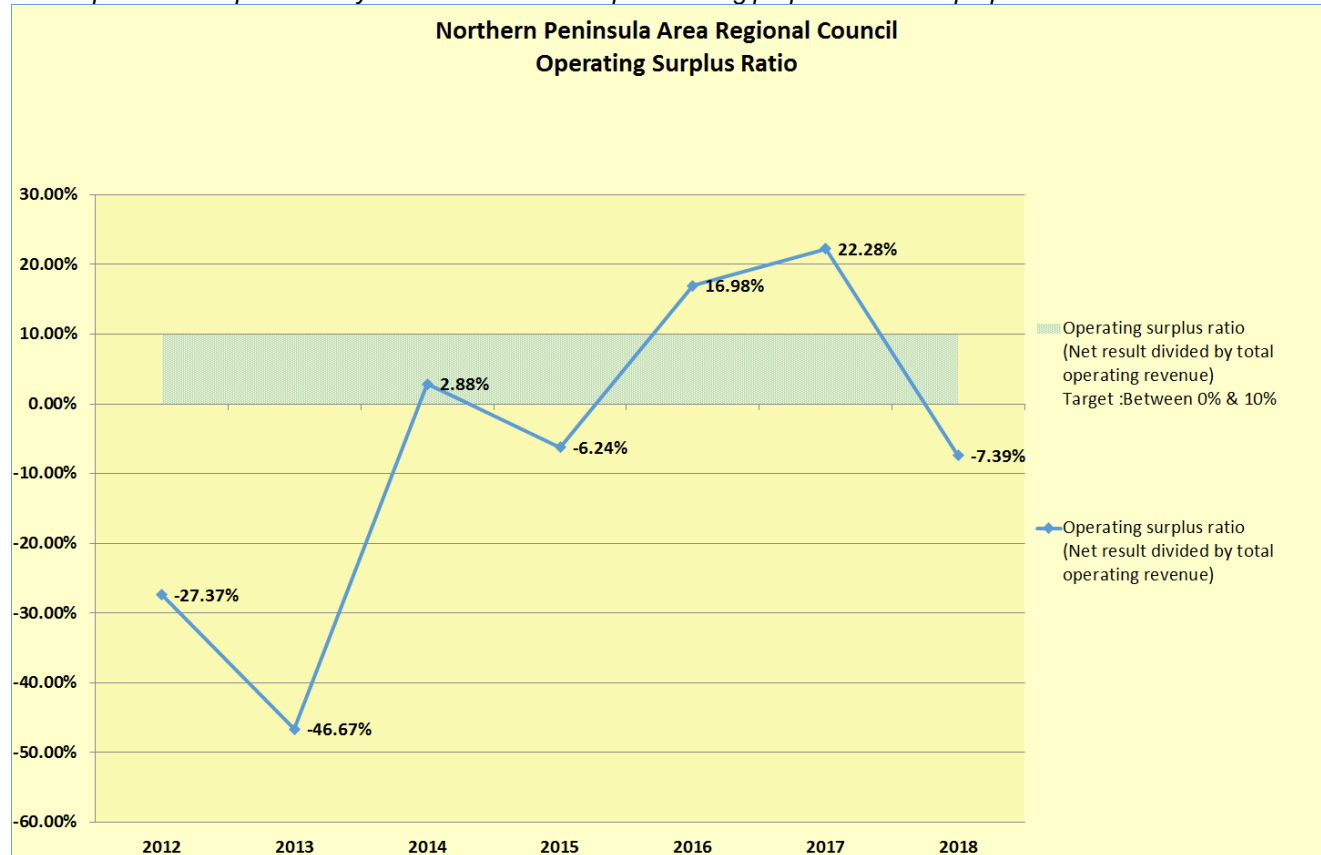
- <sup>1.</sup> Target data has been sourced from the Financial Management (Sustainability) Guideline 2013 prepared by the Department of Local Government, Community Recovery and Resilience.
- <sup>2.</sup> Operating deficits can indicate that the local government is expecting to not be able to generate sufficient revenues to cover operating expenses and offset past or future operating deficits or act as a funding source for proposed capital expenditure and/or debt repayments.
- <sup>3.</sup> The Financial Management (Sustainability) Guideline 2013 states that a ratio less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary.

# Northern Peninsula Area Regional Council 2017 – 2018 Annual Report

## COMMUNITY FINANCIAL REPORT Cont'd

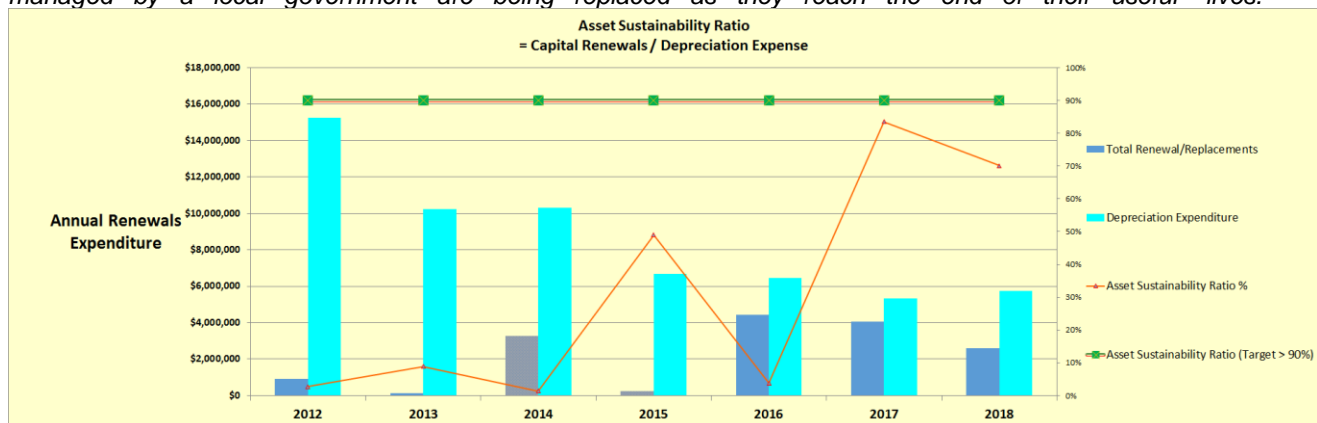
## Financial Sustainability – Recent Trends and Projections

**Operating Surplus Ratio** (expressed as a percentage) is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.



**Chart 7 : Identifies the extent to which revenues raised cover operational expenses for Council over recent years compared to the statutory benchmark.**

**Asset Sustainability Ratio** (percentage) is an approximation of the extent to which the infrastructure assets managed by a local government are being replaced as they reach the end of their useful lives.



**Chart 8: Identifies the Asset Sustainability Ratio for Council over recent years compared to the statutory benchmark**

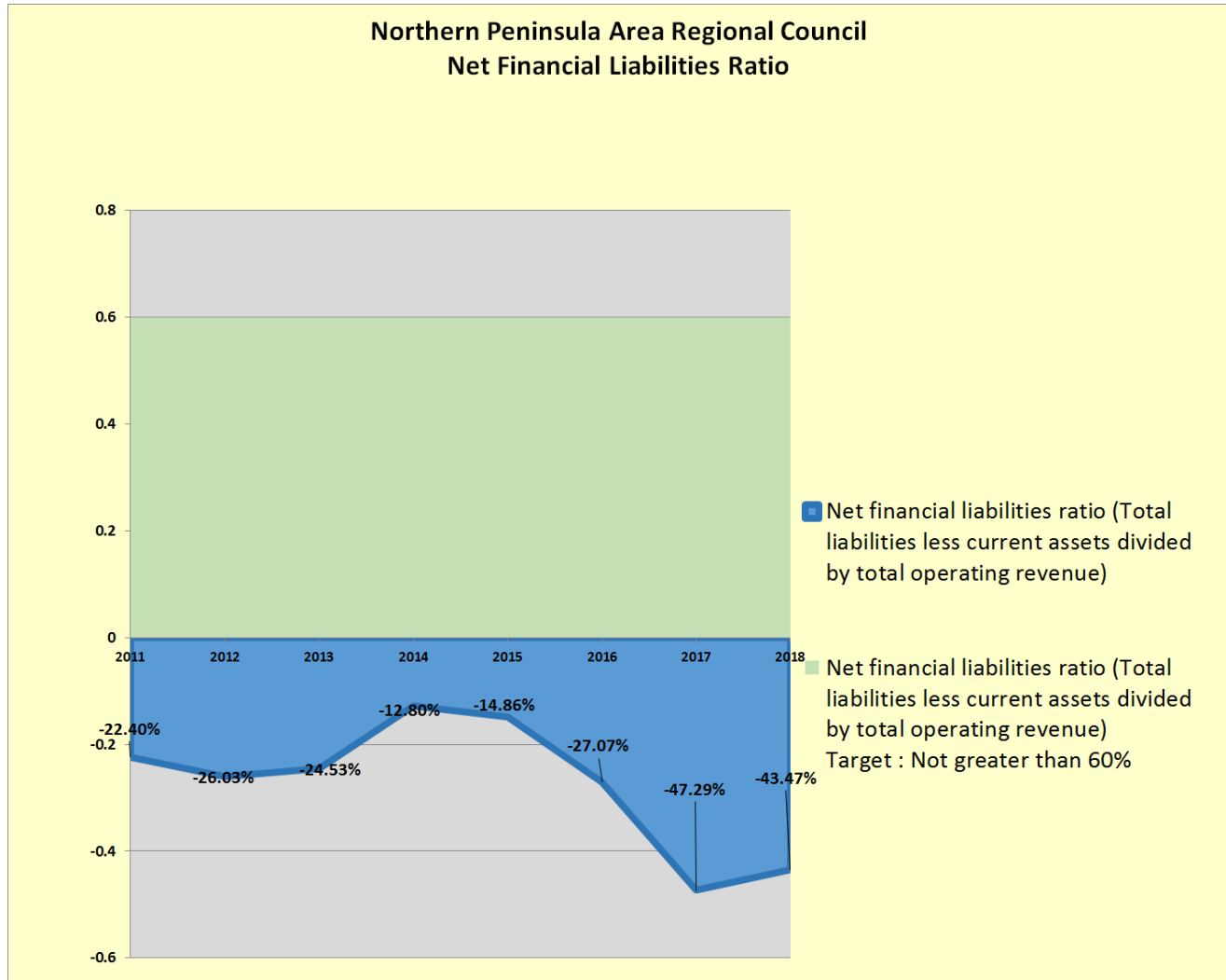


# Northern Peninsula Area Regional Council

## 2017 – 2018 Annual Report

### COMMUNITY FINANCIAL REPORT Cont'd

**Net Financial Liabilities Ratio** (expressed as a percentage) is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues.



**Chart 9 : Identifies the Asset Sustainability Ratio for Council over recent years compared to the statutory benchmark.**

Local governments should not view the relevant measures of sustainability as rigid targets that must be met at the end of each financial year. Instead, the anticipated long-term results from these measures should be considered as planning tools to assess a local government's current sustainability strategy.

This feedback will then enable local governments to adjust their respective strategies to produce the desired outcomes over the long-term.

### Summary

The audited financial statements which precede this Community Financial Report indicate that the Council will need to carefully monitor services in order to improve on the 2017-2018 financial year result. The aim is for an operating surplus and an improved financial position.

The operating result for 2017-2018 is of concern and represents a deterioration on 2016-2017.



## **Northern Peninsula Area Regional Council 2017 – 2018 Annual Report**

Council continues to undertake the necessary reviews to implement more cost effective processes and reduce the cost of services, where possible.

Northern Peninsula Area Regional Council will continue a commitment to sound financial management through long term financial planning to ensure the success, stability and financial sustainability for the region.

This may involve amendments to adopted policies, and/or changes to the desired service levels or proposed capital expenditure programs, which in turn, feed into revisions to the budget and long-term financial forecast.



# **Northern Peninsula Area Regional Council**

## **2017 – 2018 Annual Report**

### Appendix B – NPARC Audited Annual Financial Statements 2016-17

