

Balonne Shire Council



Annual Report 2012/13

ST GEORGE · THALLON · DIRRANBANDI · HEBEL · BOLLON · MUNGINDI · NINDIGULLY



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Welcome

Welcome to the Annual Report produced by the Balonne Shire Council for the 2012-13 financial year.

This report provides a snapshot of Council's performance and achievements over the past twelve months in undertaking its legislative and community responsibilities.

The annual report is a major accountability tool in Council's governance framework, which provides non-financial and financial information to enable the community to assess the performance of Council in achieving the goals and objectives outlined in the Corporate Plan 2009-2013.

Under the *Local Government Act 2009*, Council is required to prepare and adopt an annual report for each financial year.



We welcome feedback from stakeholders and would welcome any feedback on this report and on our performance throughout the year.

To provide feedback please contact Council on 4620 8888 or email council@balonne.qld.gov.au

Shire Profile

The Balonne Shire is located in Queensland on the New South Wales border some 500 kilometres from the east coast of Australia and has an area of 31,119km². A region of surprising diversity and unique attractions, the Balonne Shire is rich in native bird and animal life, wide open spaces, beautiful waterways and many historic buildings.

Agriculture is the mainstay of the regional economy and today cotton, wheat, sheep, cattle and horticultural crops provide the base for the region's diverse rural industries. Central to the growth of these industries has been the development of the St George irrigation system and of course, the natural river system. The St George Irrigation Project provides allocation water to cotton and horticulture farms and water harvesting permits have allowed for the development of an increased crop area in the shire.

The town of St George provides the main business and service centre for the Shire and has the potential to further develop as a regional centre. Rural industries have also created and been supported by the towns of Dirranbandi, Bollon, Thallon, Mungindi and Hebel. Small localities such as Nindigully, Boolba, Dareel, Bindle and Alton are places of historic significance and important meeting places for the rural communities and travelling public they serve. Every town in Balonne is situated beside a river, providing access to fishing, water sports and the natural riparian environment.

With its population of just under 5,000 residents, Balonne Shire is also an important service junction- between NSW and Qld, between city and country and inland and coast. It is also located between the Surat, Cooper and Bowen Basins. The Shire is attractive to young families, with higher than average percentages of people in these age groups, and large numbers of temporary workers come to the shire every year to work for the irrigation industries.



Mission Statement and Values

OUR VISION

"For the People":

A vibrant dynamic community, living and celebrating our diversity, natural assets and talents

OUR MISSION - OUR PURPOSE

To respond to community needs and expectations and to provide a range of services through quality leadership, policies and community representation

OUR VALUES

The Council is committed to the following core values, which it believes will enable it to achieve its vision and mission:-

Respect

- We value respect for the system of government, laws, people and environment

Teamwork

- We value teamwork, trust and loyalty in a collaborative effort to deliver the best possible service to our customers

Accountability

- We accept responsibility to our community for our decisions, our successes and our failures

Innovation

- We embrace continuous improvement and encourage new ideas and innovation

Empowerment

- We seek to develop the capacity of our communities to achieve self determination
- We value our staff and are committed to their ongoing training and development

Message from our Mayor



It is with great pleasure I present my Annual Report to the people of the Balonne Shire.

By comparison to the two previous years one could say that it has been reasonably uneventful, no record floods!!

Council's main focus for this financial year has been to restore the hundreds of kilometres of roads throughout the shire, that received severe damage from floodwater inundation during the prior flooding we experienced.

Council staff and contractors deserve to be congratulated on the outstanding work that has been delivered to meet the tight timeframes and standards set by the Queensland Reconstruction Authority. On the many occasions I have spoken with representatives from the Authority, they have been high in their praise of the work that has been done so far.

I would like to acknowledge the professionalism of Councils staff in particular our newly appointed Director of Infrastructure Services Mr Kevin Searle, our Shire Overseer Mr Lyle Crawford and the teams working under their direction. I would also like to thank Mr Sean Rice, Principal of R.P.M.S, and his team who have made this all possible and make mention of the professional manner he has conducted business with the Balonne Shire.

A total of \$53 million has been expended on flood repairs this financial year, this is a very credible effort for a relatively small workforce to have accomplished.

Council has also undertaken capital works on our shire roads with the major item of expenditure going towards the upgrade to seal standard for eight kilometres on the Whyenbah Road. Total funds applied to this project was \$365,650.

Residents in Church Street have benefited with the construction of kerbing and channelling from Alfred to Dyball Streets. The cost for this project was \$377,000. A further project of kerbing and primer seal was also completed in Church Street at a cost of \$147,000. This project enhances the storm water drainage project undertaken in the previous financial year.

Kerbing and channelling is an ongoing program and residents in Barlee Street will be the recipients next financial year.

After many years of procrastination Council made the decision to undertake a much needed refurbishment and extension of the flagship building for the shire, the main Administration building. A total of \$2,560,000 this financial year was spent on the upgrade. Council commends Project Manager Mr Chris Wilson in bringing this major undertaking in under budget. This new building will serve the community well and residents can be justifiably proud of the finished product.

Both the Dirranbandi and Hebel Halls have also benefited from a major upgrade in these facilities. Once again these projects were very much needed, after little maintenance had been carried out over many years.

Beautification of the riverscape area at Nindigully has been completed and visitors and tourist alike will enjoy the benefits of the \$240,000 spent on this major tourism product. Judging by the number of campers on the banks of the Moonie River this is very much utilised.

Council has also embraced technology in implementing an advanced method of Asset Management, with \$103,000 spent to capture GIS data required towards this plan. Part of this capture required the DCDB to be realigned and a further \$57,000 was allocated to correctly identify the alignment.

Several new items of plant have been purchased to ensure a modern and efficient fleet. Total of expenditure for plant and equipment was \$ 2,039,000.

The constant draw on funds to keep the St George Swimming Pool up to standard has not changed with a further \$233,000 being spent to replace the protective coating.

Other smaller projects such as the Hebel Historical Spire, Bollon Pilots Memorial, playground upgrades in all centres have been constructed for the enjoyment of the public.

Water and waste water assets have had major expenditure. Sewer main relining in both St George and Dirranbandi has been completed at a cost of \$471,000. This is money well spent as it is imperative to keep on top of these very important assets.

Preliminary work commenced on the new Water Pump Station in Hutt Street; \$115,000 has been spent this year. This project is to be completed in the 2013/2014 financial year.

All in all, Council has had a very successful year meeting targets and achieving well.

My thanks to CEO Mr Scott Norman, who has worked tirelessly to achieve this outcome. Scott has been well supported by all staff and I thank them for their dedication to the task.

In closing, I wish to thank my Councillors, four of whom are in their first term - your cooperation and support is very much valued!

Council has a big task ahead with a very full calendar for 2013/2014. I look forward to working with Councillors and all members of "The Team" to deliver the expectations of our community.

Donna Stewart

MAYOR

Message from our Chief Executive Officer



This year has been one of restoration and consolidation. This year's focus has been on restoration of essential assets. Council's annual expenditure exceeded \$50 million, a new record by a substantial margin. Most of this has been invested into Council's road network, with road construction crews peaking at 14 from an average of three crews. Another first for Balonne Shire is the establishment of a road stabilisation crew, this has been a significant investment in plant and skills that will produce long term benefits with more resilient road assets.

Another benefit of the massive restoration effort has been the experience gained by the next generation of supervisors, foremen and plant operators. Local contractors have been used extensively during the works giving a significant boost to the Shire's economy.

The flood mitigation program has continued with the completion of the Thallon Levee. In St George a detailed design has been completed for Stage 1 of the town levee. Funding for this and an assistance program for St George residents on the riverside of the levee are now in place. Attention has now turned to Stage 2 which will replace a temporary section of levee.

The other major project for the year has been the long overdue refurbishment and extension of the Administration Building. Council has now moved into a modern efficient building that will serve the Shire well for many years to come.

In closing, I would like to say that Councillors and Staff should feel proud of a year of achievement.

Regards

Scott Norman

CHIEF EXECUTIVE OFFICER

Elected Representatives



Cr. Donna Stewart (Mayor)

Cr Donna Stewart was elected as Mayor of Balonne Shire Council on 15 March, 2008 and is currently serving her second term. Cr. Stewart is responsible for the portfolios of Regional Planning, Disaster Management, Planning Scheme, Development Regulation, Water Resource Management, Aboriginal Employment Strategies & Indigenous Affairs, Main Roads Contracts – RRG, Urban Water and Waste Water. Cr Stewart is also an ex-officio member of all other portfolios.



Cr Richard Marsh (Deputy Mayor)

Cr Richard Marsh was elected to Council in July 2002 and is currently serving his fourth term. Cr Marsh is responsible for the portfolios of Financial Management, Human Resource Management, Disaster Management, Risk Management, Planning Scheme Development Regulation, Urban Streets, Storm Water and Footpaths, Asset Management, Urban Water and Waste Water and Staff Housing.



Cr Rod Avery

Cr Rod Avery was elected to Council in April 2012. Cr Avery is responsible for the portfolios of Workplace Health and Safety, Cleansing, Waste Management, Refuse Collection, Land Fill, Environmental Health, Urban Animal Control, Animal Pests Control Community Safety, Tourism, Recreation facilities— Pools, Sporting Fields, Skate Parks, Court Sports.



Cr Ian Winks

Cr Ian Winks was elected to Council in March 2008, and is currently serving his second term. Cr. Winks is responsible for the portfolios of Stock Routes & Commons, Great Artesian Basin, Shire Roads, Bridges and drainage (West of Castlereagh), Aerodromes, Showgrounds and Horse Sport Facilities (Bollon/Dirranbandi/Hebel) and Cemeteries.



Cr Joanne Kellock

Cr Joanne Kellock was elected to Council in April 2012. Cr Kellock is responsible for the portfolios of Skill Centre, Negotiation Table, Care Balonne, Economic Development, Council Buildings, Community Halls, Administration and Depot Buildings.



Cr Fiona Gaske

Cr Fiona Gaske was elected to Council in April 2012. Cr Gaske is responsible for the portfolios of Community Events, Public Health, Public Transport, Cultural Development, Museums, Libraries, RADF, Parks and Gardens.



Cr Robert Paul

Cr Robert Paul was elected to Council in April 2012. Cr Paul is responsible for the portfolios of Plant Pest Control, W.O.R.K, Shire Roads, Bridges and drainage (East of Castlereagh), Works Depots, Fleet Management, Showgrounds and Horse Sport Facilities, St George/Nindigully/Thallon/Mungindi.

Councillor Remuneration

The following pages detail the payments received and the basis on which Councillors are paid for performing the role of Councillor. Copies of the relevant policies including reimbursement of expenses are included.

Councillor	Monthly Council Meetings	Total Fees Paid[#]
Cr D S Stewart (Mayor)	12	\$72,903.00
Cr R Marsh (Deputy Mayor)	12	\$38,187.48
Cr F Gaske	12	\$31,244.46
Cr I Winks	10	\$31,244.82
Cr R Avery	11	\$31,244.82
Cr R Paul	12	\$31,244.82
Cr J Kellock	11	\$31,244.82

[#] Fees include base remuneration and meeting fees for other meetings attended as a representative of Council. Remuneration covers 2012/13 financial year as opposed to calendar year limits determined by the tribunal.

Local Government Remuneration and Discipline Tribunal

The Tribunal is an independent body responsible for deciding categories of local government and the remuneration to be paid to mayors, deputy mayors and councillors - according to the categories.

The Local Government Remuneration and Discipline Tribunal also establishes processes for dealing with allegations and makes determinations regarding councillors' conduct that is not in accordance with the principles and obligations set out in the Act.

A report on the tribunal's remuneration determinations is made to the Minister responsible for local government by 1 December annually. The most recent report regarding remuneration for local government councillors was published by the Local Government Remuneration Tribunal in December 2012.

Each Local Government then must adopt a remuneration schedule for Councillors in accordance with the tribunal's determination.

Balonne Shire Council adopted the Councillor's Remuneration Schedule as determined by the Local Government Remuneration and Discipline Tribunal including any subsequent variations in accordance with *S245 of the Local Government Regulation 2012* on 15 February 2013.

Balonne Shire Council Remuneration Package for Councillors 2013

Adopted 15 February 2013

1. PURPOSE OF THE REMUNERATION PACKAGE

This remuneration package is to fix the basis for payment to the Mayor, Deputy Mayor and Councillors for services rendered in carrying out their statutory duties.

The remuneration does not include the reimbursement of expenses or the provision of facilities as these are dealt with under the expenses reimbursement policy to be adopted by local governments.

2. PRINCIPLES ON WHICH REMUNERATION PACKAGE IS TO BE BASED

Remuneration must equal the amount determined by the Local Government Remuneration and Discipline Tribunal (The Tribunal). If there is inconsistency between the determination of The Tribunal and this document, the determination of the Tribunal will prevail.

Remuneration includes any fees or allowances paid to the mayor or councillor and is intended to provide compensation for the time and effort councillors spend on council business.

Should an elected representative hold a position for only part of a calendar year, he or she is only entitled to remuneration to reflect the proportion of year served.

3. LEVEL OF REMUNERATION

Mayoral Remuneration

The annual remuneration payable to the Mayor shall be \$73,803.00.

Deputy Mayoral Remuneration

The annual remuneration payable to the Deputy Mayor shall be \$38,659.00. This allowance provides for Acting Mayoral duties, as required in the absence of the Mayor.

Councillor Remuneration

The annual remuneration payable to each Councillor shall be \$30,859.

Superannuation

No superannuation payments will be made to Councillors that are additional to remuneration detailed in this Policy. Councillors may enter into an agreement with Council to salary sacrifice remuneration due under this Policy. Such agreements must comply with the Local Government Act 2009 and subordinate regulations.

Method of Payment

Payment of the Mayoral, Deputy Mayoral, and Councillor allowances and any meeting fees shall be made monthly in arrears by direct deposit to a bank account of the Councillor's nomination.

Date and Period of Effect

The remuneration package as listed above will be for the period 1 January, 2013 until 31 December, 2013.



Councillor Expenses Reimbursement

The reimbursement of expenses incurred by a Councillor in performing their role is governed by Council's Expenses Reimbursement Policy.

1. POLICY STATEMENT

To provide guidance for reimbursement of reasonable expenses incurred by Councillors in discharging their duties and responsibilities.

2. PRINCIPLES

This policy ensures that the Council's reimbursement of expenses incurred by Councillors is consistent with the local government principles and financial sustainability criteria as defined in the *Local Government Act 2009*.

Councillors should not be financially disadvantaged when carrying out their roles, and should be fairly and reasonably compensated in accordance with statutory requirements and community expectations.

Councillors should not receive a private benefit through their role as a Councillor and as such this policy provides for actual reimbursement of legitimate expenses and full disclosure through appropriate accountability requirements.

3. SCOPE

This policy applies to all Councillors for the reimbursement of expenses incurred, or to be incurred, by them in undertaking their responsibilities.

This policy does not provide for salaries or other forms of Councillor Remuneration. Councillor Remuneration is determined annually by the Local Government Remuneration and Discipline Tribunal.

4. DEFINITIONS

Council business - means the official business of a Councillor as generally described in Chapter 2, Part 1 of the *Local Government Act 2009*. Council business should result in a benefit being achieved either for the local government and/or the local government area.

*** Participating in a community group event or being a representative on a board not associated with Council is not regarded as Council business.*

Entertainment and hospitality – means the cost to Council of providing entertainment or hospitality as outlined in Council's Entertainment and Hospitality Expenditure Policy.

Professional development – includes study tours, attendance at industry workshops, courses, seminars and conferences that improves Councillors’ skills and knowledge relevant to their responsibilities as Councillor.

Training – any facilitated learning activity which is considered by Council to be a requirement for Councillors to discharge their duties and responsibilities as Councillors.

5. POLICY

The Council will reimburse Councillors for expenses as set out in this policy. Any expenses not provided for by this policy may be reimbursed only with approval from the Chief Executive Officer.

When considering an application for approval of any matter related to this policy, the Council or the Chief Executive Officer must have regard to any relevant principles as contained in the *Local Government Act 2009* and any applicable budget allocation.

Council business

The Council will reimburse expenses incurred in undertaking Council business which includes:

- Preparing, attending and participating in Council meetings, committee meetings, workshops, strategic briefings, deputations and inspections;
- Attending civic functions or civic events to perform official duties or as an official Council representative;
- Attending public/community meetings, presentation dinners and annual general meetings as an official Council representative;

Professional development

The Council will reimburse expenses incurred for Council-approved professional development incurred for:

- mandatory professional development; and
- discretionary professional development deemed beneficial for the Councillor’s role.

5.1 Travel Expenses

The Council will reimburse local, interstate and overseas travel expenses (e.g. flights, car, accommodation, meals) deemed necessary for undertaking Council business and approved professional development.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport. The amount of the reimbursement will be the actual amount expended by the Councillor.

NOTE: Any fines incurred while travelling in Council-owned vehicles, privately owned vehicles or rental vehicles when attending to Council business will be the responsibility of the Councillor incurring the fine.

5.2 Flight bookings

All Councillor travel approved by Council will be booked and paid for by Council. Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses (e.g. cost of partner accompanying the Councillor).

5.3 Travel transfer costs

Any travel transfer expenses associated with Councillors travelling for approved business will be reimbursed on production of original receipts.

Example: trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council where Councillors are required to undertake duties relating to the business of Council.

5.4 Private vehicle usage

Councillor's private vehicle usage may be reimbursed by Council if the:

- Travel is in accordance with this policy
- Claim for mileage is substantiated with log book details
- Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

Payment for use of the Councillor's private vehicle on Council business will be reimbursed to the Councillor on a kilometre rate as set out in *Public Service Act 2008* for motor vehicle allowances payable to public service employees (Currently Directive 14/10 September 2010 - Motor Vehicle Allowance)

AUTOMOBILES	Amount (cents per km)
1600cc and less	63.0c
1601cc to 2600cc	74.0c
2601cc and over	75.0c

5.5 Accommodation

All Councillor accommodation for Council business will be booked and paid for by Council.

Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.

5.6 Meals

Councillors will be reimbursed for the actual cost of meals when:

- the Councillor incurs the cost personally;
- the meal was not provided within the registration costs of the approved activity/event/travel; and
- the Councillor can produce original documents sufficient to verify the actual meal cost.

The actual and reasonable costs allowed for meals are not to exceed the Public Service Domestic Travelling and Relieving Expenses Directive No 9-11 September 2011 equal to the allowance for overnight stay in Brisbane (or as updated).

http://www.justice.qld.gov.au/_data/assets/pdf_file/0005/104936/9-11-domestic-travelling-and-relieving-expenses.pdf

Meal allowances shall be to the value below, however, the CEO may approve payment beyond these amounts in circumstances considered appropriate.

(Current 1st September 2011)

- | | |
|-------------|---------|
| ◆ Breakfast | \$23.65 |
| ◆ Lunch | \$26.55 |
| ◆ Dinner | \$45.60 |

If a Councillor cannot produce a receipt for a meal they have purchased then a statutory declaration must be completed to claim the reimbursement.

No alcohol will be paid for by Council.

5.7 Incidental expenses

Up to \$20 per day may be paid to cover any incidental costs incurred by Councillors required to travel, and who are away from home overnight, for official Council business.

6. PROVISION OF FACILITIES

All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

6.1 Administrative tools

Administrative tools shall be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

- ◆ office space and meeting rooms
- ◆ computers
- ◆ mobile phones / reimbursement of call costs
- ◆ stationery
- ◆ access to photocopiers
- ◆ printers
- ◆ facsimile machines
- ◆ publications
- ◆ use of Council landline telephones and internet access in Council offices.

Secretarial support may also be provided for the Mayor and Councillors.

Council may provide a Councillor with home office equipment including computer, internet access if necessary.

6.2 Maintenance costs of Council owned equipment

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council-owned equipment that is supplied to Councillors for official business use.

This includes the replacement of any facilities which fall under Council's asset replacement program.

6.3 Name Badge/Safety equipment for Councillors

A local government may provide Councillors with:

- a name badge
- the necessary safety equipment for use on official business. e.g.: safety helmet/boots.

6.4 Use of Council vehicles on Council business

Councillors may have access to a Council vehicle for official business.

6.5 Insurance Cover

Council will indemnify or insure Councillors in event of injury sustained while discharging their civic duties.

Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

6.6 Fuel Costs

Fuel for a Council-owned vehicle used for official Council business, will be provided or paid for by Council.

6.7 Car Parking Amenities

Councils are to provide Councillors with reimbursement of parking costs paid by Councillors while attending to official Council business.

NOTE: Any fines incurred while travelling in Council-owned vehicles, privately owned vehicles or rental vehicles when attending to Council business will be the responsibility of the Councillor incurring the fine.

Executive Staff

Chief Executive Officer



Scott Norman (Bachelor of Business (Accounting), CPA, MLGMA, MLGAA) commenced employment with the Balonne Shire Council in 2005 as Deputy Chief Executive Officer/Director of Corporate and Community Services. Scott was appointed as Chief Executive Officer in September, 2008.

Director of Corporate & Financial Sustainability



Peter O'May commenced employment with Council as Director of Corporate & Financial Sustainability in February 2011. Peter brings considerable local government experience to this position having held various positions with Maryborough City Council, Wondai Shire Council and as Chief Executive Officer of Boulia Shire Council. Peter is responsible for governance, administration, finance and information technology.

Director of Infrastructure Services



Kevin Searle (Bachelor of Engineering, Master of Business Administration) commenced with Council as the Director of Infrastructure Services in July, 2012. Kevin is responsible for transport, urban water supply and waste water, drainage infrastructure, parks, gardens and recreational facilities, building infrastructure, commercial services and public amenities.

Director of Health, Planning and Community Development



Angela Jones (Bachelor of Science, Master of Social Welfare Administration and Planning) commenced employment with Council in August, 2012 as Director of Health, Planning and Community Development. Angela came to the Balonne Shire after working for Brisbane City Council for 15 years. Angela is responsible for planning and building, environmental health, animal control, waste management, library services, economic development and community development.

Senior Management Remuneration

In accordance with Section 201 of the *Local Government Act 2009* details of remuneration packages that are payable to the senior management of the local government is to be stated in Annual Report.

The senior management of a local government consists of the chief executive officer and all senior executive employees of the local government.

Senior Management Remuneration

Remuneration Package Range	Employees
\$0.00 - \$100,000	1
\$100,001 – \$200,000	3

Our People

It is only through our staff that Balonne Shire Council is able to achieve our corporate objectives and enhance services to the community. Our employees are our most valuable asset and they are a major factor in contributing to a positive public image. Council's vision "For the People" is a commitment to staff wellbeing, encouraging personal and professional growth and development, and the creation of a safe and healthy work environment built on mutual trust, respect and integrity.

Recruitment

The recruitment and selection of quality staff is conducted within established policies and procedures, which continue to provide equal opportunity for all persons to obtain employment, career development or promotion, in a clear and transparent manner. Where possible Council seeks to up skill current employees and foster local talent to reduce the impact of staff turnover.

Equal Employment Opportunity

Balonne Shire Council is committed to the implementation of, and adherence to equal employment opportunity principles in all facets of its operations. All employees and applications for employment will be treated fairly in the selection and promotion decisions and shall be made on the basis of only factors relevant to the job such as skills, qualifications, abilities and aptitude.

Staff Age Profile

The age demographic of the Council workforce ranges from 15 to 65 plus years and in accordance with equal employment opportunity principles Council does not discriminate on the basis of age.

Gender Profile

Council's gender profile at 30 June 2013 was 71% male as compared to 29% female. Of the males employed, 1% were employed on a casual basis and 99% were employed on a full time basis, whilst approximately 40% of females were employed on a part-time/casual basis and approximately 60% were employed on a full-time basis.

Workplace Behaviour, Performance and Improvement Counselling

To ensure that employees are aware of, and adhere to the expected standards of workplace behaviour and performance, a Code of Conduct has been prepared, and is promoted through Councils' General Induction Program.

The expectations contained within the Code of Conduct are based upon the ethical principles outlined in the Public Sector Ethics Act 1994, specifically:

- Respect for the Law and the system of Government
- Respect for persons
- Integrity
- Diligence
- Economy and efficiency

All staff members are provided with a copy of the Code of Conduct within their Induction Manual, and copies are also available upon request.

Training and Professional Development

Council strives to enhance the skills and capabilities of its employees, in order to develop effective, efficient and multi-skilled teams.

For an organisation to perform effectively, emphasis must be placed on the training and development of our staff. In line with training guidelines Council is committed to:

- Providing fair and equal access for all employees in relation to training and professional development opportunities;
- Enhancing the productivity and performance of its employees;
- Ensuring employees are kept abreast with advancements, technological, professional and/or ideological, in their respective fields of expertise;
- Linking staff development and appraisals with the identification of training needs to ensure that Council's strategic and operational direction and initiatives are achieved;
- Ensuring that training dollars are distributed fairly and equitably throughout the organisation;
- Providing opportunities for employees to develop career paths.

Balonne Shire Council actively encourages its employees to undertake study to enhance their knowledge and skills. As part of the training guidelines Council contributes to the financial cost of approved courses.

Statutory Reporting

The *Local Government Act 2009* and the *Local Government Regulation 2012* require a Local Government to publish information on a number of areas within its Annual Report.

The following information is provided in accordance with these requirements.

SPECIAL RATES AND CHARGES

Thallon Town Rural Fire Brigade Special Charge

For the 2012/13 year a special charge was levied on those rateable properties contained in the benefited area in the town of Thallon. This was for the purpose of raising revenue to fund the operation of the Thallon Town Rural Fire Brigade. Funds collected are for the purpose of the ongoing operation and maintenance of the Thallon Rural Fire Brigade. During the year \$7,010 was levied.

REBATES AND CONCESSIONS

Remission for Occupancy/Ownership by Pensioners

Council provides a Remission of Rates for properties owned or occupied by Pensioners, equal to 100% of the General Rate up to a maximum of \$150 per annum, to owners of qualifying premises. This subsidy was in addition to the subsidy offered by the State Government.

Payment of Rates by Instalments

The Council will accept applications for payment of rates by instalments from property owners who can demonstrate a genuine financial hardship. The Council has determined that each such application is to be assessed on its merits. All instalment plans must have the effect of liquidating the debt by no later than the end of the current financial year unless Council, by resolution, determines otherwise.

No premium is charged for the payment of rates by instalments under such arrangements; however Interest continues to be charged on overdue rates which are subject to an instalment payment plan.

The applicant must comply strictly with the terms of the instalment plan agreed to. Default will result in Council requiring immediate full payment of future instalments.

Other Remissions

Other remission requests, or rate deferral requests, are assessed on a case-by-case basis.

Discount for Prompt Payment

Council allows a discount for prompt payment of rates / charges as a means to ensuring a timely flow of cash to fund its operations. Council set by resolution at its Budget Meeting a discount of 10%, with the date by which, the rate must be paid at least 30 days after the issue of the rate notice. Council provides the discount for each rate moiety. The discount applies to the prompt payment of:-

- General Rates;
- Urban Water Charges incl. Excess Water Charges;
- Rural Residential Water Charges incl. Excess Water Charges;
- Sewerage Charges;
- Cleansing Charges; and
- Thallon Town Rural Fire Brigade Special Charge.

TENDERS

Expression of Interest Prior to Tenders Being Called

No expressions of interest were called prior to inviting tenders in accordance with Section 228(3) & Section 228(5) of the *Local Government Regulation 2012*.

Changes to Tenders

No tenderers were invited to change their tender to take account of any changes to tender specification in accordance with Section 228(7) of the *Local Government Regulation 2012*.

SUMMARY OF EXPENDITURE FOR PARTICULAR ITEMS

The following summary of expenditure is provided in accordance with Section 189 of the *Local Government 2012*.

Grants to Community Organisations		Amount
<i>Regional Arts Development Fund</i>		<i>\$24,492</i>
Dirranbandi Arts Council	Upholstery Workshop	710
Balonne Creative Arts	Upholstery Workshop	1,895
Dirranbandi Arts Council	Furniture Restoration Workshop	1,596
St George Art Group	Art Gallery Study	1,917
Care Balonne	Photography Workshop	1,660
St George Art Group	Watercolour Workshop	1,010
Centre for Indigenous Culture	Transmission of Kamilaroi Tradition	1,168
Balonne Shire Council	Voice Spectacular series of Workshops	5,600
Dirranbandi Arts Council	Exhibition Development Workshop	700
St George Art Group	Watercolour Workshop	1,425
St George State High School	'A Day to Create' Arts Workshop	4,680
Bollon Sewing Group	Quilting & Colour Technique Workshop	836
St George Art Group	Watercolour Workshop	1,295
<i>Community Grants</i>		<i>13,072</i>
Balonne Shire Council	Street Party	45
Queensland Cotton	Golf Day	200
St George Scout Group	Jamboree	250
St George High School	Annual Awards Night	100

Dirranbandi Hospital Auxiliary	Melbourne Cup Luncheon	197
Kamilaroi Frogs Inc	A-Day Celebrations	500
St Patricks Fete Committee	Annual Fete	290
Qld Police Legacy Scheme	Child Safety Handbook	300
St George State High School	Year 11 Leaders	500
St George Cricket Club	Cricket Day	150
Dirranbandi P-10 Campus	Young Leaders	500
Olive McMahon Lodge	Electrical Goods	423
St George Police	Trivia Night	192
St George Polocrosse Club	Building Fees	620
Bollon Community Fishing Club	Carp Busters Fishing Competition	200
Bollon & District Community	Regatta	500
Dirranbandi RTC	Storage Room	670
Mungindi Community Preschool	Annual Fundraiser	330
Mungindi Jockey Club	Race Meeting	110
Bollon Shears Association	Wool Handling	495
St George Golf Club	Purchase Oven	1,800
St George State School	Year 7 Camp	500
Rural & Remote Mental Health	Sponsorship	200
St George & District Fishing Club	Fish Stocking	4,000
<i>Sports Incentive Scheme</i>		<i>4,714</i>
St George Cricket Association	Cricket Pitch Upgrade	2,150
St George District Rugby Union	New Sports Equipment	414
St George Jockey Club	Barriers Upgrade	2,150
<i>Free or Concessional Use of Council Facilities</i>		<i>5,093</i>
Total Contributions to Community Organisations		\$46,371

OVERSEAS TRAVEL

No Councillors or employees of Council undertook any overseas travel for the financial year 2012/13 in accordance with Section 188 of the *Local Government Regulation 2012*.

COUNCILLOR CONDUCT

In accordance with the *Local Government Act 2009* Councillors are required to maintain appropriate standards of conduct and performance. Details of complaints and orders made under the *Local Government Act 2009* must be reported in Council's Annual Report.

No complaints were made with respect to the conduct or performance of Councillors during the year.

REGISTERS

In accordance with Section 190 (1) (f) of the *Local Government Regulation 2012*, the following table lists the registers and other publications that are kept under the control of the Chief Executive Officer. These are open to inspection, with or without restriction where indicated in the table. In some cases, charges may apply for copies or extracts if these are allowable.

Register / Document	Purpose	Access
Land Record	To record details of every parcel of rateable land in the Shire.	Available to any person – fees and restrictions may apply.
Fees and Charges	To record the charges set by Council.	Available to any person.
Road Register	To show details of roads in the Shire.	Available to any person.
Local Law Policies	To record all Local Law Policies adopted by Council.	Available to any person.
Shire Planning Scheme	To appropriately manage development within the Balonne Shire Council area.	Available to any person.
Minutes of Council Meetings	To record all the resolutions made by the Council at Ordinary or Special Meetings.	Available to any person after the meeting and on Council's website.
Delegations by Council	To record the delegation of power from Council (e.g. To Chief Executive Officer).	Available to any person.

Delegations by Chief Executive Officer	To record the delegation of power from the Chief Executive Officer to another Officer.	As permitted by law.
Policy Register	To document the policies of Council.	Available to any person.
Corporate Plan	To document the goals, strategies and performance indicators set by the Council for the period 2013-2018.	Available to any person.
Annual Operational Plan	To document the strategies and activities set by the Council for the year.	Available to any person.
Budget	To record the proposed expenditures and revenues required to implement the Council's strategies and goals this year.	Available to any person.
Annual Report	To document the financial position and the performance of the Corporate and Operational Plans for the year, as well as other accountabilities both mandatory and discretionary.	Available to any person and on Council's website.
Personal Interest of Councillors	To record certain financial and other personal interests of Councillors.	Available to any person and on Council's website.
Personal Interests of Councillors' Related Persons	To record certain financial and other personal interests of specified persons related to Councillors.	Restricted to Councillors of Balonne Shire Council and persons permitted by law or their agents.
Personal Interest of the Chief Executive Officer and other specified employees	To record certain financial and other personal interests of the Chief Executive Officer and certain other employees.	Available only to Councillors, the Chief Executive Officer or a person permitted by law or their agent.

LAND AND RESERVES

Balonne Shire Council is responsible for the following land under infrastructure:-
2,350 km of roads (*a further 639.58 km of Main Roads are within the Shire*)
14,040.66 hectares of reserve land that are reserves under the *Land Act 1994*,

This land does not have a value within Council's financial statements.

Council Managed Reserves

Camping and Water Reserve	10,259.72
Cemetery Reserve	9.54
Crossing Reserve	121.40
Gravel Reserve	8.09
Pasturage Reserve	660.05
Pound Reserve	102.21
Public Purposes Reserve	291.80
Recreation Reserve	0.23
Reserve for Local Government (Refuse Disposal) Purposes	22.30
Reserve for Local Government (Noxious Waste Disposal)	2.33
Reserve for Local Government (Sewerage) Purposes	0.12
Reserve for Museum	.20
Reserve for Park	6.43
Reserve for Recreation	1.13
Pasturage Reserve	239.00
Pound Reserve	8.11
Reserve for Recreation	32.02
Reserve for Scenic Purpose	12.10
Reserve for Scientific Purposes	0.02
Reserve for Water	13.00
Sanitary Depot Reserve	2.02
Sanitary Reserve	18.31

Town Reserve	593.81
Town Reserve (Extension) Reserve for Township	1601.00
Water Reserve	35.62
Water Supply Reserve	0.12
Total	14,040.66

INTERNAL AUDIT

The initial Internal Audit plan was prepared in September 2012 and included a 3 year audit plan together with strategic risk and control analysis. The plan allocated audit work on the basis of Council function areas.

In November 2012 a detailed review of Procurement Policies, Procedures and Controls was completed. Policies, procedures and controls in relation to the procurement of goods and services as well as compliance with policies and effectiveness of controls were tested and assessed. A number of detailed recommendations for improvement were made and subsequently acted on by Council.

In addition, a number of smaller internal audit areas were covered and reports supplied to Council. The areas covered included the following:

- Fringe Benefits Tax on Motor Vehicles – review of methodology and calculation including advice for reduction in assessable levels to Council.
- Fuel Tax Credits – review of calculation methodology and advice to Council to assist in claiming credits to the maximum allowable
- Q Leave Superannuation Levy – review of controls and procedures for insuring the levy liability is initially captured and subsequently calculated correctly and including suggestions for possible reduction.

Finally, some minor internal audit work was undertaken and relevant advice was provided to Council regarding miscellaneous matters including – roads infrastructure revaluations, grants and subsidies accounting and disclosure, obsolete inventories and accounting treatment relating to intangibles.

Performance Report

KEY PROGRAM AREAS

Corporate Governance

To provide effective organisational leadership through strategic planning, accountability and ethical standards of practice.

Corporate Services

To enhance the capability and performance of Balonne Shire and ensure resources are directed to achieve organisational objectives.

Planning, Development and Environmental Health Services

To implement appropriate planning and building construction controls to ensure and encourage the balanced quality development of the shire and the protection of the environment;

To implement policies and operational programs that will contribute to the environmental health and wellbeing of the community.

Rural Services

To provide effective and efficient management of stock routes, animals and weed pests.

Infrastructure Services

To provide efficient and effective transport and drainage infrastructure;

To provide community infrastructure to meet the needs of current and future generations;

To provide efficient, effective and environmentally sound waste water disposal services and water supplies.

Community Lifestyle

To encourage and promote a sense of community and belonging, community pride, engagement, well being and grow social capital.

Economic Development

To foster a vibrant economic development.

Commercial Services

To undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner.

Corporate Governance

Goal:

- To provide effective organisational leadership through strategic planning, accountability and ethical standards of practice.

Year Highlights and Achievements:

- During the 2012-13 financial year, Council developed a new Corporate Plan. The new Plan is for the period 2013-2018. The Key Themes in the new Plan are - Wise Planning & Design; Strong & Resilient Communities; Prosperity for All; River Country Stewardship; Inclusive & Ethical Governance.
- Council successfully achieved its' goal of realigning the DCDB. This project has now enabled Council to accurately determine property boundaries and alignments.

Into the Future:

- Council will continue to review Local Laws over the next twelve months.
- Now that Council's DCDB data is accurate, Council will continue to gather GIS data to accurately map all of Council's Assets in both the urban and rural areas of the Shire.



Old DCDB example



New DCDB example

Corporate Services

Goal:

- To enhance the capability and performance of Balonne Shire and ensure resources are directed to achieve organisational objectives.

Year Highlights and Achievements:

- Council's Administration Building was completed in late November 2012. The refurbished building was officially re-opened by Hon. David Crisafulli, MP, Minister for Local Government, Community Recovery and Resilience on 23 April, 2013.
- Introduced new policies, including Corporate Credit Card and reviewed and updated existing policies.
- Council continued to review accounting policies and rating models to ensure accountability in financial management and effective revenue raising.
- Council updated the Balonne Shire Council Disaster Management Study with NDRP funding.
- Upgraded the Information Technology link between the main Administration Building and the Visitor Information Centre and Depot.



Into the Future:

- Council will implement Guardian Software in the 2013/14 financial year with funding provided under LGSSP funding , which will assist in directing and channelling the flow of information during and immediately after a disaster.
- Continue to provide relevant training to all staff to ensure Council has a skilled workforce.
- Continue the development of Council's record management system (TRIM) to link to mapping software.



Planning, Development and Environmental Health Services

Goal:

- To implement appropriate planning and building construction controls to ensure and encourage the balanced quality development of the shire and the protection of the environment;
- To implement policies and operational programs that will contribute to the environmental health and wellbeing of the community.

Year Highlights and Achievements:

- The micro-chip clinic has been completed with 312 dogs and cats being micro-chipped. The community has been generous with their praise on the success of this clinic.
- Springwell Lane landfill has been closed. Signage and bollards have been erected at the site to inform residents where now to dispose of their waste.
- National Tree Day was held on 27 July 2012. Council donated \$70.00 to each school within the Shire. This rewarding project enhances the natural environment of each school.
- During the 2012/13 financial year, Council received 20 Development Applications with two of them being new services in the township of Dirranbandi.
- Council received a total of 55 Building Applications throughout the year.



Into the Future:

- Council will conduct a subsidised animal de-sexing clinic during the 2013/14 financial year to promote responsible pet ownership.
- The Queensland Health Mosquito trails will continue during the forthcoming year.



Rural Services

Goal:

- To provide effective and efficient management of stock routes, animal and weed pests.

Year Highlights and Achievements:

- During this reporting period the Balonne Shire completed an entire new fence line at Thallon Common, providing a new water point at the same location and continued works at St George Stock Pound as well as other fencing projects at various locations.



- Again the Shire has been proactive in wild dog and feral pig control during the year, SWNRM provided funding for two feral pig programs and Council funded two wild dog campaigns.
- SWNRM continues to support the Shire with data collection and mapping for our wild dog control programs.
- Maintenance continued on Stock Routes, including capital works projects on Water Facilities.



Into the Future:

- The construction of the new washdown facility to be situated on the corner of Buchan Road and Arthur Streets is expected to be completed by the end of 2013.
- Continuation of baiting for wild dogs and pigs, in coordinated campaigns twice a year and to support landholders by providing pulse baiting throughout the year.
- September and October 2013 can expect a massive increase in droving activity with 20,000 head of cattle expected to travel on the stock route network within the Shire.



Infrastructure Services

Goal:

- To provide efficient and effective transport and drainage infrastructure
- To provide community infrastructure to meet the needs of current and future generations
- To provide efficient, effective and environmentally sound waste water disposal services and water supplies

Year Highlights and Achievements:

- New footpaths have been installed in Victoria Street, Alfred Street (St George), Barwon Street (Mungindi), Railway Street and Jane Street (Dirranbandi). While Alfred and Church Streets (St George) have new kerbing and channeling.



- Airport reseals at Dirranbandi and Bollon have taken place, with St George Airport undergoing reconstruction and resealing.
- The Whyenbah Road bitumen seal was extended by 4 km.
- Sewer mains were upgraded at Dirranbandi and St George. Bore water mains were replaced at Mungindi, Dirranbandi and Hebel. St George river water mains were also upgraded.
- Hebel Hall underwent refurbishment.
- Thallon flood levee bank was raised and reshaped.



Into the Future:

- A number of current projects are ongoing, including: the infrastructure flood recovery program; St George Hutt Street River Water Pump Station; St George Showground Grandstand refurbishment and St George flood levee construction. Street and road upgrades will also continue.
- Realignment will be carried out of the state digital cadastral data base for Balonne Shire.
- Effluent reuse options from the St George waste water treatment facility will be investigated and at Bollon, the waste water effluent lagoons will be upgraded.



Community Lifestyle

Goal:

- To encourage and promote a sense of community and belonging, community pride, engagement, well being and grow social capital

Year Highlights and Achievements:

- History was made with the completion of the Hebel Historical Circle. The project was funded through the Art+Place program and we thank the State Government for its support. The Hebel Historical Circle narrates the history of Hebel through 11 interpretive signs which are backed by striking timber posts which Rise out of the red dust earth.



- Council completed installing a Flood Marker in St George.
- In January a celebration was held to recognise one of Bollon’s heroes, Flight Lieutenant George John (Jock) Steel from ‘Kulki’ Bollon. Jock served in WWII in the Air Force and was awarded the Distinguished Flying Cross for his efforts and service, and became a member of the ‘Caterpillar Club’ after bailing out over Normandy. Jock’s name and memorial is the first to be mounted on to the Bollon Returned Servicemen Memorial Wall.



Into the Future:

- Council will continue with the Sports Incentive Scheme and the Community Grants, Donations and Sponsorship programs in the 2013/14 financial year.
- Progress with the St George Streetscape implementation
- Continue to promote, support and provide opportunities to cater for arts, recreational, sporting and cultural activities and facilitate the preservation of the history of the shire.



Economic Development

Goal:

- To foster a vibrant economic environment

Year Highlights and Achievements:

- Council subsidised businesses to participate in the Get Up To Speed program which introduced businesses to ways to digitalise their business. The 12 week program was a great success with 14 businesses participating.
- This was year when Balonne Shire Council embraced the digital age as a way to promote the shire and to deliver innovative programs to the community. Josh Arnold, country music singer worked with local school children to write and produce a music clip, "Down at the River" which has become a Youtube sensation.
- Council held several events in 2012/13 including;
Seniors Week

Movies in Dirranbandi, Thallon, St George and Bollon

Australia Day hosted this year in Thallon

Welcome to Balonne Shire event

Balonne Photographic competition

Assistance with the International Women's Day event



- This year Council funded a new professional photographic catalogue. The photos will be used for Council's promotional and marketing activities.



Into the Future:

- Six promotional clips have also been produced for the shire to promote investment opportunities, tourism and liveability. The six clips from the "Down at the River" project will form the foundation for a project in 2013/2014, the Beautiful Balonne campaign.
- Council received part funding through LGGSP for the Nindigully Tourist and Visitor Area which is a designated free camping area within the shire. The facility includes walking paths, picnic areas, toilet block, improved road access, and interpretive signage. This project will be completed in the 2013/14 financial year.



Commercial Services

Goal:

- To undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner

Year Highlights and Achievements:

- ✿ Balonne Shire Council was successful in negotiating Road Maintenance Performance Contracts (RMPC) from the Department of Transport and Main Roads.
- ✿ Council was successful in obtaining \$215,000 funding from the Transport Infrastructure Scheme (TIDS) for works on the Whyenbah Road in 2013/2014.
- ✿ Council staff continued works on the Noondoo Thallon Road to bitumen seal standard. These works were funded by the Department of Transport and Main Roads.



Into the Future:

- ✿ Council will continue to work with the Department of Transport and Main Roads and negotiate maintenance and capital roadwork projects on the State controlled road network.



Community Financial Report

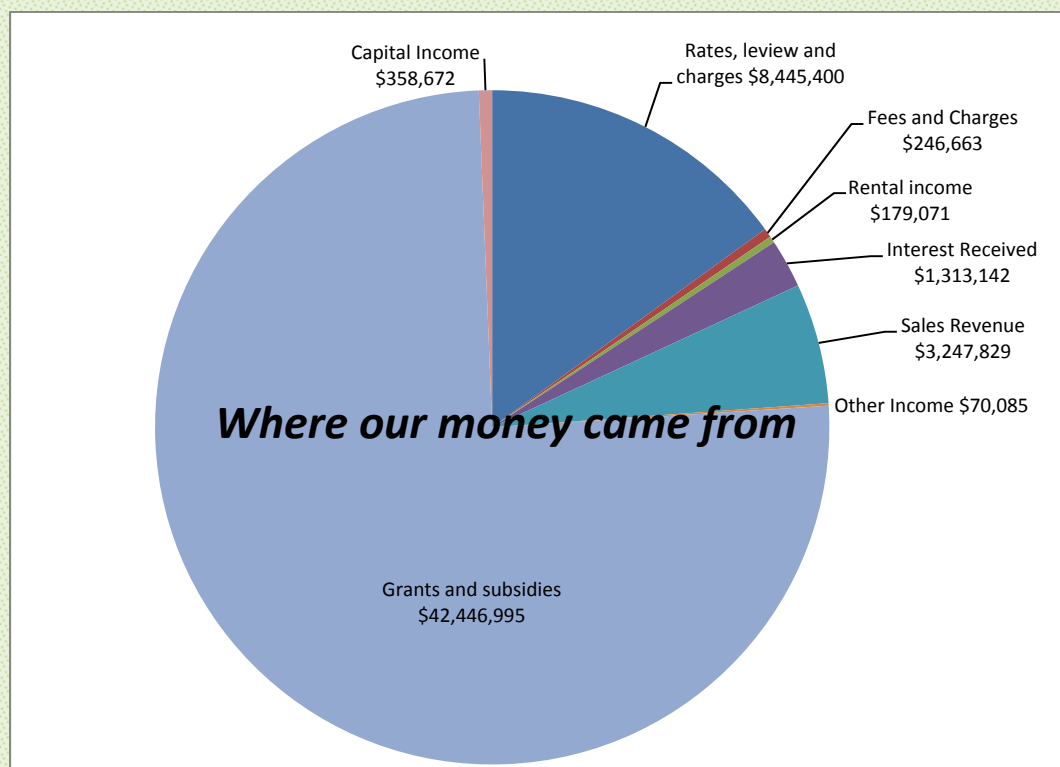
Annual Financial Statements are prepared in accordance with professional and legislative requirements and hence are technical documents. The purpose of the Community Financial Report is to present Financial Statements in a form more easily understood by the community.

The Community Financial Report is based on the detailed financial information contained in the enclosed financial statements for 1 July 2012 to 30 June 2013. A summary has been provided on the following financial matters;

- Sources of income
- Where Council spent its funds
- Increase in Net Worth (Community Equity)
- What Council Owns and Owes (Assets and Liabilities)

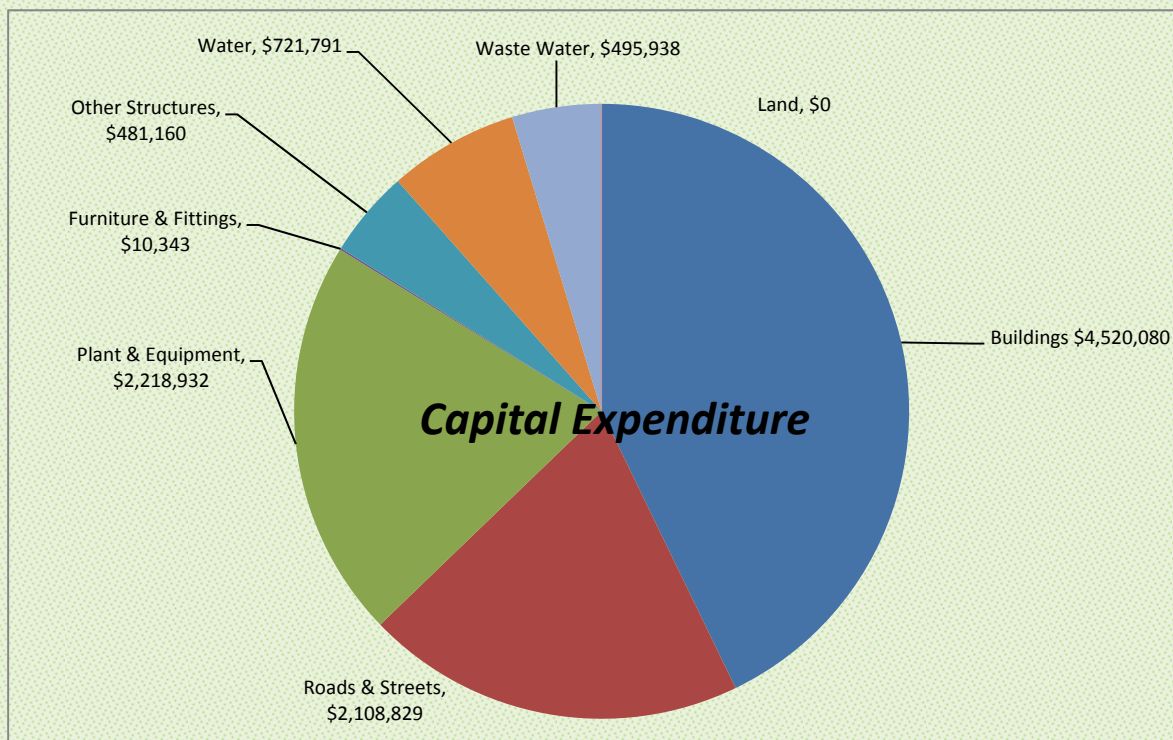
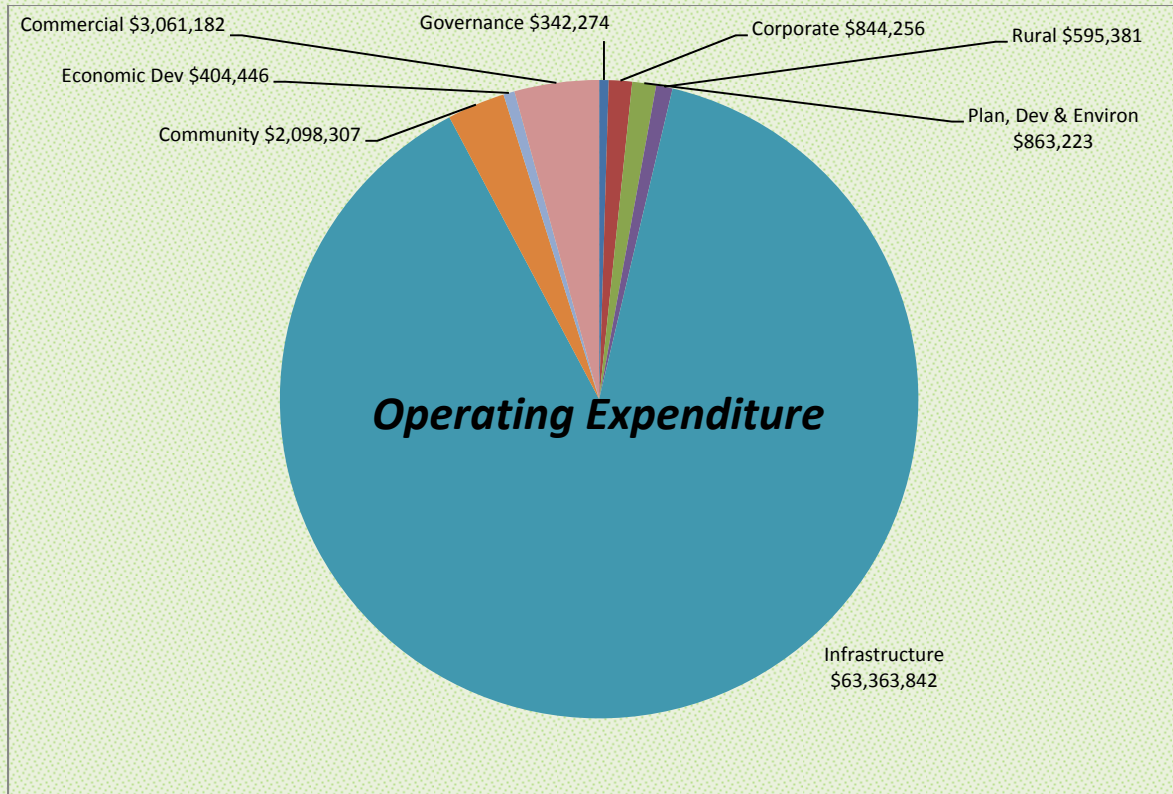
Sources of Income:

The total income for the 12 months to 30 June 2013 was \$56,347,820. This includes rates and charges, grants and fees during the 12 months. The capital income of \$358,672 is mainly made up from capital grants and subsidies.



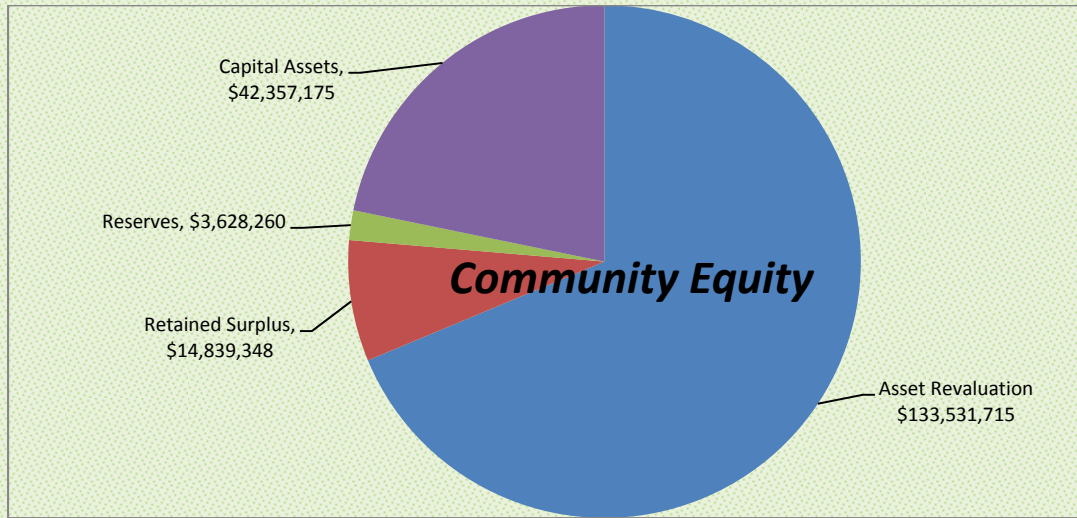
Where Council Spent its funds:

Total expenditure for the 12 months to 30 June, 2013 totalled \$71,572,912. This expenditure consisted of costs such as electricity, insurance, salaries & wages, repairs & maintenance and depreciation of community assets. Council spent \$10,557,073 on capital purchases and capital improvements.



Increase in Net Worth (Community Equity):

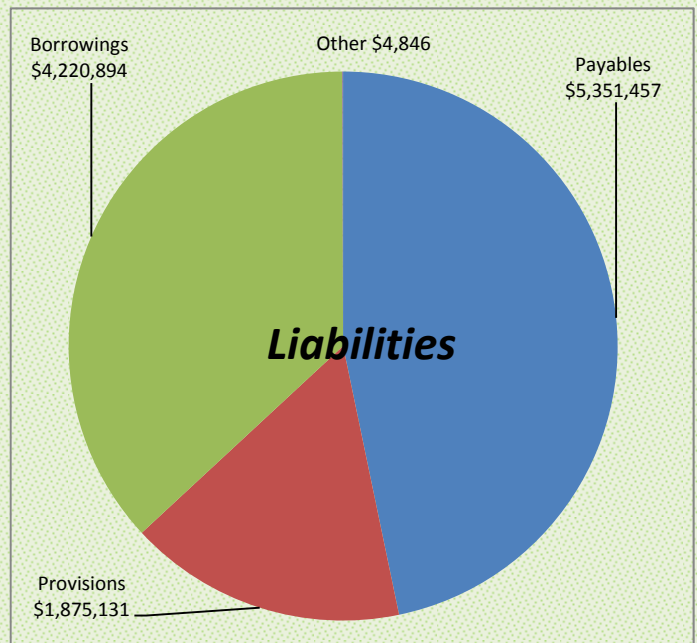
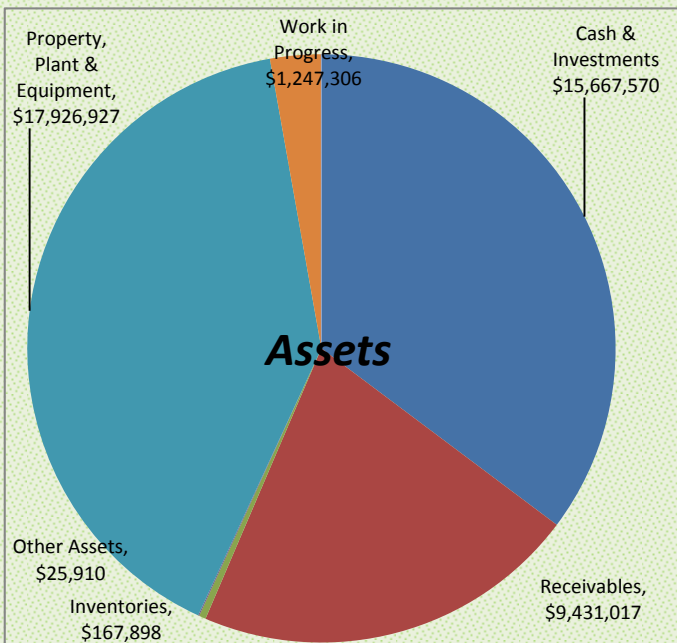
Balonne Shire Council's net worth (Community Equity), is made up of Investment in capital assets, Reserves, Asset Revaluation Reserve and Retained Surplus.



What Council owes and owns:

Council's assets of \$205,808,829 are made up of investment in community assets such as roads, buildings, water & sewer infrastructure as well as cash, investments, receivables and inventories.

Council's liabilities of \$5,071,794 comprise of employee provisions, sundry creditors and QTC loans.



Statement of Cash Flows

The cash flow statement is just like your bank statement. If you did a summary of your personal bank statements for 12 months it would be called a cash flow statement.

This statement only reports on cash and shows:

- how much money we started the year with,
- where any incoming money came from,
- where any money was spent, and
- how much money we have left at the end of the year.

	2012/13	2011/12	2010 / 11	2009 / 10	2008 / 09
	\$,000	\$,000	\$,000	\$,000	\$,000
Opening Cash Balance	35,815	23,017	11,319	11,925	10,382
Net Cash Flow from Operating Activities	(10,752)	14,916	18,841	5,330	7,602
Net Cash Flow from Investing Activities (Capital Purchases)	(9,098)	(5,113)	(6,869)	(5,512)	(5,625)
Net Cash Flow from Financing Activities (Loans)	(298)	2,999	(274)	(423)	(434)
Closing Cash Balance	15,667	35,815	23,017	11,319	11,925

As can be seen by the summary above, we started the year with \$35,814,756 and ended the year with \$15,667,570. This large decrease in cash held is predominately related to advance natural disaster relief funding for flood damage repairs received in the 2011/12 financial year. To reach a strong financial position, Council must not only have enough cash for its day-to-day operations and to fund purchases of property, plant and equipment; repay interest and principal payments on loans, it must manage its cash to have the capacity to meet its financial commitments in the long term.



Other Financial Information

Operating Surplus Ratio

This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

The current ratio for Council is -27.7%

A generally accepted benchmark across local government is between 0% and 10%. A review of average performance over the past four years demonstrates that Council has been within the required targets demonstrating cash management practices and a sound liquidity position. The current low ratio, is due to prepayments for Flood Damage works received in prior financial years and expended in the current financial year.

Asset Sustainability Ratio

This ratio is an approximation of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. It is calculated by measuring capital expenditure on renewal or replacement of assets, divided by depreciation expense. The accepted benchmark for local government is greater than 90%. Council's ratio for 2012/13 is 159%.

Net Financial Liabilities Ratio

This ratio measures the percentage of Council's total liabilities less current assets divided by total operating revenue (excluding capital items).

2012/ 2013 Net Financial Liabilities ratio: - -25%

Overall Financial Summary

- Cash balance as of 30 June 2013 - \$15,667,570

- Council has Reserves set aside for future expenditure of \$3,628,259

- Total community equity as of 30 June 2012 - \$194,256,498

The Future

Over the coming years a decrease in Council's cash balances will continue to decrease as the funding which has been provided in advance is utilised to repair flood damaged assets.

This does not reflect on Council's financial performance merely recording the ups and downs of cash flow related to funding of flood damage repairs, which offsets the massive increase in cash balances in 2011/2012 and then a large decrease in cash in the 2012/13 financial year.

The future overall financial position is healthy with reserves being maintained to complete capital infrastructure replacement as required.

Council's financial position will continue to strengthen as strategies for sound management infrastructure assets are maintained.



Key Contacts

Postal Address

Balonne Shire Council
PO Box 201
ST GEORGE QLD 4487

Administration Centres

Administration Office
118 Victoria Street, St George

Telephone 07 4620 8888
Fax 07 4620 8889

Balonne Shire Council Store/Depot
193 Grey Street, St George

Telephone 07 4620 8855
Fax 07 4620 8856

After Hours Emergencies

Telephone 0407 253 858

Website

www.balonne.qld.gov.au

Email Address

council@balonne.qld.gov.au



**Sustainability
Statements
2012-13**

Balonne Shire Council

Current-year Financial Sustainability Statement

For the year ended 30 June 2013

Measures of Financial Sustainability

	How the measure is calculated	Actual	Target
Council's performance at 30 June 2013 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-27.7%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	159.0%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-25.0%	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 financial statements for the year ended 30 June 2013.

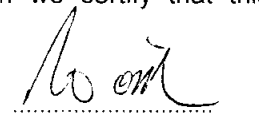
Certificate of Accuracy

For the year ended 30 June 2013

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.


Donna S Stewart
Mayor


Peter J O'May
Chief Executive Officer

Date: 9 December 2013

Date: 9 December 2013

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Balonne Shire Council for the year ended 30 June 2013, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility 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 Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

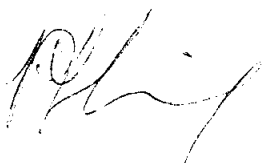
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Balonne Shire Council, for the year ended 30 June 2013, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING CPA
As delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



**Annual Financial
Statements
2012-13**

Balonne Shire Council

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For the year ended 30 June 2013

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Balonne Shire Council

Statement of Comprehensive Income

For the year ended 30 June 2013

	<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>	
		(\$'000)	(\$'000)	
Income				
Revenue				
Recurrent revenue				
Rates, levies and charges	3(a)	8,445	7,832	
Fees and charges	3(b)	247	224	
Rental income	3(c)	179	200	
Interest received	3(d)	1,313	1,508	
Sales revenue	3(e)	3,248	3,220	
Other income	3(f)	70	121	
Grants, subsidies, contributions and donations	4	42,447	35,465	*
Total recurrent revenue		55,949	48,570	*
Capital revenue				
Grants, subsidies, contributions and donations	4	359	1,168	
Gain on Revaluation		0	0	
Total capital revenue		359	1,168	
Total revenue		56,308	49,738	*
Capital income	5	(69)	(11)	
Total income		56,239	49,727	*
Expenses				
Recurrent expenses				
Employee benefits	6	(9,448)	(8,505)	
Materials and services	7	(56,641)	(25,773)	
Finance costs	8	(262)	(133)	
Depreciation and amortisation	9	(5,222)	(2,602)	*
Total recurrent expenses		(71,573)	(37,013)	*
Capital Expenses		0	0	
		0	0	
Total expenses		(71,573)	(37,013)	*
Net operating surplus		(15,334)	12,714	*
Other comprehensive income				
Items that will not be reclassified to net result				
Increase / (decrease) in asset revaluation surplus		(31,412)	32,395	*
Total other comprehensive income for the year		0	0	
Total comprehensive income for the year		(46,746)	45,109	*

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

* Restatement of comparatives – refer Note 1.AB

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Balonne Shire Council

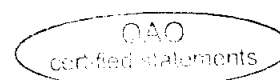
Statement of Financial Position

as at 30 June 2013

	Notes	2013 Actual (\$'000)	2012 Actual (\$'000)
Current Assets			
Cash and cash equivalents	10	15,667	35,815
Trade and other receivables	11	9,431	6,165 *
Inventories	12	168	166
Other Assets		26	88
Total current assets		25,292	42,234 *
Non-current Assets			
Property, plant and equipment	13	179,190	205,622 *
Work In Progress	13	1,247	2,075
Intangible assets	14	80	67
Total non-current assets		180,517	207,764 *
TOTAL ASSETS		205,809	249,998 *
Current Liabilities			
Trade and other payables	15	5,351	2,319
Borrowings	17	300	284
Provisions	16	724	607
Other		5	365
Total current liabilities		6,380	3,575
Non-current Liabilities			
Borrowings	17	3,921	4,235
Provisions	16	1,151	1,085
Total non-current liabilities		5,072	5,320
TOTAL LIABILITIES		11,452	8,895
NET COMMUNITY ASSETS		194,357	241,103 *
Community Equity			
Asset revaluation surplus	19	133,532	164,944 *
Retained surplus/(deficiency)		57,197	47,899 *
Reserves	20	3,628	28,260
TOTAL COMMUNITY EQUITY		194,357	241,103 *

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

* Restatement of comparatives – refer Note 1.AB



Balonne Shire Council

Statement of Cash Flows

For the year ended 30 June 2013

	<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
		(\$'000)	(\$'000)
Cash flows from operating activities:			
Receipts from customers		8,960	10,850
Payments to suppliers and employees		(63,404)	(34,663)
		(55,444)	(23,813)
Interest received		1,313	1,509
Rental income		179	200
Non-capital grants and contributions		42,447	37,137
Borrowing costs		(247)	(121)
Net cash inflow (outflow) from operating activities	26	(10,752)	14,912
Cash flows from investing activities:			
Payments for property, plant and equipment		(9,652)	(6,343)
Payments for intangible assets		(31)	(1)
Net movement on loans and advances		0	0
Proceeds from sale of property, plant and equipment	5	226	63
Grants, subsidies, contributions and donations		359	1,168
Net cash inflow (outflow) from investing activities		(9,098)	(5,113)
Cash flows from financing activities			
Proceeds from borrowings		0	3,169
Repayment of borrowings		(298)	(170)
Net cash inflow (outflow) from financing activities		(298)	2,999
Net increase (decrease) in cash held		(20,148)	12,798
Cash at beginning of reporting period		35,815	23,017
Cash at end of reporting period	10	15,667	35,815

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

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Balonne Shire Council

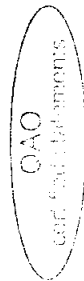
Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Asset revaluation surplus		Retained surplus		Reserves		Total
		2013 Actual (\$'000)	2012 Actual (\$'000)	2013 Actual (\$'000)	2012 Actual (\$'000)	2013 Actual (\$'000)	2012 Actual (\$'000)	
Opening balance		164,944	132,549	47,899	43,361	28,260	20,083	195,993
Net operating surplus		0	0	(15,334)	12,715	0	0	12,715
Other comprehensive income for the year:								
Increase / (decrease) in asset revaluation surplus		(31,412)	32,395	0	0	0	0	
Available-for-sale financial assets:								
Total comprehensive income for the year		(31,412)	32,395	(15,334)	12,715	0	0	45,110
Transfers to and from reserves								
Transfers to other reserves		0	0	(392)	(16,410)	392	16,410	0
Transfers from other reserves		0	0	25,024	8,233	(25,024)	(8,233)	0
Total transfers to and from reserves		0	0	24,632	(8,177)	(24,632)	8,177	0
Closing balance		133,532	164,944	57,197	47,899	3,628	28,260	241,103
								(15,334)
								(31,412)
								(46,746)
								194,357
								241,103

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

* Restatement of comparatives – refer Note 1.AB



Balonne Shire Council

Note 1: Summary of significant accounting policies

For the year ended 30 June 2013

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2012 to 30 June 2013 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 authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.B Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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.

1.C Constitution

The Balonne Shire Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

1.D 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.E Currency

The Council uses the Australian dollar as its functional currency and its presentation currency.

1.F Adoption of new and revised Accounting Standards.

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2015
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2013
AASB 11 <i>Joint Arrangements</i>	1 January 2013
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2013
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee benefits</i> (completely replaces existing standard)	1 January 2013

AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2013
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2013
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2015
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters	1 January 2013
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1 January 2013
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	1 July 2013
AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1)	1 January 2013
AASB 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements (AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141)	1 July 2013
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (AASB 132)	1 January 2014
AASB 2012-4 Amendments to Australian Accounting Standards – Government Loans (AASB 1)	1 January 2013
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2)	1 January 2013
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8)	1 January 2013
AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 7, AASB 12, AASB 101 & AASB 127)	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013
AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12)	1 January 2013
AASB 2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and other Amendments (AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4)	1 July 2013
AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	1 July 2014
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

AASB 9 Financial Instruments (effective from 1 January 2013)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As the Council holds no financial assets that would be classified as fair value, this would have no effect.

Consolidation Standards

The following accounting standards apply to Balonne Shire as from reporting periods beginning on or after 1 January 2014:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2012-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

The AASB is planning to amend AASB 10. The amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence, the Balonne Shire Council is not yet in a position to reliably determine the future implications of these new and revised standards for the council's financial statements.

AASB10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements. Once the AASB finalises its not-for-profit amendments to AASB 10, Balonne Shire Council will reassess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, the Balonne Shire Council will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is no impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

The standard sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The key changes will relate to the level of disclosures required.

The Balonne Shire Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, the necessary changes will be implemented. While the Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for the Balonne Shire's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. The recognised fair values will be classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements.

Level 1 – Fair values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Fair values that are based on inputs other than quoted prices that are directly or

indirectly observable for the asset or liability

Level 3 – Fair values that are derived from data not observable in a market

To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.

When AASB 13 comes into effect the reference to a "Depreciated Replacement Cost" in AASB 116 is removed and fair value needs to be assessed in accordance with AASB 13. AASB 13 allows the use of the cost approach and specifically refers to "current replacement cost" which has a different meaning to depreciated replacement cost generally, but the application guidance in B8-9 of AASB 13 indicates that the AASB intends current replacement cost to be very similar to depreciated replacement cost.

Amendments to AASB 119 Employee Benefits

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

The revised standard includes changed criteria for accounting for employee benefits as "short-term employee benefits". Had Balonne Shire Council applied the revised standard this year annual leave currently classified as a "short-term benefit" would have been reclassified as a "long-term benefit". However, no reported amounts would have been amended as the Council already discounts the annual leave liability to present value in respect of amounts not expected to be settled within 12 months (refer Note 1.V).

The concept of "termination benefits" is clarified and the recognition criteria for liabilities for terminations benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Balonne Shire Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in note 23. The revised standard will require Balonne Shire Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

The reported results and position of the council will not change on adoption of the other pronouncements as they do not result in any changes to the council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The council does not intend to adopt any of these pronouncements before their effective dates.

1.G Critical accounting judgments and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Investment Property - Note 1.P

Valuation and depreciation of property, plant and equipment - Note 1.Q and Note 13

Impairment of property, plant and equipment - Note 1.S

Provisions - Note 1.V and Note 16

Valuation of finance leases - Note 1.T

Contingencies - Note 22

1.H Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds, otherwise rates are recognised at the commencement of rating period.

Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2012, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a 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.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Cash Contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

Rental Income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The council generates revenues from a number of sources including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for the 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.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1.I Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Balonne Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial Assets

Cash and cash equivalents (Note 1.J)

Receivables – measured at amortised cost (Note 1.K)

Other financial assets (finance leases) - measured at fair value (Note 1.M)

Financial Liabilities

Payables – measured at amortised cost (Note 1.U)

Borrowings – measured at amortised cost (Note 1.W)

Financial lease liabilities – measured at amortised cost (Note 1.T)

Financial assets and financial liabilities are presented separately from each other, offsetting has not been applied.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 18 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Balonne Shire Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 27.

1.J 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, 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, and bank overdrafts.

1.K Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between

the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

1.L Inventories

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

1.M Other Financial Assets

Refer to Note 1.T for the accounting policy relating to finance lease assets. Other financial assets are recognised at cost.

1.N Non Current Assets held for Sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

1.O Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2013 Council did not have any term deposits in excess of three months.

1.P Investment Property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless

fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

1.Q Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of 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.

The classes of property, plant and equipment recognised by the Council are:

- Land and improvement
- Buildings
- Plant and equipment
- Transport Infrastructure
- Furniture and Fittings
- Water Supply Network
- Urban Waste Water Network
- Other infrastructure assets
- Works in progress

Acquisition of assets

Acquisitions of assets are initially recorded at cost. 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.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity 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.

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment*. Other plant and equipment and work in progress are measured at cost.

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 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.

With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to 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, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

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.

Details of valuers and methods of valuations are disclosed in Note 13.

Major plant

The Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialized earthmoving equipment.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Investment property under construction is classified as investment property. Refer to Note 1.P for further information.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other 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, less its estimated residual value, 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.

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.

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, estimated useful lives and residual values 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 depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13.

Unfunded depreciation

Balonne Shire Council has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Balonne Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1.R Intangible Assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed, with the exception of Computer Software which has a recognition threshold of \$1,000.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 14.

1.S Impairment of Non-current Assets

Each non-current physical and intangible asset and group of assets 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.T Leases

Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Finance leases

Finance leases as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments

of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.U Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.V Liabilities - Employee Benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 16 as a provision.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 23.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

1.W 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.

1.X Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value 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 the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets 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.

1.Y Retained surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.Z Reserves

Future capital works reserve

This reserve represents amounts set aside for future capital projects.

Asset replacement reserve

Funding that Council receives from Road Infrastructure, Urban Water, Urban Waste Water and Cleansing Programs are to be spent on those programs, any surplus funds are to be put to the relevant reserve.

Unspent capital grants reserve

This reserve represents the unspent portion of non-reciprocal grants received for capital purposes.

Constrained works reserve

This reserve represents contributions received for capital works where the required works have not yet been carried out.

Future recurrent expenditure reserve

This is a cash backed reserve and represents amounts that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

1.AA National Competition Policy

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 28.

1.AB Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

Comparative information has been restated where necessary, to be consistent with disclosures in the current reporting period.

AASB 101.41 requires council to reclassify comparative amounts when there is a change to the presentation or classification of items in its financial statements, unless reclassification is impracticable.

Balonne Shire Council was required to reclassify the 2011/12 comparative amounts Note 29.

The reclassification resulted in prepayments received from Queensland Reconstruction Authority in the 2011/12 financial year in relation to Flood Damage works. Council raised a Tax Invoice to the value of \$3,832,238 which was accrued back into the 2011/12 financial year. Council was advised after the 2011/12 financial statements were finalised that the amount of \$3,832,238 was to be drawn down from the prepayment.

Furthermore, the Balonne Shire Council undertook a comprehensive independent revaluation of all Buildings, Other Structures and Infrastructure Assets as at 30 June 2013. Upon a detailed review of this revaluation, it was apparent that a number of errors relating to a combination of (1) incorrect inclusion of certain road infrastructure assets and (2) overstatement of certain road infrastructure assets had taken place and which also applied to the 2011/12 financial year.

Council has deemed it not necessary to add a third Balance Sheet column, as the effected accounts were adjusted as at 30 June 2012 as there was no effect to the opening balance of the comparatives.

1.AC Trust funds held for outside parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. 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.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 25.

1.AD Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

1.AE Carbon Pricing

Council's estimates indicate that the impact of electricity and fuel increases, due to carbon prices, is not material to overall expenses.

Balonne Shire Council

Note 2a: Components of Council Functions

For the year ended 30 June 2013

The activities relating to the Council's components reported on in Note 2. (b) are as follows :

Corporate Governance

To provide effective organisational leadership through strategic planning, accountability and ethical standards of practice.

Corporate Services

To enhance the capability and performance of Balonne Shire and ensure resources are directed to achieve organisational objectives.

Planning, Development and Environmental Health Services

To implement appropriate planning and building construction controls to ensure and encourage the balance quality development of the shire and the protection of the environment.

To implement policies and operational programs that will contribute to the environmental health and wellbeing of the community.

Rural Services

To provide effective and efficient management of stock routes, animal and weed pests.

Infrastructure Services

To provide efficient and effective transport and drainage infrastructure.

To provide community infrastructure to meet the needs of current and future generations.

To provide efficient, effective and environmentally sound waste water disposal services and water supplies.

Community Lifestyle

To encourage and promote a sense of community and belonging, community pride, engagement, wellbeing and grow social capital.

Economic Development

To foster a vibrant economic environment.

Commercial Services

To undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner.

Balonne Shire Council

Note 2b: Analysis of Results by Function

For the year ended 30 June 2013

	Gross inc recurring grants	Gross inc recurring other	Gross inc capital grants	Gross inc capital other	Total income	Gross recurring trans.	Total expenses	Net result from recurring	Net operating surplus	Assets
2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)	2013 (\$'000)
Corporate Governance	0	0	0	0	0	342	342	(342)	(342)	0
Corporate Services	3,106	6,870	0	0	10,001	844	844	9,157	9,157	30,086
Planning, Development and Environmental	0	152	0	0	152	863	863	(711)	(711)	5,619
Rural Services	22	19	11	0	52	595	595	(543)	(543)	148
Infrastructure Services	35,154	3,114	273	(69)	42,472	63,366	63,366	(20,423)	(20,914)	144,166
Community Lifestyle	155	64	11	0	283	2,098	2,098	(1,879)	(1,815)	25,532
Economic Development	11	46	11	0	68	404	404	(348)	(337)	258
Commercial Services	0	3,211	0	0	3,211	3,061	3,061	150	150	0
Total Council	42,448	13,476	359	(44)	56,239	71,573	71,573	(14,975)	(15,334)	205,809
Total consolidated										

Income and expenses defined between recurring and capital are attributed to the following functions:



Balonne Shire Council

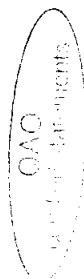
Note 2b: Analysis of Results by Function

For the year ended 30 June 2012

	Gross inc recurring grants	Gross inc recurring other	Gross inc capital grants	Gross inc capital other	Total income	Gross recurring trans.	Total expenses	Net result from recurring	Net operating surplus	Assets
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Corporate Governance	0	0	0	0	0	245	245	(245)	(245)	0
Corporate Services	4,711	6,590	0	63	11,364	(2,529)	(2,529)	13,830	13,893	46,164
Planning, Development and Environmental	719	300	60	2,631	1,080	2,631	(1,611)	(1,550)	(1,550)	4,209
Rural Services	5	3	0	0	8	437	437	(429)	(429)	140
Infrastructure Services	31,996	2,863	1,008	(74)	35,813	33,531	33,531	1,348	2,279	178,754
Community Lifestyle	39	62	100	0	201	1,787	1,787	(1,686)	(1,586)	20,748
Economic Development	20	46	0	0	66	310	310	(243)	(243)	636
Commercial Services	0	1,197	0	0	1,197	1,147	1,147	49	49	0
Total Council	37,489	11,081	1,168	(11)	49,727	37,013	37,013	14,844	12,714	249,998
Total consolidated	37,489	11,081	1,168	(11)	49,727	37,013	37,013	14,844	12,714	249,998

Income and expenses defined between recurring and capital are attributed to the following functions:

* Restatement of comparatives – refer Note 1.AB

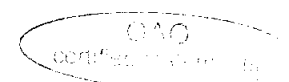


Balonne Shire Council

Note 3: Revenue analysis

For the year ended 30 June 2013

	Notes	2013 Actual (\$'000)	2012 Actual (\$'000)
(a) Rates and charges			
General rates/Community Levy		5,986	5,613
Separate rates		7	7
Water		1,562	1,500
Water consumption, rental and sundries		32	15
Sewerage		1,021	935
Sewerage trade waste		0	(17)
Garbage charges		671	600
Total rates and utility charge revenue		9,279	8,653
Less: Discounts		(805)	(792)
Less: Pensioner remissions		(29)	(29)
Net rates and utility charges		8,445	7,832
(b) Fees and charges			
Building and development fees		79	65
Infringements		7	1
Swimming Pool Fees		35	31
Licences and registrations		35	38
Cemetery Fees		33	40
Internet Charges		4	0
Searches and other Council Document Fees		11	9
Water Connection Fees		7	10
Council Facilities Hire		27	22
Other fees and charges		8	8
		246	224
(c) Rental income			
Staff Housing		143	142
Airport Lease Charges		20	32
St George Water Tower Rental		16	26
		179	200
(d) Interest received			
Interest received from term deposits		1,261	1,464
Interest from overdue rates and utility charges		52	44
		1,313	1,508
(e) Sales revenue			
Sales of services			
Contract and recoverable works		3,211	3,174
		3,211	3,174
Sale of goods			
Visitor Info Centre		37	46
		37	46
Total sales revenue		3,248	3,220
<p>The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end.</p>			
(f) Other recurrent income			
Other income		45	121
		45	121



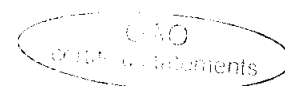
Balonne Shire Council

Note 4: Grants, Subsidies, Contributions and Donations

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
(a) Recurrent			
General purpose grants		4,333	6,241
State Government subsidies and grants		330	1,238
Commonwealth government subsidies and grants		119	129
Donations			0
Contributions		42	17
March 2010 Flood Event		137	19,385 *
January 2011 Flood Event		6,412	119
February 2012 Flood Event		31,074	1,984
March 2010 Prepaid Flood Event		0	0
January 2011 Prepaid Flood Event		0	6,352
Total recurrent revenue		42,447	35,465 *
(b) Capital			
State Government subsidies and grants		359	430
Commonwealth Government subsidies and grants		0	701
March 2010 Flood Event Restoration		0	0
Contributions		0	37
Total capital revenue		359	1,168
(c) Conditions over contributions			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but not have been expended at the reporting date:			
Non-reciprocal grants for expenditure on services		4,824	7,615
Non-reciprocal grants for expenditure on infrastructure		0	34
Developer contributions for infrastructure		0	0
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period			
Non-reciprocal grants for expenditure on services		11,375	15,251
Non-reciprocal grants for expenditure on infrastructure		0	30
Developer contributions expended on infrastructure		0	0
		16,199	22,930

* Restatement of comparatives – refer Note 1.AB



Balonne Shire Council

Note 5: Capital income

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	(\$'000)	(\$'000)
Gain (loss) on the disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	226	0
	226	0
Proceeds from the sale of land and improvements	0	63
Less: Book value of property, plant and equipment sold	(295)	0
	(69)	63
Revaluations		
Revaluation up of property, plant and equipment reversing previous revaluation down	0	(74)
Revaluation up of investment property	0	0
	0	(74)
Total capital income	(69)	(11)

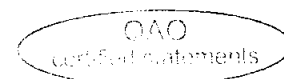
Note 6: Employee benefits

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	(\$'000)	(\$'000)
Total staff wages and salaries	7,050	6,890
Councillors' remuneration	288	217
Annual, sick and long service leave entitlements	696	623
Superannuation	23	564
	8,631	8,294
Other employee related expenses	1,450	1,200
	10,081	9,495
Less: Capitalised employee expenses	(633)	(990)
	9,448	8,505

Councillor remuneration represents salary, superannuation contributions and other allowances paid in respect of carrying out their duties.

Total Council employees at period end		
Elected members	7	7
Administrative staff	30	30
Depot and outdoors staff	66	71
Total full time equivalent employees	103	108



Balonne Shire Council

Note 7: Materials and services

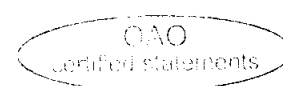
For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Advertising and marketing	41	51
Audit Services	44	19
Cleansing Services	630	515
Urban Water Services	937	620
Urban Waste Water	173	461
Community Donations/Assistance	15	18
Legal Fees	73	40
March 2010 Flood Event	7,185	20,823
January 2011 Flood Event	40,764	1,268
February 2012 Flood Event	4,471	3,853
Land Protection Fund Precept	214	211
Rentals - Operating Leases	1	3
Aerodrome Maintenance	131	164
Swimming Pools - Council Owned	146	161
Other material and services	1,816	(2,434)
	56,641	25,773

Note 8: Finance costs

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Finance costs charged by Queensland Treasury Corporation	248	121
Bank charges	14	12
Impairment of debts	0	0
	262	133



Balonne Shire Council

Note 9: Depreciation and amortisation

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Depreciation of non-current assets			
Land and Improvement		0	0
Buildings		350	314
Plant and Equipment		977	789
Furniture and Fittings		27	24
Transport Infrastructure		2,756	543 *
Water Supply Network		612	546
Urban Waste Water Network		299	226
Other Infrastructure Assets		183	140
Total depreciation of non-current assets		5,204	2,582 *
Amortisation of intangible assets			
Software		18	20
Total depreciation and amortisation		5,222	2,602 *

* Restatement of comparatives – refer Note 1.AB

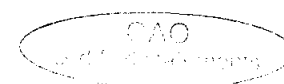
Note 10: Cash and cash equivalents

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Cash at bank and on hand		2,978	1,075
QTC Cash Fund		12,689	21,740
Term deposits		0	13,000
Balance per Statement of Cash Flows		15,667	35,815
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		0	(22,791)
Unspent Community Contributions		(35)	(50)
Unspent loan monies		0	0
Total unspent restricted cash for capital projects		(35)	(22,841)

Cash is held in the Westpac Banking Corporation in a Business Cheque Account and a Westpac Business Business Cash Reserve Account. The bank currently has a rating of AA. A small amount of Cash is also held with Heritage Bank with has a rating of A-3.

Surplus cash requirements are deposited into Council's Queensland Treasury Corporation Cash Fund which has a AAA rating. Term deposits are held with Heritage Bank and Suncorp Bank which has a rating of A-1.



Balonne Shire Council

Note 11: Trade and other receivables

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
(a) Current			
Rateable revenue and utility charges		457	521
Other Debtors		8,206	5,501 *
Less: impairment		(5)	(6)
GST recoverable (payable)		0	0
Prepayments		773	148
		9,431	6,165 *
(b) Non-current			
Loans and advances to community organisations		0	0
		0	0

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Council has no community loans as at 30 June 2013

Movements in accumulated impairment losses (other debtors) is as follows:

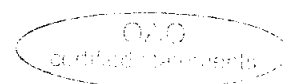
Opening balance	(6)	(31)
Impairment	1	25
Closing balance	(5)	(6)

* Restatement of comparatives – refer Note 1.AB

Note 12: Inventories

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Current			
Inventories held for sale			
Visitor Information Centre saleable items		18	17
Total inventories held for sale		18	17
Inventories held for distribution:			
Plant and equipment stores		150	149
Total inventories held for distribution		150	149
Total inventories		168	166



Balonne Shire Council

Note 13a: Council Property, Plant and Equipment

For the year ended 30 June 2013

	LAND AND IMPROVEMENT	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TRANSPORT INFRASTRUCTURE	WATER SUPPLY NETWORK	URBAN WASTE WATER NETWORK	OTHER INFRASTRUCTURE ASSETS	WORK IN PROGRESS	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Asset Values										
Basis of measurement										
Opening gross value	5,240	26,350	13,070	762	221,860	28,285	20,394	10,859	2,075	328,894
Additions at cost	0	4,520	2,219	10	2,109	722	496	481	0	10,568
Disposals	0	0	(871)	0	0	0	0	0	0	(871)
Revaluation adjustment to the ARR	0	(809)	0	0	8,384	1,577	1,065	135	0	10,352
Expenditure on Work in Progress	0	0	0	0	0	0	0	0	9,729	9,729
Work in Progress Capitalised	0	0	0	0	0	0	0	0	(10,557)	(10,557)
Closing gross value	5,240	30,061	14,418	772	232,353	30,584	21,955	11,475	1,247	348,116
Accumulated Depreciation										
Opening balance	0	4,099	5,081	468	91,442	11,106	7,967	1,034	0	121,197
Depreciation provided in period	0	350	977	27	2,756	612	299	183	0	5,204
Depreciation on disposals	0	0	(498)	0	0	0	0	0	0	(498)
Revaluation adjustment to the ARR	0	2,619	0	0	26,917	6,926	4,189	1,113	0	41,764
Accumulated depreciation at period end	0	7,068	5,560	495	121,115	18,644	12,455	2,330	0	167,667
Total written down value at period end	5,240	22,993	8,858	277	111,238	11,940	9,500	9,145	1,247	180,449
Residual value	0	2	3,023	28	32,460	0	0	300	0	61,184
Estimated useful life (years)		15-100	3-50	5-60	10-100	3-100	3-100	3-100		
Additions comprise										
Infrastructure Renewals	0	4,520	0	0	2,109	722	496	481	0	8,328
Other additions	0	0	2,219	10	0	0	0	0	0	2,219
Total additions	0	4,500	2,219	10	2,109	722	496	664	0	10,568



Balonne Shire Council

Note 13a: Council Property, Plant and Equipment

For the year ended 30 June 2012

	LAND AND IMPROVEMENT	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TRANSPORT INFRASTRUCTURE	WATER SUPPLY NETWORK	URBAN WASTE WATER NETWORK	OTHER INFRASTRUCTURE ASSETS	WORK IN PROGRESS	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Asset Values										
Basis of measurement										
Opening gross value	4,673	22,948	12,308	724	134,574	22,933	15,605	6,135	3,002	222,902
Additions at cost	388	375	1,830	38	3,468	616	380	664	0	7,758
Disposals	(73)	0	(1,068)	0	0	0	0	0	0	(1,141)
Revaluation adjustment to the ARR	19	3,027	0	0	83,818*	4,736	4,409	4,060	0	100,069*
Assets transferred from held for sale	233	0	0	0	0	0	0	0	0	233
Expenditure on Work in Progress	0	0	0	0	0	0	0	0	6,838	6,838
Work in Progress Capitalised	0	0	0	0	0	0	0	0	(7,765)	(7,765)
Closing gross value	5,240	26,350	13,070	762	221,860*	28,285	20,394	10,859	2,075	328,894*
Accumulated Depreciation										
Opening balance	0	3,191	5,037	444	29,078	7,618	5,700	624	0	51,692
Depreciation provided in period	0	314	789	24	543*	546	226	140	0	2,582*
Depreciation on disposals	0	0	(745)	0	0	0	0	0	0	(745)
Revaluation adjustment to the ARR	0	594	0	0	61,821*	2,942	2,041	270	0	67,668*
Accumulated depreciation at period end	0	4,099	5,081	468	91,442*	11,106	7,967	1,034	0	121,197*
Total written down value at period end	5,240	22,251	7,989	294	130,418*	17,197	12,427	9,825	2,075	207,697*
Residual value	0	2	2,684	28	58,389	0	0	300	0	61,184
Estimated useful life (years)		15-100	3-50	5-60	10-100	3-100	3-100	3-100		
Additions comprise										
Infrastructure Renewals	0	310	0	0	3,213	367	380	364	0	4,634
Other additions	388	65	1,830	38	255	249	0	300	0	3,125
Total additions	388	375	1830	38	3468	616	380	664	0	7,758
* Restatement of comparatives – refer Note 1.AB										



Balonne Shire Council

Note 13b: Property, Plant and Equipment Valuations

For the year ended 30 June 2013

Property, plant and equipment valuations were determined by reference to the following:

Land and improvement

Land has been included at current market value as at 30 June 2013 as determined by Australia Pacific Valuers Pty Ltd.

Land under infrastructure and reserve land does not have a value for the purpose of the Balonne Shire Council's Financial Statements.

Buildings

Buildings and Other Structures have been included at their written down current replacement cost as valued by Australia Pacific Valuers Pty Ltd, as at 30 June 2013.

Condition was assessed using the following table:

Condition Rating	New	1.00	2.00	3.00	4.00	5.00
Remaining Useful Life %	100%	75%	50%	25%	10%	0%

Plant and Equipment

Plant and Equipment is measured at original cost less accumulated depreciation.

Furniture and Fittings

Furniture and Fittings is measured at original cost less accumulated depreciation.

Transport Infrastructure

Transport Infrastructure have been included at their written down current replacement cost as at 30 June 2013 by Australia Pacific Valuers Pty Ltd. Condition was assessed using the same table as identified for buildings.

The fair value of Transport Infrastructure as at 30 June 2013 was determined by management based on the following assumptions:

	Urban (m2)	Rural (m2)
Road formation (sealed)	\$3.03	\$3.03
Road Formation (unsealed)	\$3.03	\$3.03
Road Pavement (sealed)	\$28.28	\$18.58
Road Pavement (unsealed)	\$10.40	\$10.40
Bitumen Seal	\$13.13	\$4.04
Kerb & Channel	\$79.05	\$0.00
Footpaths	\$125.24	\$0.00

Water Supply Network

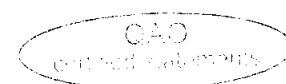
Water Supply Network have been included at their written down current replacement cost as at 30 June 2013 by Australia Pacific Valuers Pty Ltd. Condition was assessed using the same table as identified for buildings.

Urban Waste Water Network

Urban Waste Water Network have been included at their written down current replacement cost as at 30 June 2013 by Australia Pacific Valuers Pty Ltd. Condition was assessed using the same table as identified for buildings.

Other Infrastructure Assets

Other Infrastructure Assets have been included at their written down current replacement cost as at 30 June 2013 by Australia Pacific Valuers Pty Ltd. Condition was assessed using the same table as identified for buildings.



Balonne Shire Council

Note 14: Intangible Assets

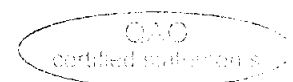
For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Software			
Opening gross carrying value		136	214
Movement during the period		31	(78)
Closing carrying value		167	136
Accumulated amortisation			
Opening balance		70	(135)
Amortisation in the period		17	65
Closing balance		87	70
Net carrying value at end of financial year		80	66
The software has a finite life estimated at 10 years.			
Straight line amortisation has been used with no residual value.			
Total intangible assets		80	66

Note 15: Trade and other payables

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Current			
Creditors and accruals		5,299	2,284
Salaries and wages		52	35
		5,351	2,319

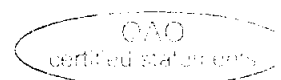


Balonne Shire Council

Note 16: Provisions

For the year ended 30 June 2013

	<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
		(\$'000)	(\$'000)
Current			
Long service leave		262	182
Annual Leave		462	425
		724	607
Non-current			
Long Service Leave		784	776
Annual Leave		367	309
		1,151	1,085
Details of movements in provisions:			
(a) Long service leave			
Balance at beginning of financial year		958	1,032
Long service leave entitlement arising		140	98
Long service leave entitlement paid		(52)	(172)
Balance at end of financial year		1,046	958



Balonne Shire Council

Note 17: Borrowings

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Current			
Loans - Queensland Treasury Corporation		300	284
		300	284
Non-current			
Loans - Queensland Treasury Corporation		3,921	4,235
		3,921	4,235

Note 18: Borrowings - Loans

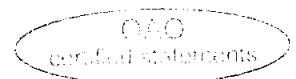
For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
(i) Queensland Treasury Corporation			
Opening balance at beginning of financial year		4,518	1,519
Loans raised		0	3,452
Principal repayments		(297)	(453)
Book value at end of financial year		4,221	4,518

The QTC loan market value at the reporting date was \$4,220,895. 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 to these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$AU denominated amounts and carried at amortised cost, interest being expensed as it accrues. Expected final repayment dates vary from 24 August 2013 to 22 June 2022. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears. Council does not have an overdraft facility.



Balonne Shire Council

Note 19: Asset revaluation surplus

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
(i) Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		164,944	132,549
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and improvement		0	3,320
Land Held for Resale		0	(55)
Buildings		(3,428)	2,744
Plant and Equipment		0	0
Furniture and Fittings		0	0
Other Infrastructure Assets		(488)	290
Transport Infrastructure		(19,023)	22,183 *
Water Supply Network		(5,349)	1,633
Urban Waste Water Network		(3,124)	2,280
Impairment:			
Land and improvements		0	0
Buildings		0	0
Water		0	0
Change in value of future rehabilitation cost:			
Land and improvements		0	0
Balance at end of financial year		133,532	164,944 *
(ii) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land and improvement		5,960	5,960
Land Held for Resale		29	29
Buildings		13,211	16,639
Plant and Equipment		1,498	1,498
Furniture and Fittings		307	307
Other Infrastructure Assets		3,383	4,361
Transport Infrastructure		83,518	102,050 *
Water Supply Network		14,888	20,238
Urban Waste Water Network		10,738	13,862
		133,532	164,944 *

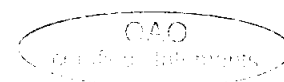


Balonne Shire Council

Note 20: Reserves

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	(\$'000)	(\$'000)
(a) Reserves held for future capital expenditure:		
(i) Future capital works reserve	618	2,459
(ii) Asset replacement reserve	2,953	2,809
(iii) Unspent capital grants reserve	0	1,259
(iv) Constrained works reserve	57	71
	3,628	6,597
(b) Reserves held for funding future recurrent expenditure:		
(i) Future recurrent expenditure reserve	0	21,662
	0	21,662
Total reserves	3,628	28,260
(c) Movements in capital reserves:		
(i) Future capital works reserve		
Balance at beginning of financial year	2,459	2,559
Transfer from retained surplus for future expenditure	0	705
Transfer to the retained surplus/capital funds expended in the period	(1,841)	(805)
Balance at end of financial year	618	2,459
(ii) Asset replacement reserve		
Balance at beginning of financial year	2,809	2,154
Transfer from retained surplus for future expenditure	388	655
Transfer to the retained surplus/capital funds expended in the period	(244)	0
Balance at end of financial year	2,953	2,809
(iii) Unspent capital grants reserve		
Balance at beginning of financial year	1,259	97
Transfer from retained surplus for future expenditure	0	1,162
Transfer to the retained surplus/capital funds expended in the period	(1,259)	0
Balance at end of financial year	0	1,259
(iv) Constrained works reserve		
Balance at beginning of financial year	71	80
Transfer from retained surplus for future expenditure	4	25
Transfer to the retained surplus/capital funds expended in the period	(18)	(36)
Balance at end of financial year	57	71



Balonne Shire Council

Notes	2013 Actual	2012 Actual
	(\$'000)	(\$'000)
(d) Movements in recurrent reserves:		
(i) Future recurrent expenditure reserve		
Balance at beginning of financial year	21,663	15,192
Transfer from retained surplus for future expenditure	0	21,589
Transfer to retained surplus	(21,663)	(15,118)
Balance at end of financial year	0	21,663

Note 21: Commitments for expenditure

For the year ended 30 June 2013

Notes	2013 Actual	2012 Actual
	(\$'000)	(\$'000)
Operating leases		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	1	5
One to five years	4	26
	5	31
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract	345	325
Major Vehicles on Order	65	566
Aerodrome Reseal	1,800	0
	2,210	891

Note 22: Contingent liabilities

For the year ended 30 June 2013

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 2012 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

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 \$163,471.20.

Balonne Shire Council

Note 23: Superannuation

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Contributions	(6)	597	564

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 scheme 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.

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.

The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that 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 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience.

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 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.

The next actuarial investigation will be made as at 1 July 2015.

Balonne Shire Council

Note 24: Operating leases (Council is lessor)

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	(\$'000)	(\$'000)
The Council has leased St George Water Tower and St George Airport		
The minimum lease payments are payable as follows:		
Not later than one year	36	58
One to five years	166	266
Later than five years	0	0
	202	324

Note 25: Trust funds

For the year ended 30 June 2013

<u>Notes</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
	(\$'000)	(\$'000)
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	1	1
Security deposits	86	88
	87	89

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Balonne Shire Council

Note 26: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

For the year ended 30 June 2013

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Net operating result		(15,334)	12,715 *
Non-cash operating items:			
Depreciation and amortisation		5,222	2,602
Revaluation adjustments		0	0
Impairment of property, plant and equipment		0	0
Change in future rehabilitation and restoration costs		0	0
		5,222	2,602 *
Investing and development activities:			
Net (profit) / loss on disposal of non-current assets		43	11
Capital grants and contributions		(359)	(1,168)
Non cash Contributions		0	0
		(316)	(1,157)
Financing activities:			
Financing activities		0	0
		0	0
Changes in operating assets and liabilities:			
(Increase) decrease in receivables		(3,813)	23
(Increase) decrease in inventory		(2)	35
Increase (decrease) in payables		3,032	747
Increase/(decrease) in liabilities		342	0
Increase (decrease) in other provisions		117	(49)
		(324)	756 *
Net cash inflow from operating activities		10,752	14,916 *

* Restatement of comparatives – refer Note 1.AB

Balonne Shire Council

Note 27: Financial instruments

For the year ended 30 June 2013

Balonne Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Balonne Shire Council measures risk exposure using a variety of methods as follows:

RISK EXPOSURE	MEASUREMENT METHOD
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity
Credit risk	Ageing analysis

(i) Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of these debts.

In other cases the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with other banks or financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated/regulated banks/building societies and whilst not capital guaranteed, the likelihood of credit failure is remote.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural (primarily cotton, beef and wheat), there is also a concentration in the agricultural sector.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

Council's maximum exposure to credit risk is as follows:

	Notes	2013 Actual	2012 Actual
		(\$'000)	(\$'000)
Financial assets			
Cash and cash equivalents		15,667	35,815
Receivables - rates		457	521
Receivables - other		4,067	2,864
Other credit exposures			
		20,191	39,200

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due, or impaired.

30th June 2013

Receivables – Fully Performing	1,010	169
Receivables - <30 days	35	2,861
Receivables – 30-60 days	5	17
Receivables – 60->90 days	3,474	343

Balonne Shire Council

For the year ended 30 June 2013

Receivables - Impaired	(5)	(6)
Receivables - Total	4,524	3,385

(ii) Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the note 21.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

2013

Trade and other payables – 0 to 1 year	4,568	1,407
Trade and other payables – 1 to 5 years	0	0
Trade and other payables – over 5 years	0	0
Trade and other payables - Total	4,568	1,407
Loans –QTC – 0 to 1 year	521	530
Loans –QTC -1 to 5 years	1,726	1,830
Loans –QTC – over 5 years	3,962	4,248
Loans –QTC - Total	6,209	6,608

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

(iii) Interest rate risk

The Council is exposed to interest rate risk through its finance lease borrowings, borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing mainly from Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

Notes	2013 Actual	2012 Actual
	(\$'000)	(\$'000)
Financial assets	17	37
Financial assets	17	37
Financial assets	17	37
Financial liabilities	(5)	(5)
Financial liabilities	(5)	(5)
Financial liabilities	(5)	(5)

Net total

Balonne Shire Council

Note 28: National Competition Policy

For the year ended 30 June 2013

(a) Activities to which the code of competitive conduct is applied

A "business activity" of a local government is divided into two categories:

- (a) Roads business activity:
 - (i) the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement
 - (ii) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government
- (b) Other business activity, referred to as type three activities, means the following:
 - (i) trading in goods and services to clients in competition with the private sector; or
 - (ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are (a) library services, (b) an activity or part thereof prescribed by legislation.

Local governments may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

The CSO value is determined by Council and represents an activities cost(s) which would not be incurred if the activities primary objective were to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

Business activities to which the code of competitive conduct is applied

The Balonne Shire Council applies the competitive code of conduct to the following activities

Roads

This requires the application of full cost pricing.

The following activity statement is for activities subject to the competitive code of conduct:

	Roads
	2013
	\$
	(\$'000)
Revenue for services provided to external clients	2,614
Less: Expenditure	2,464
Surplus/(deficit)	150

Balonne Shire Council

Note 29: Correction of Error

For the year ended 30 June 2013

In the process of preparing the 2012/13 financial statements it was discovered that revenue for the 2011/12 financial year was overstated. This error has been corrected by adjusting the comparative amounts for 2011/12. Furthermore, the Balonne Shire Council undertook a comprehensive independent revaluation of all Buildings, Other Structures and Infrastructure Assets as at 30 June 2013. Upon a detailed review of this revaluation, it was apparent that a number of errors relating to a combination of (1) incorrect inclusion of certain road infrastructure assets and (2) overstatement of certain road infrastructure assets had taken place and which also applied to the 2011/12 financial year. Council has deemed it not necessary to add a third Balance Sheet column, as the effected accounts were adjusted as at 30 June 2012 as there was no effect to the opening balance of the comparatives.

Financial Statements Line Item/Balance affected:	Actual 2012 (\$'000)	Correction (\$'000)	Amended 2012 (\$'000)
Statement of Comprehensive Income (Extract):			
Recurrent Revenue			
Grants, subsidies, contributions	39,297	(3,832)	35,465
Recurrent Expenses			
Depreciation and amortisation	(3,148)	546	(2,602)
Net Result	16,001	(3,287)	12,714
Other Comprehensive Income			
Increase/(decrease) in asset revaluation surplus	38,063	(5,668)	32,395
Total other comprehensive income	38,063	(5,668)	32,395
Total comprehensive income for the year	<u>54,064</u>	<u>(8,955)</u>	<u>45,109</u>
Statement of Financial Position (Extract):			
Current Assets			
Trade and Other Receivables	9,997	(3,832)	6,165
Total Current Assets	46,066	(3,832)	42,234
Non Current Assets			
Property, Plant & Equipment	210,743	(5,121)	205,622
Total Non Current Assets	212,884	(5,121)	207,764
Total Assets	<u>258,952</u>	<u>(8,954)</u>	<u>249,998</u>
Net Assets	<u>250,057</u>	<u>(8,954)</u>	<u>241,103</u>
Community Equity			
Asset revaluation surplus	170,611	(5,668)	164,944
Retained Surplus	51,186	(3,287)	47,899
Total Community Equity	<u>250,057</u>	<u>(8,954)</u>	<u>241,103</u>
Statement of Changes in Equity (Extract)			
Asset Revaluation Surplus			
Balance at beginning of financial year	132,549	0	132,549
Increase/(decrease) in asset revaluation surplus	38,063	(5,668)	32,395
Balance at end of financial year	<u>170,611</u>	<u>(5,668)</u>	<u>164,943</u>
Retained Surplus	<u>16,001</u>	<u>(3,287)</u>	<u>12,715</u>
Reserves	<u>28,260</u>	<u>0</u>	<u>28,260</u>
Total Community Equity	<u>250,057</u>	<u>(8,954)</u>	<u>241,103</u>
Note 9 - Depreciation and Amortisation (Extract)			
Transport Infrastructure	1,080	(546)	534
Total Depreciation and Amortisation	<u>3,148</u>	<u>(546)</u>	<u>2,602</u>
Note 19 - Asset Revaluation Surplus (Extract)			
Movements in asset revaluation surplus were as follows:			
Transport Infrastructure	<u>27,850</u>	<u>(5,668)</u>	<u>22,182</u>


Balonne Shire Council Management Certificate

For the year ended 30 June 2013

This general purpose financial report has been prepared pursuant to section 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

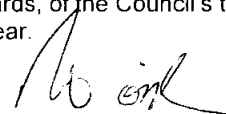
In accordance with Section 212(5) of the Regulation, we certify that these general purpose financial statements:—

- (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 1 to 42, 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.



Donna S Stewart
Mayor

Date: 9 December 2013



Peter J O'May
Chief Executive Officer

Date: 9 December 2013

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Balonne Shire Council, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Balonne Shire Council for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING CPA
As the delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane