



Annual
Report
2007

Balonne Shire Council

For the People

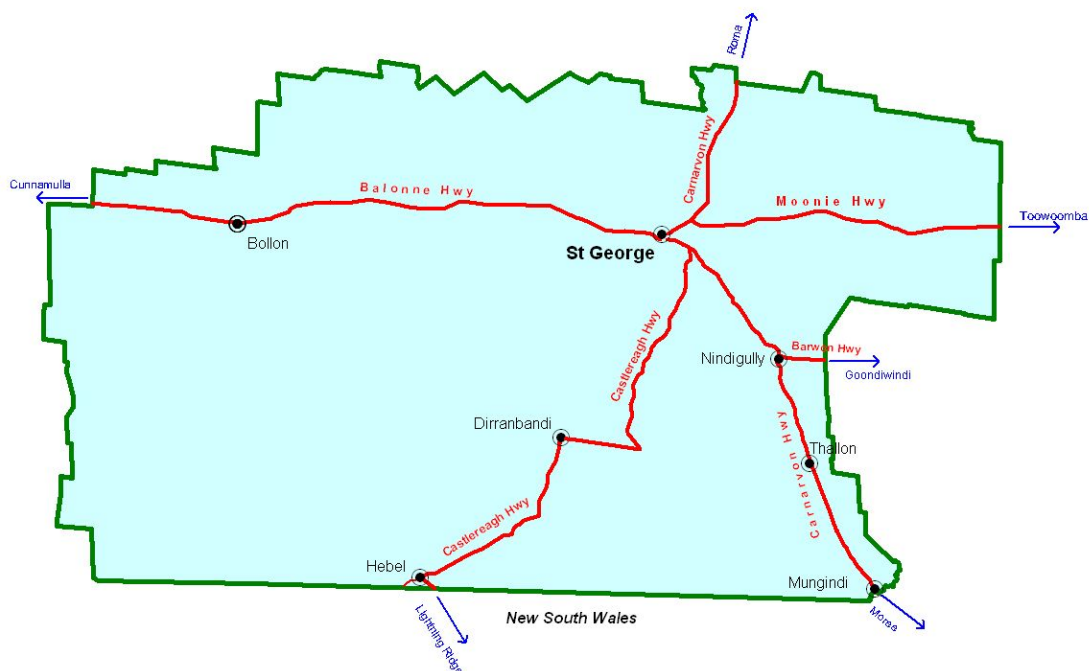
For the People
Balonne
Shire Council

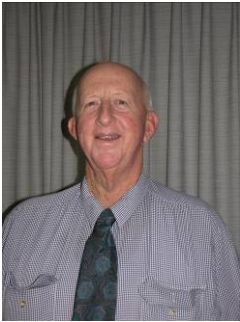
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From our Mayor Cr Robert Buchan

This is my report for the period 1st July 2006 to 30th June 2007. I will start by mentioning the disastrous drought that has not diminished since last year. This is the worst period of dry weather that I personally have experienced since coming to the Balonne Shire in 1948.

Even previous local dry periods were alleviated by rain upstream that made the river run and helped the local farmers in our shire.

Thanks go to all of the Churches, Schools, Service Clubs, CWA's, Sporting Clubs and many other organisations who work tirelessly to assist residents of our Shire. The two teams from the Correctional Services Camps continue to do valuable work in the Shire and thanks must go to the State Government for these facilities.

Your Council still manages to give priority to sound financial management to ensure the strong viability of this Shire. Plant is upgraded as required with a new grader supplied this year and a new street sweeper for delivery next financial year.

Council has been working or sharing services with neighbouring Shires and supplying Health and Building services to Murweh, Paroo and Booringa Shires.

The shock announcement on 17th April 2007 regarding Shire amalgamations certainly put a cat amongst the pigeons with uncertainty of the future of the Balonne Shire as we know it. However, we have battened down the hatches and we will see what the future holds.

The submission to the Local Government Reform Commission was done in-house by Council's staff and a special thanks must go to them for their extra efforts for this task.

Balonne Shire residents are fortunate to have so many dedicated, hard working Council staff employed by their Council. I also thank them as well.

In March 2007 Councillor Peter Powne and Councillor Robert Connolly resigned from the Balonne Shire Council. Both Councillors devoted a great deal of time and effort into representing the constituents of the shire and I wish them well in their future endeavours.

New Councillors Linelle Russell and Virginia Jamieson were appointed from a very credible field of worthy candidates. They have enthusiastically embraced their responsibilities.

My thanks also go to those individuals who have helped me throughout the year both from within the Balonne Shire Council as well as from the community. My job has been made easier by your help. Thanks to all.

Once again, let us pray for the end to this disastrous drought so that we can get this Shire, this State and the Nation back on its feet.

Robert Buchan
Mayor.

KEY CONTACTS

Postal Address: Balonne Shire Council
PO Box 201, St. George 4487

Administration Office: 118 Victoria Street, St. George
Phone (07) 4620 8888
Fax (07) 4620 8889

Health Office: 118 Victoria Street, St. George
Phone (07) 4620 8844
Fax (07) 4620 8845

Works Depot: 193-199 Grey Street, St. George
Phone (07) 4620 8855
Fax (07) 4620 8856

After Hours Emergencies: Phone 0407 253 858

Website: www.balonne.qld.gov.au

Email Address: council@balonne.qld.gov.au

Shire Profile

Statistics

Balonne Shire is located in Queensland on the New South Wales border some 500 kilometres from the east coast of Australia.

The Shire has a predominantly rural-based economy with cotton, wool, beef and grain production being the most common primary industries. Rural industry has created and is supported by the Towns of St. George, Dirranbandi, Bollon, Thallon, Mungindi and Hebel. Small localities such as Nindigully, Boolba and Alton are important meeting places for the rural communities.

The existence of these distinct communities spread across over 31,000 square kilometres of Queensland presents a special challenge to the Balonne Shire Council as it carries out the functions of local government. These functions, which have been determined on the basis of community needs and in some cases through the devolution of powers from the State Government include, in broad terms, the provision of transport infrastructure, community recreational, sporting and cultural facilities, the control of building and development, the administration of public and environmental health, the promotion of tourism and economic development and the provision of urban water supplies, sewerage and cleansing services.

Land Area	31,130 square kilometres
Length of Roads	2,388 kilometres
Resident Population (2006 Census)	4,627
No. of Rateable Properties	2,266
Valuation	\$354,842 Million
Operating Revenue (Excluding Capital Grants)	\$12.583 Million
Operating Expenditure	\$11.96 Million
Council Bank	Westpac
Auditor	J H Gosper – Cheesman Applegarth and Partners

Council Meetings

General Meeting	3 rd Friday of each Month
Council meets at the Council Chambers which are located in the Administration Office, St. George. One meeting each year is usually held in another town within the Shire.	
General Meetings commence at 9.00am.	



Elected Council



Cr. Robert Buchan
MAYOR
18 Cutler Court
St. George Q 4487
Ph 4625 5960 (h) Fax 4625 3620



Cr. Richard Knights
DEPUTY MAYOR
"Acme Downs"
Bollon Q 4488
Ph 4625 7367 (h) Fax 4625 7336



Cr. Robert Connolly
Retired March 2007



Cr. Robyn Fuhrmeister
Surat Road
St. George Q 4487
Ph 46255168 (h) Fax 46253504



Cr. Peter Powne
Retired March 2007



Cr. Michael Hetherington
"Bimbimbi"
Thallon Q 4497
Ph 4625 9101 (h) Fax 4625 9101



Cr. Rodney Beeson
PO Box 135
St. George Q 4487
Ph 4625 3431 (h) Fax 4625 3304



Cr. Richard Marsh
11 Henry St
St. George Q 4487
Ph 4625 3197 Fax 4525 3997



Cr. Andrew Sevil
"Whyenbah"
ST GEORGE, Q 4487
Ph 4620 7030 (h) Fax 4625 8227



Cr. John Kennedy
"Moombah"
Teelba Road
St. George Q 4487
Ph 4669 5115 (h) Fax 4669 5174



Cr. Virginia Jamieson
"Bunglebree"
Dirranbandi Q 4486
Ph 4625 6281 (h) Fax 4625 6242
Appointed April 2007



Cr. Linelle Russell
43 Victoria Street
St. George Q 4487
Ph 46254648 (h) Fax 4625 3371
Appointed April 2007

Council's Mission

“To implement community needs by providing quality leadership and delivering efficient and effective services in partnership with the community.”

Councillors Remuneration

In accordance with Section 534(g) of the Local Government Act, 1994 the Council must disclose the total remuneration paid or provided by it to each of its Councillors during the year and the total superannuation paid in respect of each Councillor. The remuneration paid to the Mayor and Councillors during the 2006/07 financial year is detailed in the following table:-

Councillor	General Meetings Eligible for Attendance	General Meetings Attended	Other Meetings Attended	Meeting Fees Paid	Travel & Out of Pocket Expenses	Mayoral & Deputy Mayoral Allowance	Councillors Allowance	Communication Allowance
Cr RE Buchan	12	12	1	2,574.00	-	17,000.00	-	1,500.00
Cr MD Hetherington	12	12	12	5,773.44	2,260.80	-	4,000.00	1,500.00
Cr RG Fuhrmeister	12	11	100	10,803.00	344.64	-	4,000.00	1,500.00
Cr RW Marsh	12	12	15	3,744.00	-	-	4,000.00	1,500.00
Cr RG Connolly	9	6	3	1,512.00	55.80	-	3,000.00	1,125.00
Cr PA Powne	8	5	2	1,116.00	848.16	-	2,666.67	1,000.00
Cr JB Kennedy	12	10	5	2,880.00	1,238.76	-	4,000.00	1,500.00
Cr RC Beeson	12	10	3	2,052.00	108.00	-	4,000.00	1,500.00
Cr RT Knights	12	12	14	6,588.00	5,588.92	7,000.00	-	1,500.00
Cr AF Sevil	12	11	8	5,306.00	1,832.38	-	4,000.00	1,500.00
Cr L Russell	3	3	2	900.00	-	-	791.21	296.70
Cr V Jamieson	3	3	3	900.00	595.20	-	791.21	296.70
TOTAL				44,148.44	12,872.66	24,000.00	31,249.09	14,718.40

Superannuation – Nil.

Refer to www.balonne.qld.gov.au for details of the Councillors Remuneration Package in the 2006–07 Budget.

From our Chief Executive Officer



The most significant event that impacted on the Balonne Shire Council in this reporting period was the announcement on the morning of 17th April 2007 by the Premier of Queensland and the Minister for Local Government, Planning and Sport that the Size, Shape and Sustainability initiative was officially finished and replaced by the Local Government Reform Commission. The Commission was given the responsibility of reviewing the structure and operations of local governments throughout Queensland and recommend changes to ensure strong, effective and financially viable councils in the State. This announcement sent shockwaves throughout most of Queensland's local governments. (The Reform Commission was required to deliver its findings to the State

Government by 31st August, 2007 which is outside the period of this report.)

In the limited time that Council was given (three weeks) to prepare a submission the Councillors, staff and community organizations combined to consult with the public concerning possible changes to the make-up of the Balonne Shire. The last two paragraphs of the submission are worthy of recording in this Annual Report;

Our community invested a lot of time and effort in this submission. Countless hours have been given willingly by concerned citizens, Councillors and staff. Countless kilometres have been travelled to attend meetings. Opinions have been sought and received.

We believe this submission to be an objective assessment of what is best for the people of our region. We simply ask the Commission to, please, give it due consideration.

This very comprehensive and informative document was delivered to the Commission by 25th May 2007, which was the closing day for submissions.

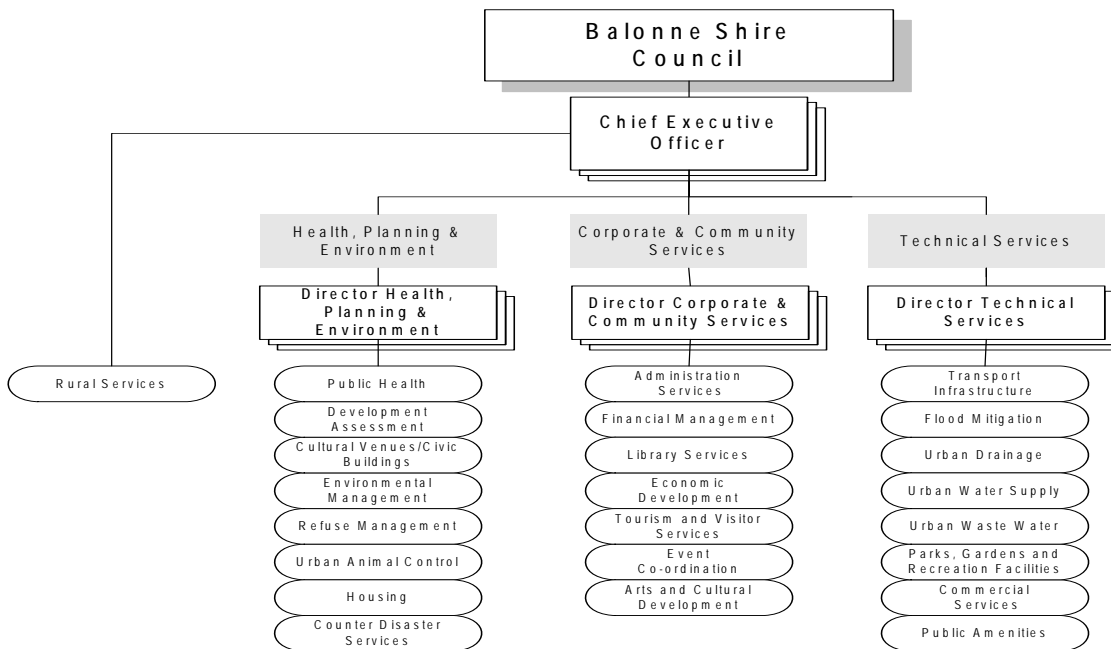
When we encounter difficult problems we must use sound and innovative logic to find a workable solution. Such was the case with Council's dial-up broadband connection at the Hebel Library. With the dial-up broadband at the Hebel the Library could not cope with the retrieval of large files and the signal was continually dropping out. The problem was solved by Council's computer staff using a mobile phone at the library to access the available Next G wireless broadband technology. So impressed were Telstra at this development an official function was organised at Hebel and was attended by Dr Phil Burgess, Group Managing Director, Public Policy and Communications from Telstra. This technology has now been installed at the Thallon and Bollon libraries.

In local government the staff are constantly engaged in dealing with people and delivering services for the benefit of the community. During the 2006 2007 financial year through the application of the Operational Plan the council delivered corporate governance, financial, social, economic, health, planning, building, rural, road, water and sewerage services to the people of the shire. Congratulations to the staff on a job well done, I sincerely appreciate the work the staff have done during the year. Through good fiscal management our financial situation at the 30th June 2007 was strong.

The Mayor and Councillors of the Balonne Shire are required to evaluate and approve many strategic proposals and at the same time keep the progress of the shire aligned to the Corporate Plan. On many occasions this task is not easy, however, their decisions have helped advance this shire to the sound position it is in today. In my second year as Chief Executive Officer, I acknowledge the valuable contribution made by the elected representatives of the Balonne Shire Council to the smooth operation of this local authority.

Allan Young
CHIEF EXECUTIVE OFFICER

Corporate Structure



Our Goals

In order to achieve Council's Mission, Council adopted a corporate approach and divided Council functions into ten (10) Major Programmes. Each of these Programmes has been allocated a key goal and these goals are used as the basis for formulating the strategies and actions required to achieve the desired Programme outcomes as documented in the Corporate Plan.

FINANCE (0100)

Goal

To achieve maximum community benefit from available financial resources.

PLANNING & DEVELOPMENT (0300)

Goal

To implement appropriate planning controls to ensure and encourage the balanced quality development of the Shire and promote the Shire as a desirable place to live, work and visit.

COMMUNITY & CULTURAL (0500)

Goal

To encourage and participate in the continuing development of community services and cultural activities and to foster strong community spirit.

BUSINESS SERVICES (0700)

Goal

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

URBAN WATER (5000)

Goal

To provide efficient, effective and environmentally sensitive water supplies to the Towns of St. George, Dirranbandi, Bollon, Thallon, Hebel and Mungindi (Queensland).

ADMINISTRATION / CORPORATE SERVICES (0200)

Goal

To effectively and efficiently administer the affairs of Council and to provide quality service to it's Customers.

TRANSPORT & DRAINAGE INFRASTRUCTURE SERVICES (0400)

Goal

To provide efficient and effective transport and drainage infrastructure.

ENVIRONMENTAL & HEALTH SERVICES (0600)

Goal

To implement policies and operational programmes which will contribute to the environmental health and well-being of the community.

URBAN WASTE WATER (4000)

Goal

To provide efficient, effective and environmentally sound waste water disposal services in the Towns of St. George, Dirranbandi and Bollon.

CLEANSING (6000)

Goal

To provide efficient, effective and environmentally sensitive refuse collection and / or disposal services in all towns.

0100 - Finance

Goal: To achieve maximum community benefit from available financial resources.

Council's financial statements have been prepared on an accrual basis as required by the Local Government Finance Standards. **The audited financial statements for the Year ended 30 June, 2007 are included in this report as Appendix I.**

Trust Fund

The Council acts as trustee for certain funds. These funds comprise mainly refundable security deposits or monies collected or held on behalf of another entity for repayment to or on behalf of that entity.

National Competition Policy

The following activities of the Council are considered to be business activities under the Code of Competitive Conduct as referred to under Chapter 9 of the *Local Government Act 1993*:-

- Road/Street Construction Program
- Urban Water Supply Program
- Sewerage Program

During the 2000/01 year the Council considered a consultant's report on the application of the Code and the implementation of full cost pricing to the above programs. Council has resolved not to apply the Code of Competitive Conduct as it believes there is no benefit to the community in implementing this code.

0100-1 Strategy: Maintain, through the Revenue and Borrowing Policies, an equitable and effective system of revenue raising and collection.

Council's Revenue Policy details the philosophy adopted in determining rating and charging methodologies for the 2006/07 financial year.

Rates and utility charges remain the primary source of finance and it is pleasing to note that the majority of ratepayers and service users met their commitments within the year.

Details of Council's Pensioner Remission Policy are included in the Revenue Policy.

Council provides administrative support to the State Government Pensioner Rate Subsidy Scheme which presently provides rebates of up to \$150 per annum to qualifying pensioners.

0100-2 Strategy: Maintain an equitable and effective system of general charges for miscellaneous services.

General charges are those levied on the users of miscellaneous Council facilities and services, including the registration of dogs, hire of halls & showgrounds, purchase of Council documents, cemetery services, etc. There is typically a significant level of cross-subsidisation built into general charges reflecting the Council's community service obligations. The Council has continued to exercise restraint in the setting of general charges with minor increases to a limited number of charges in the 2006/07 year. A register of these charges is kept by Council and is freely available for examination upon request or from the Council website.

0100-3 Strategy: Identify and pursue all relevant funding sources available to help provide services to Balonne Shire communities.

The Local Government Grants Commission is the body responsible for administering the distribution of local governments' share of the federally-funded general purpose and roads grants. Both components of the grants are untied in the hands Council, allowing Council to spend the grants in accordance with local priorities.

The 2006/07 financial year was the first year of operation of the Federal Government's AusLink Roads to Recovery Program #2 which is an extension of the Roads to Recovery Program which was started in 2001.

0100-4 Strategy: Implement a Borrowing Policy which maintains a performance standard that annual Interest and Redemption expense does not exceed 20% of annual nett General Rates and Utility Charges revenue for each programme.

No borrowings were raised during 2006/07, leaving Council with a total loan liability of \$3.06 million at 30 June 2007. The Council's Corporate Plan and Borrowing Policy require that this figure generally remains below a threshold of 20%.

0100-5 Strategy: Maximise return on surplus cash and minimise bank charges through effective investment/cash management.

Council continues to maximise return on its investment of surplus cash through the use of the short term money market. Council operates a Cash Fund Account with Queensland Treasury Corporation. Interest revenue has increased in comparison to levels achieved in 2005/06, which has been attributed to increase in funds available for investment. Bank charges have increased during the current financial year.

0100-6 Strategy: Manage the replacement and expansion of Council's assets.

Council expended operating capacity during 2007/08. Council had sufficient revenue to fund the consumption of existing assets, these funds will be reinvested to maintain and extend Council's operating capacity. Council also received significant capital grants.

0200-Administration/Corporate Services

Goal: To effectively and efficiently administer the affairs of Council and to provide quality service to its customers.

Customer service is the primary focus of this programme and it is perhaps best understood by examining who Council's customers are. From a staff point of view, the Council's customers are its Shire ratepayers & residents, the Mayor and Councillors, the general public, Government Departments (both State and Federal) including elected representatives, community organisations and fellow employees. Whilst it is incumbent upon all staff to provide good customer service it is the primary role and reason for the existence of the Administration Section of the Council.

The specific achievements of the Administration Section are often complicated to define as performance in this area is difficult to measure in quantitative terms. Administration is involved in, and has an important role to play, in every aspect of the Council's operations.

0200-1 Strategy: Maintain an efficient, committed and appropriately skilled workforce.

Council has prided itself on employing people on the basis of equity and merit and has developed a formal EEO management plan which ensures:-

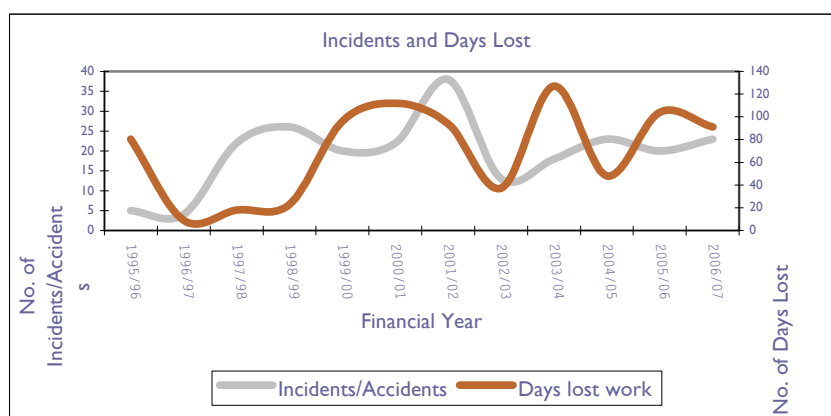
- the optimum use of talents, skills, resources and qualifications of employees;
- that no job applicant or employee is subject to direct or indirect discrimination on the grounds of gender, sexual preference, marital status, parenthood, physical or mental impairment, race, national origin, religious or political conviction;
- that no job applicant or employee is disadvantaged by conditions or requirements which cannot be shown to be necessary for the performance of the relevant position.

Council is aware that all staff are in a position of trust and that fair and ethical behaviour is essential to ensure that relationships with the public, suppliers and governments are maintained at a high standard. The requirements of staff in this regard are detailed in a Code of Conduct and staff are provided with a copy of the Code on commencing employment with the Council.

Workplace Health and Safety is an increasingly important consideration in all areas of Council activity. Council continues to provide the necessary resources to meet its obligations under the Workplace Health & Safety legislation but emphasis must continue to be given to health and safety considerations when staff carries out their day-to-day duties. On commencing employment with the Council, new staff undertakes safety induction training in an attempt to heighten awareness of their responsibilities in this regard. More specific training is provided to staff as needs are identified on an on-going basis.

A joint Council and Staff responsibility exists to monitor, document and where necessary, adjust work procedures to ensure maintenance of the health and safety of all concerned. Council's sub-contractors must also be fully aware of their responsibilities in regard to workplace safety issues and conditions to this effect have been incorporated into relevant tender documents and specifications.

Council's Workplace Health and Safety Officer reported that during the 2006/07 year some 23 reported incidents/accidents resulted in 91 days lost work. The following graph indicates performance in this important area since the 1995/96 financial year:-



The following tables indicate staff turnover and the composition of staffing levels at the close of the year:-

Financial Year	Staffing as at close of year	Resignations etc.		Appointments
		Number	%	
1995/96	79	20	25.3	19
1996/97	84	9	10.7	6
1997/98	90	14	15.6	10
1998/99	89	25	28.1	23
1999/00	94	23	24.5	25
2000/01	84	11	13.1	6
2001/02	85	20	23.5	18
2002/03	87	16	18.4	18
2003/04	79	29	36.7	21
2004/05	82	19	23.2	24
2005/06	86	13	15.1	15
2006/07	84	9	10.7	7

0200-2 Strategy: Enhance Council's communication and decision making processes through appropriate public relations and community consultation processes.

The primary aims of this particular strategy include the achievement of a public perception of openness & transparency, along with increased Council awareness and accountability and the provision of maximum public information.

Our Website

The Council continues to receive favourable comments from the public with regards to the format and quality of the site, which can be accessed at www.balonne.qld.gov.au. Considerable time is being invested in keeping information on the site up-to-date and relevant to the interests of Shire residents and visitors. Any feedback on the site would be welcomed.

Complaints Management

Council utilises a "Request for Action" (RFA) System. This system was originally developed with the aim of providing better customer service in regard to the many small requests and complaints which the Council receives from the public on a daily basis. These requests are logged on a computer system which allows regular follow-up reporting to ensure that the request is

attended to as considered appropriate, or alternatively if it has not been addressed information is sought as to why this has been the case. The RFA system has been well received by the public and staff alike and continues to be integral in ensuring that Council is accountable to the general public in responding to their needs and concerns.

Public consultation is fundamental to the reforms taking place in Local Government. Council consulted widely before making a submission to the Local Government Reform Commission, this included numerous public meetings and a shire wide survey.

A large number of Council documents are available for inspection or purchase by the public. Many of these documents can also be viewed on the Council Web Site.

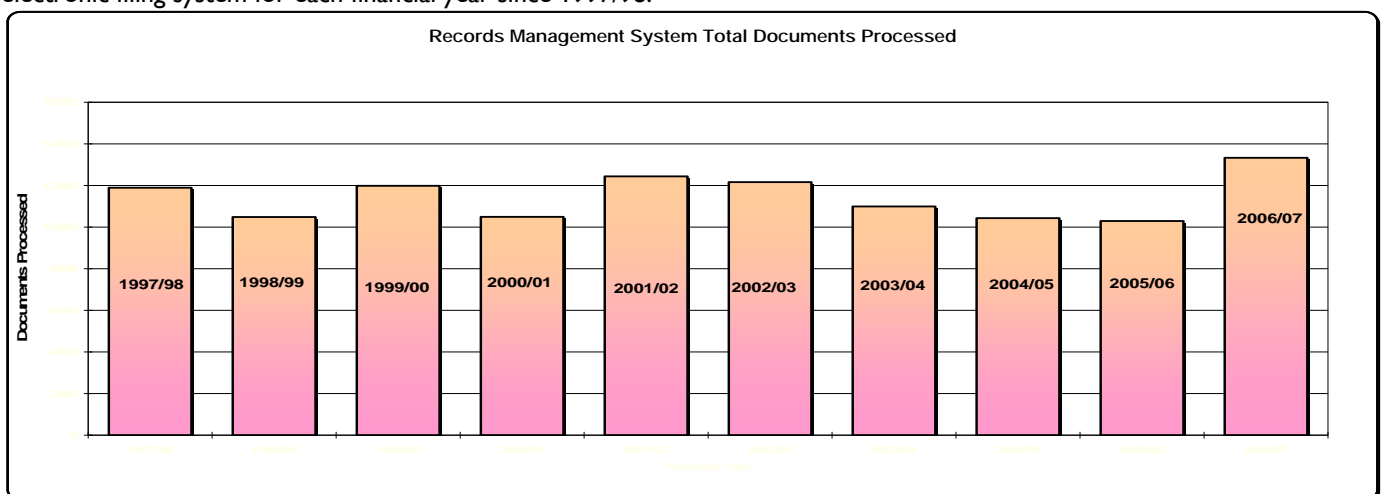
0200-3 Strategy: Provide appropriate office and information technology resources to help Council achieved it's corporate and administrative objectives.

This strategy aims to ensure that an appropriate level of resources is afforded to the Council staff so as to most efficiently assist elected representatives of the Council as they deal with the many issues upon which they are required to make decisions. Concise, timely, accurate, unbiased and properly formatted information is the key to success in this regard. Whilst there is always room for improvement, word processing, spreadsheet software and computerised accounting & database management systems are now accessible to most staff. Improved Council Policy in recent years has yielded a higher standard in this important area of operational support.

The replacement / enhancement of the Council's data management systems, including computer hardware and software is an ongoing and integral process.

The Council's daily correspondence (both inward and outward) continues to be stored electronically on a computerised filing system which has resulted in secure storage, quick retrieval and significant savings in staff time.

The following graph indicates the number of documents (including incoming and outgoing correspondence) registered in the electronic filing system for each financial year since 1997/98:-



0200-4 Strategy: Lobby other tiers of government on behalf of Balonne Shire communities with regard to the provision of services in the Shire.

During 2006/07, the Balonne Shire Council continued to lobby both State and Federal Governments on behalf of the community in an effort to secure a better range of services within the Shire. While some lobbying is done directly by the Council, to a larger extent it is carried out by the Local Government Association of Queensland, who actively campaigns on behalf of member Councils.

Delegations to State Ministers were made on the Noondoo-Thallon Rail Closure – Road upgrade proposal and on availability of river to the town of St George.

0300 – Planning & Development

Goal: *To implement appropriate planning controls to ensure and encourage the balanced quality development of the Shire and promote the Shire as a desirable place to live, work and visit.*

0300-1 Strategy: *Implement, through the Shire Planning Scheme and the Integrated Planning Act, appropriate controls over development to foster land uses and attitudes that enhance the quality of the natural and built environment.*

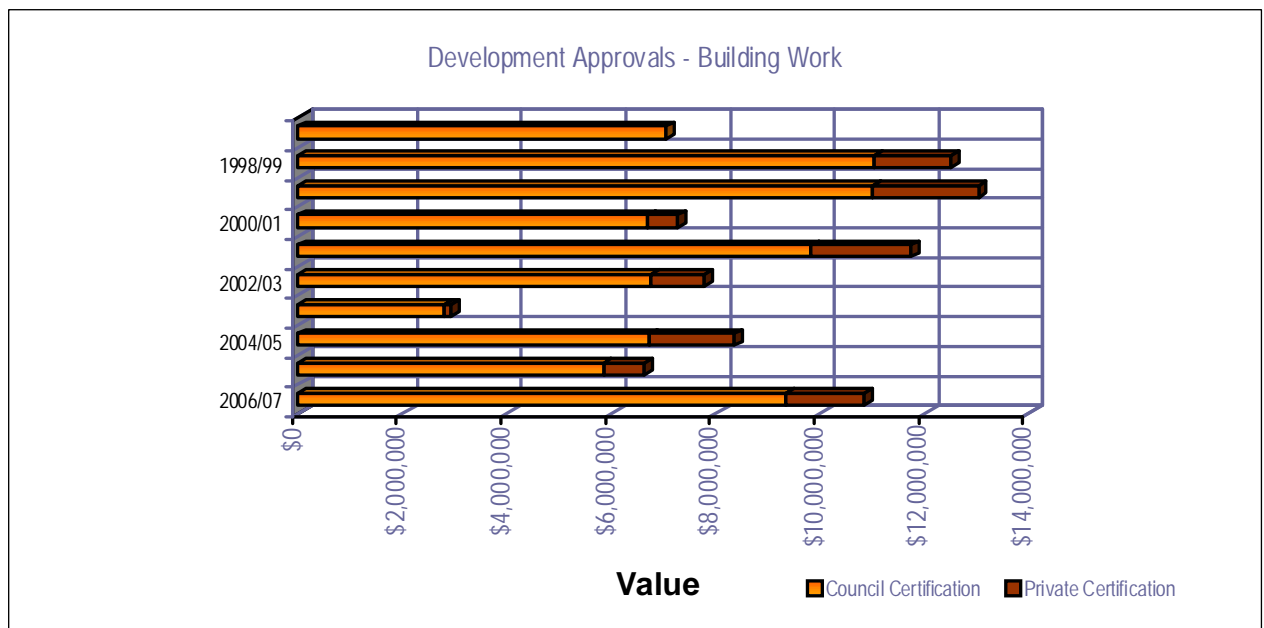
Council is obliged to administer many laws associated with Planning and Development which is governed by State Legislation. Council must apply these laws and policies to ensure that the future of the Shire is sustainable, therefore difficult decisions which balance the need for economic growth and environmentally neutral and sustainable use must be made from time to time.

The new Balonne Shire Council Planning Scheme was implemented on 1st July, 2006. Several Development Applications are still being processed under the Superseded Planning Scheme.

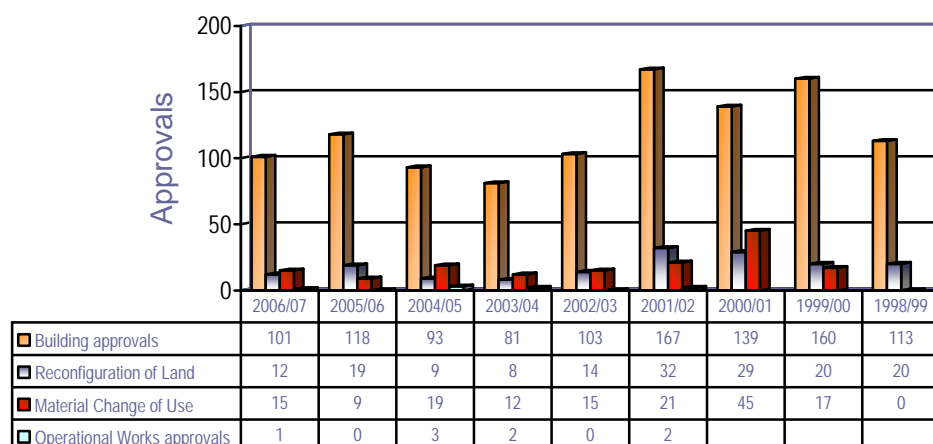
Whilst all applications made under Council's Planning Scheme are made to Council, applications for Development – Building Work may either be made to Council or to a Private Certifier.

It is interesting to note that the volume of building work that is being privately certified remains very low. Council continues to process most of the Building Applications within the Shire with only a few being processed by Private Certifiers:-

A total of thirty-two new allotments have been created this year.



Development Approval Activity



0300-2 Strategy: Foster the development of new and existing industries.

The past year has seen a worsening to the drought conditions which have been ongoing in the Balonne Shire in recent years. The communities in the shire continue to be resilient and dynamic during unfavourable seasons. Diversity of agriculture in the district particularly the growing horticulture industry continues to insulate the district from adverse drought conditions. Economic development in the Shire has been at a reasonably high level for a number of years as reflected by the Development Approval figures which feature elsewhere in this report.

Council has continued to maintain membership and participation in the Maranoa and District Regional Organisation of Councils (MADROC) as a regional body to assist with Regional Economic Development and as a forum for other regional issues. During 2006-2007 MADROC continued the organisation of Maranoa & District Regional Business Excellence Awards which were successfully held in October in St George.

The Council has also continued to provide monetary support to the Balonne Financial Advisory Service to assist with the provision of their financial counselling to rural clients. This service has been invaluable during the ongoing drought throughout the Shire.

0300-3 Strategy: Facilitate development of the tourism potential of the Shire.

Tourism is seen as a major source of additional revenue for the Balonne Shire and is an industry which continues to grow at a phenomenal rate.

Visitation to the Balonne Shire has stabilized and is level in comparison to 2005/06, based on the number of visitors to the Balonne Shire Visitor Information Centre. Visitors to the Centre during 2006/07 amounted to 14,140 persons.

The Information Centre continues to be a place for locals to source local art and craft, to access the internet and other computing applications and to source information on the Balonne Shire and other areas in Australia.



It is anticipated that tourism in the Balonne Shire will continue to grow while ever the major access roads are increasing in standard and key development strategies are being implemented. Road links including the Moonie Highway and the Great Inland Way has continued to see upgrades which encourage additional visitors to the Shire as they venture to outback Queensland.

The Council undertakes a variety of promotional activities including being the driving force behind the production of the tourism brochure 'Window of the West'.

The Balonne Shire benefits from membership of the Toowoomba and Golden West Regional Tourism Association (TGWRTA)

and the representation they provide for us at various Camping and Motor-home Shows, Australia wide. During 2006/07 co-operation has continued to increased between the Shires represented by TGWRTA through the forum of the Western Downs Tourism Advisory Group, which has resulted in several new marketing strategies as a region.

The Balonne Shire is an active member in two highway promotion groups including the Great Inland Way Promotions Group and the Adventure Way Promotions Group. Both are considered opportunities to further jointly market and promote the shire.

0300-4 Strategy: Facilitate local economic development strategies and their implementation through consultation with local industry sectors, regional forums and relevant government departments.

During the year the Council renewed its membership of the Maranoa and District Regional Organisation of Councils (MADROC), which has the objective of collectively promoting economic development within the region. MADROC encompasses the Shires of Balonne, Warroo, Booringa, Bungil & Bendemere, Murrilla, Tara and Roma Town Council and continues to be a significant driver of regional economic growth.

In response to the worsening drought in Balonne, Council coordinated with the St George and District Chamber of Commerce to host a Drought Buster Day in St George during early December 2006. The day was well attended by relevant government and non-government agencies that assisted in providing relevant information to contractors and primary producers in our region.

Council in cooperation with the Rotary Club of St George, St George and District Chamber of Commerce and local businesses organised and hosted a the fifth annual Rotary Balonne Shire Council Business Awards. This is a well supported local event which climaxed at our Presentation Dinner which was hosted in St George early October 2006. Over 150 business persons and staff attended the awards during 2006 which resulted in many local businesses going on to compete at a district and regional level.

0300-5 Strategy: Promote the introduction of emerging technologies to ensure Balonne Shire is a progressive and effective place to conduct and develop business.

It is clear that internet technology is and will continue to play an immensely vital role in many areas of our business. The ability of our Shire's business units to compete in the global economy will be directly impacted upon by our ability to communicate across the internet and other channels such as the mobile telephone networks. As the CDMA network is due to be closed early 2008, Council hosted 3-G launches and information mornings in a number of towns in our shire that were attended and supported by Telstra. The aim was to support the introduction of the new technology and to demonstrate its effectiveness for resident. Improvement in the 3-G network has resulted in Broadband access for a number of the shire's library which was previously serviced by dial-up connections for internet access. Balonne Shire Council continues to support improved technology and mobile services to the district and we look forward to the expansion of the 3G network in the Shire in the coming year.

0300-6 Strategy: Facilitate the provision of caravan and camping accommodation in the Shire.

As the Council no longer is a direct operator of a caravan park it promotes the usage of several private facilities that are available throughout the shire amongst other accommodation options for itinerant workers, semi-permanent residents and visitors.

Problems continue with campers who attempt to camp on streets or parks within town areas of the Shire. This practice has caused some concern for owners of Caravan Parks throughout the Shire and is now considered to be an ongoing problem which will need continual monitoring and vigilance.

Pressure by some members of the Campervan and Motorhome Club of Australia to provide free camping facilities in the towns where private caravan park / camping facilities are available, has so far been resisted. The Council's current position on this matter is that in such towns, camping on streets / parks / reserves inside the town boundaries is prohibited. The use of commercially-provided facilities is strongly encouraged in an effort to support the local economy.

0400 – Transport & Drainage Infrastructure Services

Goal: To provide efficient and effective transport and drainage infrastructure.



- The Federal Government Roads to Recovery Grant.
- Regional Road Group Transport Infrastructure Subsidy Scheme
- Main Roads Transport Infrastructure subsidy Scheme
- An additional Federal Government AUSLINK Supplementary Roads Grant was also received this year.

The Transport and Drainage Infrastructure Services Programme covers the basic services of roads, streets, bridges, and other services including stormwater drainage, works depots, aerodromes, plant, flood mitigation and other miscellaneous works. It is this programme under which most of the works staff are employed, and is the major area of Council's activity.

0400-1 Strategy: Develop and implement programs for the design, construction and maintenance of roads, streets, footpaths, bridges and related drainage systems.

The major part of Council's road construction programme is funded by the following;

- The Queensland Government Roads and Drainage Grant,
- The Federal Government Road Grant and

The Roadworks construction programme is determined each year utilising the Five Year Capital Road / Street / Bridge Works Programme. This is a very comprehensive document which lists every road and street in the Shire, and all known works which are required. The document is constantly being updated by Council's Technical Services Department. A two-day road inspection tour is undertaken each year by Council. The five year programme is then confirmed and the final details of the years construction programme are set at the June budget meeting.



Over the past four years, the Queensland Government, in conjunction with the Queensland Local Government Association has been implementing The Roads Alliance throughout the state. Balonne Shire Council has joined a group of 14 Councils to form the South West / Western Downs Regional Roads Group (SWWDRRG), which has developed strategies and secured some funding for the improvement of significant roads, throughout the region. The Road Alliance is now well established, and substantial

amounts of road funding have been forthcoming through this area wide approach.

In March 2006, Council was approached by the Minister for Transport and Queensland Rail with a proposal for closure of the much deteriorated and under utilised Thallon to Dirranbandi railway. Substantial funds were proposed for upgrading of the road network in return for community agreement for closure of the railway. A public meeting, held in Dirranbandi, supported negotiations in this regard. Unfortunately, the matter has progressed little over the year,



with no formal offer yet received from the Minister.

Major Roadwork's projects undertaken during the year include the regraveling of sections of the Whyenbah Rd, Ballangarry Rd, Diamond Tank Rd and Chelmer Rd. Other projects included the resheeting of shoulders of the Jakelwar Goodooga rd, and resealing of sections of the Bollon Dirranbandi Rd.



Major street works included the reconstruction and sealing to 8 metres width of several streets in Dirranbandi. Reconstruction of footpaths in Victoria Street, St George has also been undertaken.

0400-2 Strategy: Efficiently manage the operation of associated activities such as works depots, workshops and plant fleets to facilitate the efficient and effective provision and maintenance of Shire infrastructure.

Council's Works Depots in St. George, Dirranbandi, Bollon and Thallon are now all at a high standard. Improvement works undertaken during the year the improvement of the bowsers areas with concrete slabs to EPA requirements and power upgrade to the caravan sites in Dirranbandi Depot.

Major plant is replaced regularly, with consideration given to maintenance requirements, down time, plant warranties and cost of changeover. Major plant purchases during the year included one (1) grader, two (2) trucks, ten (10) utilities, two (2) 4WD wagons, and two (2) sedans. A new 6 cubic metre street sweeper has been ordered, but is yet to be delivered.

0400-3 Strategy: Facilitate the development of flood mitigation plans and the provision and maintenance of necessary flood mitigation works.

Council constructs and maintains works to protect the Shire's towns from the effects of flooding. The major assets are the levee banks surrounding the towns of Mungindi, Dirranbandi and Thallon.

During the year, improvements were made to the flood levee at Mungindi. The levee was realigned to enclose the hospital, and the Carnarvon Hwy crossing was raised. Subsidy was received from the Qld Government Flood Mitigation Programme for these projects. These projects will make the job of the SES and volunteers much easier at times of flooding in Mungindi.



0400-4 Strategy: Maintain aerodromes and authorised landing areas to the required statutory standards

Regular inspections by Consultants, Aerodrome Operation Support, indicate that Council's aerodromes in St. George, Dirranbandi and Bollon continue to meet the required standards.

No major projects were undertaken during the year.



0400-5 Strategy: In partnership with the electricity supplier to the area, provide an adequate system of street lighting

Council funds the installation and maintenance of street lighting in all Shire towns. Ergon Energy is the supplier in St. George, Dirranbandi, Bollon, Thallon and Hebel. Country Energy (NSW) is the supplier in Mungindi. Minor upgrading of lighting and installation of additional lights in selected locations has been undertaken during the year.

0500 – Community & Cultural

Goal: *To encourage and participate in the continuing development of community services and cultural activities and to foster strong community spirit.*

0500-1 Strategy: **Provide a comprehensive library service for the recreation, reference and information needs of the community.**

Library Services are provided at St George, Thallon, Bollon, Dirranbandi and Hebel. Public internet access was significantly upgraded at the Thallon, Hebel and Bollon libraries in the 2006/07 year. These libraries connect to the NextG Mobile Phone Network to achieve far superior internet speeds.

0500-2 Strategy: **In partnership with the community, facilitate the preservation of the history of the Shire.**

The publication “River Country – The History of the Balonne Shire” was completed by Ms Carolyn Nolan and launched at the Shire Centenary Celebrations in St George during 2002/03.

The current year has seen further sales of both this publication and the earlier “St. George’s Bridge” book. The books continue to be available for purchase at a number of outlets throughout the Shire.

0500-4 Strategy: **Provide appropriate staff housing**

The Council owns ten (10) houses throughout the Shire. Whilst these premises are intended primarily for staff accommodation, a number have been leased to the public. Several houses remained vacant for several months during the year for various reasons.

Council purchased an additional house in Taylor Street, St George during the year.

A new ensuite was installed at 66 Barlee Street. Bore water cooling tanks have been connected to three St George houses and insulation installed in three St George houses.

0500-5 Strategy: **Facilitate the provision of television communication services in response to community need.**

Council owns and operates television and radio retransmission services in the towns of Dirranbandi and Bollon.

This year, the television retransmission systems in Dirranbandi were relocated from the Civic Centre site to a new site at the water tower. This has provided greater elevation for the transmission antennae, and better signals should now be received throughout the town. New 5 watt transmitters were also installed in Bollon. These should also improve the signal strength throughout the town.

0500-6 Strategy: **In conjunction with the community, facilitate the provision of recreation and sporting facilities to meet community needs.**

This strategy guides the ongoing development and maintenance of Council’s recreation and sporting facilities, including showgrounds in St. George, Dirranbandi, Bollon, Thallon and Hebel, as well as the Rowden Park sporting facility in St George, and provides for contributions to similar privately-owned and operated facilities. All facilities are managed in conjunction with sporting and community groups, who put many hours of voluntary works and fundraising into the facilities.

The major project for the year is the construction of the Dirranbandi Swimming Pool. A contract was awarded to NORTASK in November 2006, and work commenced in January 2007. At the end of June, work was well advanced, with the concrete pool shell completed, and work well on track with the amenities building.





Council is currently working with the St George State High School, and sporting groups who use the school grounds, to fund an amenities building at the school oval. Funding has been confirmed by Qld Department of Sport and Recreation, and an application is pending with DOTARS under their Regional Partnerships Programme. It is hoped that the building can be completed in the next year.

At the St George showgrounds, preparation of a master plan for the future layouts of the grounds is well under way. Extensive consultation has been undertaken with the user organisations, and with other potential stakeholders to formulate this plan. The subsidy for funding of the Master Plan was provided by the Department of Local Government, Planning, Sport and Recreation.

New overhead power reticulation has been installed at the Dirranbandi Showgrounds, and materials have been provided for new steel yards at the Bollon showgrounds.

0500-7 Strategy: Provide appropriate support and sponsorship for community employment / correctional programmes that benefit the Shire.

The WORK programme continued to operate within the Shire with camps at Dirranbandi and St George

0500-8 Strategy: Provide effective counter disaster and emergency planning and response services in conjunction with the community and emergency service organizations.

Whilst there is a small nucleus of dedicated volunteers, more members are required for the organisation throughout the Shire. The assistance of the district office at Roma and local instructors must be acknowledged in their efforts to continue the provision of a wide range of training.

Volunteers have again been able to participate in a wide range of training activities and were fortunate in only needing to be activated on a small number of occasions.

0500-9 Strategy: Provide and maintain public parks and gardens to meet community needs. Development and maintenance of parks and gardens has continued during the year.

WORK has once again continued to provide enormous support in the continued development of Council's Park and Gardens throughout the Shire's towns.

A major project completed was a memorial to the late Shire Mayor, Nigel Winks, in Bollon.

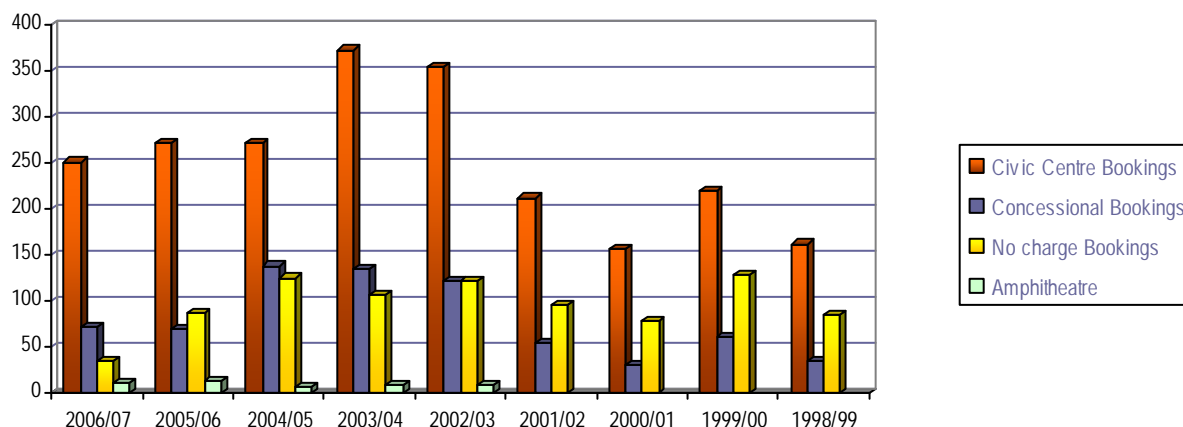
Other projects included further development of the Blondie Codrington Riverbank Parkland, a new sprinkler system to the hall grounds in Bollon, and a new roofed area to the pioneer's wall in Hebel.



0500-11 Strategy: Provide and administer venues for a variety of recreational, cultural and other community-based activities.

Council owns and operates Cultural Centres / Halls in St George, Dirranbandi, Hebel, Bollon, and Thallon. Qualifying community groups are able to hire these facilities for various functions at concessional rates. External painting was carried out on the Bollon Hall and an internal ramp was installed at the St George Civic Centre.

Halls/Civic/Cultural Centres Bookings



0500-12 Strategy: Promote community well-being by working cooperatively with the community and other levels of government to plan for and provide access to services and facilities.

During the year the Council contributed support in the form of staff time, resources and cash towards a number of joint Council / Community / Government projects.

Assisting the Mungindi Community to secure a grant application for playground equipment.

0500-13 Strategy: Support appropriate events, festivals and promotions throughout the Shire.

The Council recognises the importance of events, festivals and promotions in encouraging the development of community spirit, visitation to the Shire and enjoyment.

In addition to the more significant events are listed in detail below, the Council assisted with many small community events both directly and indirectly by providing suitable facilities right across the Shire and through sponsorship, mentoring and in-kind support.

Each year the Council assists with the organization of Australia Day activities that are rotated through the towns in the Shire. Australia Day 2007 activities were held in St. George at the Swimming Pool. With the assistance of the Lions Club of St. George, Scouts, Girl Guides, Cadets and the Combined Churches Choir many local residents enjoyed breakfast and the awards presentations that followed. Council organised a number of family oriented activities which were well supported by locals.

2007 AUSTRALIA DAY AWARDS	
CITIZEN OF THE YEAR	Mrs Susan Mizen
YOUNG CITIZEN OF THE YEAR	Miss Maddison Bagnall
SENIOR SPORTS ACHIEVEMENT	Mr Reagan Morris
JUNIOR SPORTS ACHIEVEMENT	Miss Alison Jones
SPORTS ADMINISTRATOR ACHIEVEMENT	Mrs Kerry Hetherington
CULTURAL ACHIEVEMENT AWARD	Mrs Helen Osborne
JUNIOR CULTURAL ACHIEVEMENT	Miss Caitlyn Osborne
COMMUNITY EVENT OF THE YEAR	St George Dragon Boat Regatta

The Shire was fortunate to host many events during 2006/07 which contribute to our rural lifestyle and provide economic activity in our communities. Events range from traditional Shows, Rodeos, Fetes & Fishing Competitions to one off events that community groups attract to the Shire including in 2007 the Nindigully New Year's Eve Celebrations.

The Council also co-sponsored in October 2006 the Rotary Balonne Shire Council Business Awards Presentation Dinner. This event was a celebration of our local small businesses and their contribution to our rural lifestyle. The response from the business community during this event was overwhelming.

0500-14 Strategy: Provide financial assistance grants to community organisations, supporting them in undertaking community service activities.

Direct cash funding was provided by Council to assist the following community based organisations during the year. In addition, numerous minor grants were provided to assist in the staging of various community activities. Free or concessional use of Council facilities by charitable / not-for-profit organisations was also granted on many occasions by the Council.

0600 – Environmental Services

Goal: To implement policies and operational programmes which will contribute to the environmental health and well-being of the community

Globally there has been, over recent years, a major increase in emphasis on matters relating to the environment in which we live. New international, national and state laws have been enacted which prescribe in more detail the way in which people may use the natural environment. This programme is about the services that are provided at a local level to maintain a standard of living that is sustainable in the long term and is acceptable to the local community.

0600-1 Strategy: Effectively control urban animals in the Shire and promote responsible animal ownership.

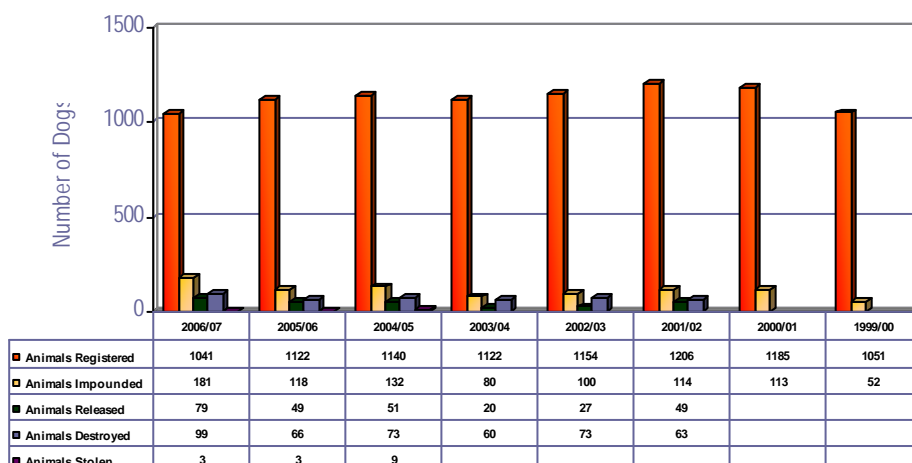
A direct result of Council's decision to enforce its Local Law and Policy on animal control has ensured that a total of one thousand, and forty one dogs were registered during the 2006/07 year.

Council has issued infringement notices for offences under its Animal Control Local Laws. Fourteen (14) Infringement Notices were issued with nine (9) of them being referred to SPER for collection.

A new Dog exercise yard was constructed at the Dog Pound.

Refer to the following graphs in relation to the Animal Control Area:-

Animal Control - Registrations/Impoundings/Released and Destroyed

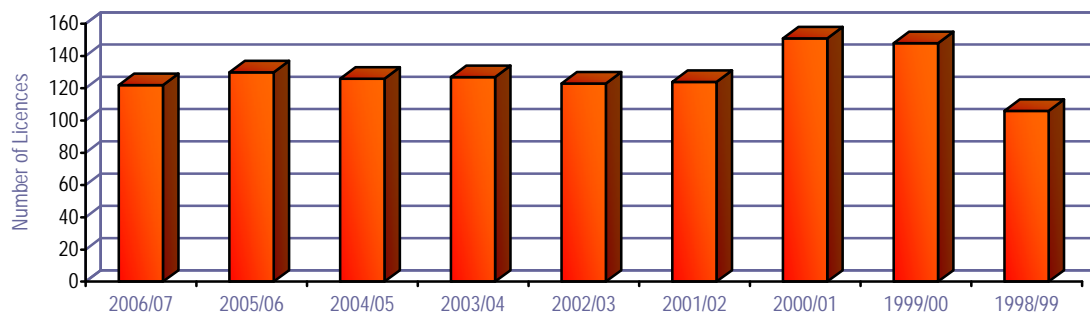


0600-4 Strategy: Implement adequate health inspection and education programmes to achieve the standard prescribed by health legislation.

A total of one hundred and twenty-two (122) licences were issued by Council under the Health Act and other State legislation during the year. Premises licensed by Council include fuel storages, food premises such as hotels, cafes, and businesses requiring a licence under the Environmental Protection Act.

All licensed premises were inspected on at least two occasions during the year.

Local Licences Issued



0600-5 Strategy: Promote public immunisation

Due to changes in public immunisation procedures, no work was undertaken under this strategy during the year.

0600-6 Strategy: Promote recycling alternatives



Collection of Steel & Car Bodies from the St George Garbage Dump

Council has promoted the recovery of steel from its dumps throughout the year with large volumes of steel and car bodies being collected and returned to Brisbane for recycling. Council has also participated in Planet Arks Close the Loop project and is recycling computer and photocopier cartridges.



0600-7 Strategy: Develop, implement and maintain a corporate environment management system that effectively addresses responsibilities under relevant environmental legislation.

The Environmental Protection Act imposes a duty upon the citizens of Queensland to lessen the impact of human activities on the environment. This Council, like all other Queensland Local Governments has been charged with the responsibility of administering many of the provision of this new act at the local level.

The challenge is to continue to apply this legislation and the many Environmental Protection Policies in a way which will achieve realistic environmental goals whilst minimising economic impact on the many small businesses which are affected.

Licensing under the Environmental Protect Act has continued with forty licences being issued during the year. It is pleasing to note the increased environmental awareness amongst the community and the improved working practices of licensed businesses.

Council itself is the operator/owner of a number of environmentally relevant activities and has developed and implemented an Integrated Environmental Management Plan for its own operators. No breaches of the licences issued for these Council activities such as the operation of water/sewerage treatment plants and operation of works depots were reported. Council's Environmental Health Staff carry out inspections on these premises on a regular basis.

0700 – Business Services

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

0700-1 Strategy: Bid for and carry out the construction and maintenance of state controlled roads where such works are beneficial to the Shire and Council.

The Council carries out work on the State Highways for the Queensland Department of Main Roads on a negotiated contract basis. This includes all maintenance and construction works. The negotiated contract protocol states that contracts be nil profit. This process has been operating successfully, and to the mutual benefit of both Council and Main Roads for the past ten years.



Main Roads strategies are changing towards rehabilitation works rather than new capital works. Smaller projects such as short widening jobs are being undertaken as Minor Works, which is substantially reducing the documentation processes and overheads costs.

The major projects during the year were undertaken on the Castlereagh Highway south of Dirranbandi. These included the widening of 6 kilometres of the highway, and the replacement of several culverts. Bitumen resurfacing of approximately 21 kilometres of state highways was also undertaken.

0700-2 Strategy: Carry out private works as appropriate and in conformity with Council's Private Works Policy.

Council undertakes private works as requested from time to time during the year. Council's Private Works Policy, in general terms requires that Council not compete in any significant way with local private enterprise when accepting these usually minor requests for works. Hence, a considerable number of requests are referred to locally-based contractors. The major demand for private works is grading of roads to remote properties, and small bitumen sealing projects.

Balonne Shire Council provides Health, Planning and Environmental Services to the Shire of Paroo and Murweh.

4000 – Urban Waste Water

Goal: To provide efficient, effective and environmentally sound waste water disposal services in the towns of St. George, Dirranbandi and Bollon.

4000-1 Strategy: Maintain economically viable and environmentally sound urban waste water disposal systems.

This programme funds the provision of sewerage services in the towns of St. George, Dirranbandi and Bollon.

All sewerage systems operated effectively during the year with normal maintenance required. Special cleaning projects of the Imhoff Tanks in Dirranbandi and Bollon, and also some manholes were undertaken by specialist contractors.

Planning for the new Sewerage Treatment Plant in St George is well advanced. The proposed site is vacant land at the rear of the aerodrome. A Planning Reports have been completed in accordance with the Department of Natural Resources and Mines and Environmental Protection Authority requirements. The proposal is to sell the effluent to neighbouring properties, who will use it in their irrigation enterprises. DNR approval for subsidy has been received. The Development Application for the project has been approved, and the project is ready to be tendered in several stages.

4000-2 Strategy: Maintain, through the revenue and Borrowing Policies, an equitable and effective system of revenue raising and collection.

This is reviewed on a yearly basis at the annual budget meeting, where Urban Waste Water Charges are calculated based on the expected costs of the programme. The revenue and expenditure are monitored on a regular basis. Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's Urban Waste Water utility charge revenue unless specifically authorised otherwise by resolution of Council.

5000 – Urban Water

Goal: To provide efficient, effective and environmentally sensitive water supplies to the towns of St. George, Dirranbandi, Bollon, Thallon, Hebel and Mungindi (Queensland).

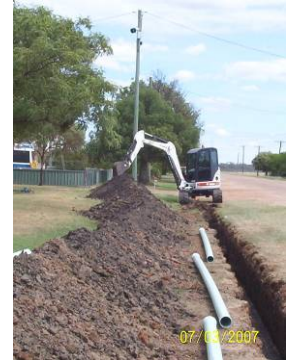
5000-1 Strategy: Maintain economically viable and environmentally sound urban water supply systems.

The provision of a domestic water supply for the Towns of St. George, Dirranbandi, Thallon, Mungindi, Hebel and Bollon is funded under this programme.

St. George has a dual supply of untreated bore and river water whilst, Dirranbandi is serviced by a single treated river / creek water supply with the Dirranbandi supply being supplemented by an artesian bore. The towns of Thallon, Bollon and Hebel are supplied by a single untreated artesian bore water supply. The town of Mungindi (Qld) is supplied with treated water by Moree Plains Shire Council from the Mungindi (NSW) town supply.



Major undertakings during the year included the conversion of the Town of Bollon to an Artesian Bore supply. This has provided a consistent supply of water with much higher pressure than the previous system. Some problems were encountered with main and service pipeline breaks, and residents took some time to adjust to the temperature and quality of the new supply.



Other projects included main replacements in the towns of St George, Dirranbandi and Bollon. New flow recorders were also installed in St George.

5000-2 Strategy: Maintain, through the Revenue and Borrowing Policies, an equitable and effective system of revenue raising and collection.

This is reviewed on a yearly basis at the annual budget meeting, where Urban Water Charges are calculated based on the expected costs of the programme. The revenue and expenditure are monitored on a regular basis. Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's urban water utility charge revenue unless specifically authorised otherwise by resolution of Council

6000 – Cleansing

Goal: To provide efficient, effective and environmentally sensitive refuse collection and/or disposal services in all towns.

6000-1 Strategy: Maintain an effective refuse collection and disposal service in the Towns of St. George, Dirranbandi, Bollon, Mungindi and Thallon.



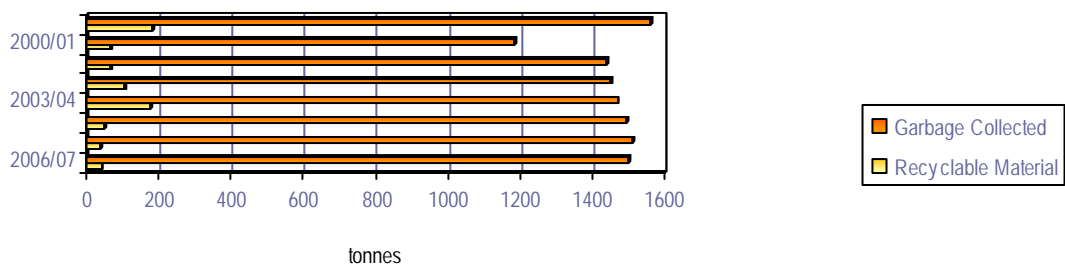
JJ Richards & Sons continued in the 2006/07 financial year as Council's Garbage Contractors. Their service includes the supply and maintenance of 200 litre wheelie bins and a transfer station at St George for the collection of recyclable material.

The arrangement with JJ Richards continues to be effective however a decline in the quality of the recycling material placed in bins is the cause of some concern.

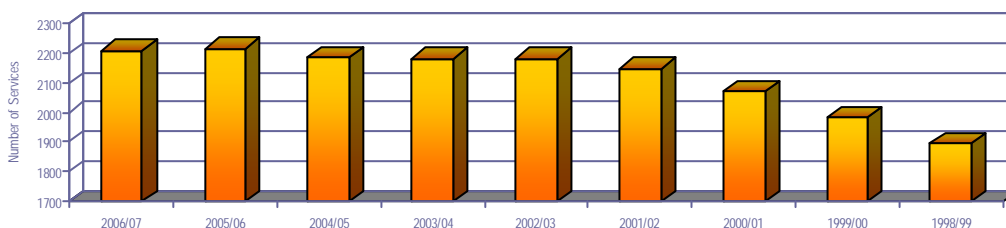


Recycling at the St George Garbage Dump

Garbage/Recyclable Material Collected



Number of Garbage Services



6000-2 Strategy: Maintain an effective refuse disposal service in the Town of Hebel.

The refuse tip at Hebel was maintained in a satisfactory condition throughout the year and caused no nuisance. Credit must be given to the residents of Hebel for correctly disposing of their refuse.

Hebel Town Dump



6000-3 Strategy: Maintain all Council refuse tips in an environmentally sensitive and cost effective manner.

All of the garbage and recycling material collected by Council's Contractor was disposed of at the St George Garbage Dump. Dumps throughout the Shire were regularly maintained by Council employees and were inspected at least monthly by Council's Environmental Health Officer.

Problems continue to be caused particularly at the St George Dump by unknown persons who constantly light fires at the dump.

6000-4 Strategy: Maintain, through the Revenue and Borrowing Policies, an equitable and effective system of revenue raising and collection.

The Cleansing Service Revenue covered its costs of operations.

BALONNE SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2007

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Income Statement

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		(\$'000)	(\$'000)
Income			
Revenue			
Recurrent revenue			
Net rate and utility charges	3	5,896	5,212
Fees and charges	3	200	162
Rental income	3	102	111
Interest received	3	464	263
Sales - contract and recoverable works	3	2,431	2,875
Other recurrent income	3	109	113
Grants, subsidies, contributions and donations	4	3,381	3,365
Total recurrent revenue		12,583	12,100
Capital revenue			
Grants, subsidies, contributions and donations	4	2,526	2,691
Total capital revenue		2,526	2,691
Total revenue		15,109	14,791
Gain/(loss) on disposal of non-current assets	5	(15)	(87)
Total income		15,094	14,704
Expenses			
Recurrent expenses			
Employee benefits	6	(4,803)	(4,948)
Materials and services	7	(2,694)	(3,819)
Finance costs	8	(221)	(276)
Depreciation and amortisation	9	(4,242)	(4,323)
Total recurrent expenses		(11,960)	(13,366)
Total expenses		(11,960)	(13,366)
Net result attributable to council		3,135	1,338

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

Balance Sheet

As at 30 June 2007

	Notes	2007 Actual (\$'000)	2006 Actual (\$'000)
Current Assets			
Cash and cash equivalents	10	8,568	5,630
Trade and other receivables	11	597	799
Inventories	12	221	278
Other financial assets	13	55	84
Non-current assets classified as held for sale	14	200	290
Total current assets	2	9,639	7,081
Non-current Assets			
Receivables	11	-	5
Property, plant and equipment	15	119,141	118,999
Capital works in progress	16	1,076	798
Intangible assets	17	26	34
Total non-current assets	2	120,244	119,835
TOTAL ASSETS		129,883	126,916
Current Liabilities			
Trade and other payables		397	223
Provisions	18	386	361
Borrowings	19	406	380
Other		39	67
Total current liabilities		1,228	1,031
Non-current Liabilities			
Provisions	18	922	881
Borrowings	19	2,651	3,057
Total non-current liabilities		3,572	3,938
TOTAL LIABILITIES		4,800	4,969
NET COMMUNITY ASSETS		125,082	121,948
Community Equity			
Asset revaluation reserve	21	101,432	101,432
Retained surplus/(deficiency)		19,398	16,413
Other reserves	23	4,253	4,103
TOTAL COMMUNITY EQUITY		125,082	121,948

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

Balonne Shire Council
Annual Report
2006-2007

Statement of Changes in Equity

For the year ended 30 June 2007

	Notes	Asset revaluation reserve		Retained surplus		Other reserves		Total	
		Note 21				Note 23			
		2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)
Opening balance	21 23	101,432	101,432	16,413	15,425	4,103	3,753	121,948	120,610
Adjustments to opening equity		-	-	-	-	-	-	-	-
Adjusted opening equity		101,432	101,432	16,413	15,425	4,103	3,753	121,948	120,610
Revaluations of property, plant and equipment		-	-	-	-	-	-	-	-
Available for sale investments:									
Valuation gains/(losses)		-	-	-	-	-	-	-	-
Transferred to income statement on sale		-	-	-	-	-	-	-	-
Impairment losses		-	-	-	-	-	-	-	-
Change in value of future rehabilitation costs		-	-	-	-	-	-	-	-
Net income recognised directly in equity	21 23	-	-	-	-	-	-	-	-
Surplus for the period		-	-	3,135	1,338	-	-	3,135	1,338
Total recognised income and expense		-	-	3,135	1,338	-	-	3,135	1,338
Transfers to and from reserves									
Transfers to general reserves		-	-	(1,737)	(1,496)	1,737	1,496	-	-
Transfers from general reserves		-	-	1,587	1,146	(1,587)	(1,146)	-	-
Total transfers to and from reserves	21 23	-	-	(150)	(350)	150	350	-	-
Closing balance		101,432	101,432	19,398	16,413	4,253	4,103	125,082	121,948

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

Statement of Cash Flows

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		(\$'000)	(\$'000)
Cash flows from operating activities:			
Receipts from customers		12,767	12,710
Payments to suppliers and employees		(7,729)	(8,954)
		5,037	3,756
Interest received		447	247
Rental income		102	92
Borrowing costs		(212)	(239)
Net cash inflow (outflow) from operating activities	29	5,374	3,857
Cash flows from investing activities:			
Payments for property, plant and equipment		(5,671)	(3,781)
Payments for intangible assets		(1)	(23)
Net movement on loans and advances		9	9
Proceeds from sale of property, plant and equipment	5	1,203	139
Net cash inflow (outflow) from investing activities		(4,459)	(3,655)
Cash flows from financing activities			
Capital - Grants, subsidies, contributions and donations		2,403	2,513
Proceeds from borrowings		-	-
Repayment of borrowings	20	(380)	(403)
Net cash inflow (outflow) from financing activities		2,023	2,110
Net increase (decrease) in cash held		2,938	2,311
Cash at beginning of reporting period		5,630	3,319
Cash at end of reporting period	10	8,568	5,630

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

Note 1: Summary of significant accounting policies

I.A Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Local Government Finance Standard 2005.

I.B Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). 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 this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

I.C Early Adoption of New Accounting Standards.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2006-07 but, as permitted, have been applied in preparing this report where applicable:

AASB7 (August 2005)
AASB8 (February 2007)
AASB101 (October 2006)
AASB119 (April 2006)
AASB1048 (March 2007)
AASB1049 (September 2006)
AASB2005-10 (September 2005)
AASB2007-1 (February 2007)
AASB2007-2 (February 2007)
AASB2007-3 (February 2007)

None of these Standards makes a material difference to the information reported.

I.D Currency

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

I.E Constitution

The Balonne Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

I.F Date of Authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

I.G Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

I.H Rates, Grants and Other Revenue

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

(i) Rates

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

(ii) Grants and subsidies

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

(iii) Non-cash contributions

Non-cash contributions in excess of the recognition thresholds set out in note I.P in value are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

(iv) Other revenue including contributions

Other Revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

I.I Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and liquid investments with short periods to maturity that are readily convertible to cash at the Council's option without penalty and that are subject to a low risk of changes in value.

The Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

I.J Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 30 June.

Loans and advances to community organisations are recognised at cost. Terms are usually a maximum of five years with no interest charged. Loans are determined on a case by case basis.

I.K Other Financial Assets

Other Financial Assets are recognised at cost.

I.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 the lower of cost and replacement cost.

I.M Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As

inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the Statement of Financial Performance on the signing of a valid unconditional contract of sale.

I.N Investments

Financial institution deposits at call and term deposits are treated as cash equivalents

Interest revenues are recognised on an accrual basis.

I.O Investment Property

Investment property, which is property held for the primary purpose of earning rentals and/or capital appreciation. Property which is held for future development and sale, and property held by the Council without any specific purpose (such as land no longer required for its original purpose) is investment property.

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

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

Council Housing is not classed as investment property as their sole purpose is to provide housing for staff.

I.P 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 office furniture and equipment and information technology with a total value of less than \$1,000, and infrastructure assets, other plant and equipment 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. All land is capitalised, regardless of value.

(i) Major plant

The Council has determined that plant which has an individual cost in excess of \$500,000 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. There are no items which meet these criteria.

(ii) 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.

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, 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.

(iii) 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.

The Council has determined that individual items of plant and equipment with a cost in excess of \$500,000 are of high value to the local government. There are no items which meet these criteria. All other items of plant and equipment are measured on the cost basis.

(iv) Valuation

Land, buildings, major plant and equipment, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASBI 16 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets, principally plant and equipment and intangibles, 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 revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 15(b).

Plant and equipment, other than major plant and equipment, are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not differ materially from their fair value.

(v) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment 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.

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. Currently no spares are above the threshold and not capitalised.

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are listed below.

<u>Asset</u>	<u>Range of estimated useful life in years</u>
Land	Not depreciated
Buildings	15 - 100
Transport Infrastructure	10 - 100
Water Supply Infrastructure	2 - 60
Waste Water Supply Infrastructure	3 - 100
Plant and Equipment	3 - 40
Furniture and Fittings	5 - 60
Other Non-Current Assets	5 - 100

(vi) 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.

I.Q Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets. (except for Software which has a recognition threshold of \$1,000).

Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in AASBI38.57

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

It has been determined that there is not an active market for any of the Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

I.R 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.

I.S Impairment of Non Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. 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 asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, 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 reserve 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 increase.

I.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.

(i) Finance leases

Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. 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.

Balonne Shire Council as at the 30th June 2007 did not have any Finance Leases.

(ii) 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.

I.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.

I.V Liabilities - Employee Benefits

Employee benefits are accrued for such items 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 entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) 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.

(ii) Annual leave

A liability for annual leave is recognised. The current portion is and based on current wage and salary levels and includes related employee on-costs. The non current portion is based on projected future wage and salary levels and related employee on-costs, discounted to present values.

(iii) Sick leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

(iv) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 27.

(v) 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 interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

I.W Borrowings

Loans payable are measured at amortised cost. Interest is recognised as it accrues.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

I.X Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

I.Y Reserves

The following reserves are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(i) Future capital works reserve

This reserve represents amounts set aside for the future capital projects.

(ii) 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.

(iii) Constrained public contributions reserve

This reserve represents amounts contributed by the public towards specific community projects.

(iv) Constrained works reserve

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

(v) Reserve held for future recurrent expenditure

This is a cash backed reserve and represent 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.

I.Z Retained Surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs. The main part of this amount is not available for Council to spend as it has already been invested in assets used to provide services.

I.AA National Competition Policy

The Council has reviewed its activities, details can be found in Note 31.

I.AB Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

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

I.AC Financial Risk Management

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 and are for a period of less than one year.

The Council does not invest in derivatives or other risky 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.

Details of financial instruments and the associated risks are shown at note 30.

I.AD 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.

I.AE 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.

Note 2a: Analysis by function - components

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

MAJOR PROGRAMMES

0100 - Finance

Goal: To achieve maximum community benefit from available financial resources.

0200 - Administration/Corporate Services

Goal: To effectively and efficiently administer the affairs of Council and to provide quality service to its customers.

0300 - Planning and Development

Goal: To implement appropriate planning controls to ensure and encourage the balanced quality development of the Shire and promote the Shire as a desirable place to live, work and visit.

0400 - Transport and Drainage Infrastructure Services

Goal: To provide efficient and effective transport and drainage infrastructure.

0500 - Community and Cultural

Goal: To encourage and participate in the continuing development of community services and cultural activities and to foster strong community spirit.

0600 - Environmental and Health Services

Goal: To implement policies and operational programmes which will contribute to the environmental health and well-being of the community.

0700 - Commercial Services

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

4000 - Urban Waste Water

Goal: To provide efficient, effective and environmentally sound waste water disposal services in the Towns of St. George, Dirranbandi and Bollon.

5000 - Urban Water

Goal: To provide efficient, effective and environmentally sound water supplies to the Towns of St. George, Dirranbandi, Bollon, Thallon, Hebel and Mungindi (Queensland).

6000 - Cleansing

Goal: To provide efficient, effective and environmentally sound refuse collection and/or disposal services in all towns.

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Note 2b: Analysis of Results by Function

	Gross recurring income	Gross capital income	Total income	Gross recurring expenses	Total expenses	Net result attributable to council	Assets
	2007	2007	2007	2007	2007	2007	2007
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income and expenses defined between recurring and capital are attributed to the following functions:							
Finance	6,309	-	6,309	237	237	6,072	9,219
Administration/Corporate Services	55	51	107	774	774	(668)	1,742
Planning and Development	97	10	108	340	340	(232)	293
Transport and Drainage Infrastructure Services	1,189	1,787	2,975	4,151	4,151	(1,176)	94,199
Community and Cultural	184	641	825	1,293	1,293	(468)	11,046
Environmental and Health Services	78	13	91	977	977	(886)	699
Commercial Services	2,437	-	2,437	2,334	2,334	103	-
Urban Waste Water	669	-	669	474	474	195	4,138
Urban Water	1,203	10	1,212	1,009	1,009	203	8,538
Cleansing	362	-	362	370	370	(8)	8
Total Council	12,583	2,512	15,094	11,960	11,960	3,135	129,883

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Note 2b: Analysis of Results by Function

	Gross recurring income	Gross capital income	Total income	Gross recurring expenses	Total expenses	Net result attributable to council	Assets
	2006 (\$'000)	2006 (\$'000)	2006 (\$'000)	2006 (\$'000)	2006 (\$'000)	2006 (\$'000)	2006 (\$'000)
Income and expenses defined between recurring and capital are attributed to the following functions:							
Finance	5,676	-	5,676	66	66	5,610	6,508
Administration/Corporate Services	56	-	56	833	833	(777)	1,882
Planning and Development	101	(8)	93	317	317	(224)	302
Transport and Drainage Infrastructure Services	1,190	2,045	3,235	5,189	5,189	(1,954)	93,569
Community and Cultural	163	370	533	1,390	1,390	(857)	10,999
Environmental and Health Services	108	-	108	910	910	(802)	701
Commercial Services	2,881	-	2,881	2,801	2,801	80	-
Urban Waste Water	672	-	672	402	402	269	4,359
Urban Water	904	198	1,102	1,128	1,128	(26)	8,586
Cleansing	349	-	349	331	331	18	9
Total Council	12,100	2,604	14,704	13,366	13,366	1,338	126,916

Note 3: Revenue analysis

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	(\$'000)	(\$'000)
(a) Rates and charges		
General rates	4,376	3,897
Separate rates	7	7
Water	1,235	952
Water consumption, rental and sundries	67	51
Sewerage	768	769
Waste management	413	400
Total rates and utility charge revenue	6,867	6,076
Less: Discounts	(946)	(840)
Less: Pensioner remissions	(25)	(24)
Net rates and utility charges	5,896	5,212
(b) Fees and charges		
Fees and Charges	200	162
	200	162
(c) Rental income		
Aerodrome Lease Fees	18	18
Council Housing	72	82
Water Tower Rental	12	11
	102	111
(d) Interest received		
Interest received from investments	450	240
Interest from overdue rates and utility charges	14	23
	464	263
(e) Sales - Contract and recoverable works		
Sales - Contracts and recoverable works	2,431	2,875
	2,431	2,875

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. The contract work carried out is not subject to retentions.

Note 4: Grants, Subsidies, Contributions and Donations

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	(\$'000)	(\$'000)
(a) Recurrent - government grants, subsidies, and other contributions are analysed as follows		
General purpose grants	2,120	2,107
State Government subsidies and grants	234	270
Federal Government subsidies and grants	1,020	983
Contributions	7	5
Total recurrent revenue	3,381	3,365
(b) Capital - government grants and subsidies, (c) and other contributions are analysed as follows		
State Government subsidies and grants	588	1,190
Federal Government subsidies and grants	1,800	1,317
Contributions	138	184
Total capital revenue	2,526	2,691
(c) Conditions over contributions		
Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition they be expended in a manner specified by the contributor but had not been expended at the reporting date.		
Grants for expenditure on infrastructure	980	818
Contributions for infrastructure	2	-
Contributions and grants which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with Council's obligations.		
Grants expended on infrastructure	680	-
	1,662	818

Note 5: Capital income

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)
Gain (loss) on the disposal of non-current assets		
(a) Proceeds from the sale of property, plant and equipment	1,068	122
Less: Book value of property, plant and equipment disposed	(1,094)	(203)
	(25)	(81)
(b) Proceeds from the sale of land and improvements	135	17
Less: Book value of land sold	(124)	(23)
	11	(6)
Total gain (loss) on the disposal of non-current assets	(15)	(87)

Note 6: Employee benefits

Total staff wages and salaries	3,810	3,734
Councillors' remuneration	110	141
Annual, sick and long service leave entitlements	440	515
Superannuation	27 384	350
	4,744	4,740
Other employee related expenses	806	733
	5,550	5,472
Less: Capitalised employee expenses	(747)	(524)
	4,803	4,948

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	10	10
Office staff	32	30
Depot and outdoors staff	52	56
Total Council employees at period end	94	96

Note 7: Materials and services

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	(\$'000)	(\$'000)
Advertising and marketing	7	11
Audit Services	32	21
Cleansing Services	352	317
Urban Water Services	455	570
Urban Waste Water	145	115
Road and Street Maintenance	1,240	2,056
Insurances	173	166
Land Protection Fund Precept	190	191
Rentals - Operating leases	4	4
Donations Paid	17	32
Expenditure on Town Plan	-	1
Other material and services	79	335
	2,694	3,819

Note 8: Finance costs

Finance costs charged by Queensland Treasury Corporation	212	243
Bank charges	8	9
Bad and doubtful debts	-	23
	221	276

Note 9: Depreciation and amortisation

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	(\$'000)	(\$'000)
(a) Depreciation of non-current assets		
Buildings	294	384
Plant and equipment	638	690
Furniture and Fittings	20	31
Transport Infrastructure	2,492	2,459
Water	399	391
Urban Waste Water	241	200
Other infrastructure assets	148	156
Total depreciation of non-current assets	4,232	4,310
(b) Amortisation of intangible assets		
Software	11	13
Total depreciation and amortisation	4,242	4,323

Unfunded depreciation

Accumulated unfunded depreciation

The accumulated unfunded depreciation represents the accumulated shortfall in funding being provided from operating revenue to replace the assets at some future time.

It is anticipated that external borrowings will be required as the assets are replaced resulting in higher future operating costs. Recognition of unfunded depreciation represents a decline in the capital value of the shire.

Net adjusted unfunded depreciation is calculated by taking the gross unfunded depreciation and deducting the amount of depreciation that will not require future funding due to: non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset; or, the engineer's assessment of depreciation funding is less than the depreciation expense in the period.

The gross unfunded depreciation across all assets for the period is \$Nil (2006 - \$1,415,846)

The net adjusted unfunded depreciation across all assets for the period is \$Nil (2006 - \$1,415,846)

Road, drainage and bridge network

Balance at beginning of period	13,182	11,766
Net adjusted unfunded depreciation in the period	-	1,416
Accumulated unfunded depreciation at period end	13,182	13,182

Note 10: Cash and cash equivalents

For the year ended 30 June 2007

	Notes	2007 Actual (\$'000)	2006 Actual (\$'000)
Cash at bank and on hand		534	430
Term deposits		8,034	5,200
Balance per Statement of Cash Flows	30	8,568	5,630
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		(1,151)	(823)
Unspent developer contributions		(2)	0
Total unspent restricted cash for capital projects		(1,153)	(823)

Cash is held in the Westpac Banking Corporation in business cheque accounts. The bank currently has a credit rating of AAA. Surplus Cash requirements are deposited into Council's Queensland Treasury Corporation which has a AAA rating.

Note 11: Trade and other receivables

(a) Current

Ratable revenue and utility charges	256	198
Other debtors	371	632
Less: Provision for doubtful debts	(31)	(31)
	597	799

(b) Non-current

Loans and advances to community organisations	-	5
	-	5

Interest is charged on overdue 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.

Loans relate to advances made to various sporting bodies. These loans arise from time to time and no interest is charged. The credit risk on these loans is considered low.

Note 12: Inventories

Current

Inventories for consumption:

Miscellaneous salable items	15	14
Total inventories for consumption	15	14

Valued at the lower of cost and selling price less cost to sell.

Inventories for distribution:

Plant and equipment stores	206	264
Total inventories for distribution	206	264

Valued at the lower of cost and replacement value

Total inventories	221	278
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Note 13: Other financial assets

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		(\$'000)	(\$'000)
Current			
Prepayments	30	55	84
		55	84

Note 14: Non-current assets classified as held for sale

Land held for resale	200	290
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This land is held for future use of Council.

The land is valued at the lower of cost and selling price less cost to sell.

Balonne Shire Council
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Note 15a: Council Property, Plant and Equipment

	LAND AND IMPROVEMENT	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TRANSPORT INFRASTRUCT	WATER SUPPLY NETWORK	URBAN WASTE WATER NETWORK	OTHER NON- CURRENT ASSETS	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Asset Values									
Basis of measurement									
Opening gross value	2,779	17,642	9,356	566	98,324	20,118	11,514	4,170	164,467
Additions at cost	60	437	1,265	-	3,003	442	-	261	5,467
Disposals	(118)	(888)	(1,058)	-	-	-	-	(17)	(2,082)
Closing gross value	2,721	17,190	9,562	566	101,327	20,559	11,514	4,414	167,853
Accumulated Depreciation									
Opening balance	-	7,568	4,661	365	12,022	11,779	7,437	1,636	45,468
Depreciation provided in period	-	294	638	20	2,492	399	241	148	4,232
Depreciation on disposals	-	(379)	(595)	-	-	-	-	(14)	(988)
Accumulated depreciation at period end	-	7,483	4,704	385	14,514	12,178	7,678	1,769	48,712
Total written down value at period end	2,721	9,707	4,858	181	86,812	8,382	3,835	2,644	119,141
Residual value	-	330	2,447	28	47,212	981	560	125	51,683
Estimated useful life (years)	-	15-100	3-40	5-60	10-100	2-60	3-100	5-100	2-100

Note 15b: Property, Plant and Equipment Valuations

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

Land

Land has been included at current market value as at 31st March 2004 as determined by Mr. Alfio Ponticello (B.Bus (R.P. Val & Admin)) of 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 have been included at their written down current replacement cost as valued by Mr Alfio Ponticello (B.Bus (R.P. Val & Admin)) of Australia Pacific Valuers Pty Ltd , as at 31st March 2004.

Plant and Equipment

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

Infrastructure

Water and Sewerage Infrastructure -

Included at the written down replacement cost as at 31st March 2004 as determined by Mr. John Deac (B.Eng) of Australia Pacific Valuers Pty Ltd .

Road and Drainage Infrastructure -

Included at the written down replacement cost as at 30th June 2005 as determined by Mr. Max Henderson, Council's Director of Technical Services.

Note 16: Capital works in progress

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	(\$'000)	(\$'000)
Capital works in progress	1,076	798
	1,076	798

Note 17: Intangible Assets

Software

Opening gross carrying value	112	90
Closing gross carrying value	116	112
Accumulated amortisation		
Opening balance	78	66
Amortisation in the period	11	13
Closing balance	89	78
Net carrying value at the period end	26	34

The software has a finite life not exceeding 10 years.

Straight line amortisation has been used with no residual value.

Total intangible assets	26	34
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Note 18: Provisions

	<u>Notes</u>	<u>2007 Actual</u> (\$'000)	<u>2006 Actual</u> (\$'000)
Current			
Annual leave		316	311
Long service leave		70	50
	30	386	361
Non-current			
Annual leave		235	249
Long service leave		687	632
		922	881

Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary level.

These estimates are then 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. 50% of the non-current liability is funded.

Note 19: Borrowings

	<u>Notes</u>	<u>2007 Actual</u> (\$'000)	<u>2006 Actual</u> (\$'000)
Current			
Loans QTC	20	406	380
		406	380
Non-current			
Loans	20	2,651	3,057
		2,651	3,057

Note 20: Loans

(i) Queensland Treasury Corporation

Opening balance		3,437	3,839
Loans raised		-	-
Principal repayments	19	(380)	(403)
Book value at period end		3,057	3,437
Classified as:			
Current		406	380
Non-current		2,651	3,057
	30	3,057	3,437

The loan market value at the reporting date was \$3,007,948.16. This represents the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Note 21: Asset revaluation reserve

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)
(i) Asset revaluation reserve		
Movements in the asset revaluation reserve were as follows:		
Balance at beginning of the period	101,432	101,432
Balance at end of the year	101,432	101,432
(ii) Asset revaluation reserve analysis		
The closing balance of the asset revaluation reserve is comprised of the following asset categories:		
Land and improvements	952	952
Buildings	5,322	5,322
Plant and equipment	1,498	1,498
Furniture and Fittings	307	307
Other Structures	1,507	1,507
Transport Infrastructure	72,501	72,501
Water	11,369	11,369
Urban Waste Water	7,975	7,975
	101,432	101,432

Note 22: Retained surplus

Movements in the retained surplus were as follows:

Retained surplus/(deficit) at the beginning of the financial year

16,413 15,425

Result from ordinary activities

3,135 1,338

Transfers (to) from capital reserves for future capital project funding,

or from reserves funds that have been expended:

Future capital works reserve (net)

(141) 140

Asset replacement reserve (net)

318 272

Constrained works reserve (net)

(317) (818)

Transfers (to) from recurrent reserves for future project funding,

or from reserves funds that have been expended:

Recurrent expenditure reserve

(10) 57

Retained surplus at the end of the financial year

19,398 16,413

Note 23: Other reserves

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)
(a) Summary of reserves held for future capital expenditure:		
(i) Future capital works reserve	790	649
(ii) Asset replacement reserve	2,313	2,631
(iii) Constrained works reserve	1,136	818
	4,238	4,098
(b) Summary of reserves held for future recurrent expenditure:		
(i) Recurrent expenditure reserve	15	5
	15	5
Total reserves	4,253	4,103
(c) Movements in capital reserves are analysed as follows:		
(i) Future capital works reserve		
Balance at the beginning of period	649	789
Transfer from retained earnings for future expenditure	327	232
Transfer to retained earnings funds expended in the period	(186)	(372)
Balance at the end of period	790	649
(ii) Asset replacement reserve		
Balance at the beginning of period	2,631	2,903
Transfer from retained earnings for future expenditure	398	441
Transfer to retained earnings funds expended in the period	(716)	(713)
Balance at the end of period	2,313	2,631
(iii) Constrained works reserve		
Balance at the beginning of period	818	-
Transfer from retained earnings for future expenditure	997	818
Transfer to the retained earnings funds expended in the period	(680)	-
Balance at the end of period	1,136	818
(d) Movements in recurrent reserves are analysed as follows:		
(i) Recurrent expenditure reserve		
Balance at the beginning of period	5	62
Transfer from retained earnings for future expenditure	15	5
Transfer to retained earnings	(5)	(62)
Balance at the end of period	15	5

Note 24: Commitments for expenditure

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)
Operating leases		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	5	4
One to five years	26	25
	30	30
Contractual commitments		
Contractual commitments at balance date but not recognised in the financial statements are as follows:		
Major Vehicles on Order	242	238
Cleaning contractors	305	295
	547	533

Note 25: Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual:

The Balonne Shire 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 June 2006 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare:

The Balonne Shire 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 \$91,251.94.

Note 26: Events after balance date

Decision was made by Council at it's 17th August 2007 meeting not to renew the Environmental Protection Agency Licenses for the Thallon and Bollon Water Treatment Plants, therefore these treatment plants can no longer produce potable water supply.

Note 27: Superannuation

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)

The Balonne Shire Council contributes to the Local Government Superannuation Scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme. Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASBI 19 Employee Benefits. Council has no liability to, or interest in, the scheme beside the payment of statutory contributions.

Any amount by which either scheme is over- or under- funded would only affect future benefits 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 2006 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet the accrued benefits.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet member's benefits as they accrue.

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

The amount of superannuation contributions paid by the Balonne Shire Council to the superannuation scheme in this period for the benefit of employees was:

Contributions	384	350
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Note 28: Trust funds

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)

Security deposits	82	55
	82	55

The Balonne Shire 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.

Note 29: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

	Notes	2007 Actual	2006 Actual
		(\$'000)	(\$'000)
Result from ordinary activities		3,135	1,338
Non-cash operating items:			
Depreciation and amortisation		4,242	4,323
		4,242	4,323
 Investing and development activities:			
Net (profit) loss on disposal of non-current assets		15	87
Non-cash Contributions		(110)	(178)
		(100)	(91)
Financing activities:			
Capital grants and contributions		(2,403)	(2,513)
		(2,403)	(2,513)
 Changes in operating assets and liabilities:			
(Increase) decrease in receivables		296	700
(Increase) decrease in other operating assets		29	(83)
Increase (decrease) in payables/provisions		199	(53)
Increase (decrease) in other liabilities		(28)	235
		500	799
 Net cash inflow from operating activities		5,374	3,857

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Note 30: Financial instruments

	<u>Notes</u>	Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
		2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)
Financial assets									
Cash and cash equivalents	10	8,566	5,629	-	-	1	1	8,568	5,630
Receivables	11	-	-	168	168	429	635	597	803
Prepayments	13	-	-	-	-	55	84	55	84
		8,566	5,629	168	168	485	721	9,219	6,518
Weighted average interest rate		6.5%	6.2%	11.0%	11.0%	-%	-%		
Financial liabilities									
Payables	18	-	-	-	-	783	584	783	584
Loans - Queensland Treasury Corporation	20	-	-	3,057	3,437	-	-	3,057	3,437
		-	-	3,057	3,437	783	584	3,840	4,021
Weighted average interest rate		-%	-%	6.4%	6.4%	-%	-%		
		8,566	5,629	(2,889)	(3,269)	(298)	137	5,379	2,497
Net financial assets									

Note 30: Financial instruments

(a) Credit risk exposures

The credit risk on financial assets of the Council which have been recognised on the Balance Sheet is generally the carrying amount, net of provision for doubtful debts. The Council has no major concentration of credit risk to any single debtor or group of debtors.

(b) Interest rate risk

The Council's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market rates and the weighted average interest rate by maturity periods is set out in the table below. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Council intends to hold fixed assets and liabilities to maturity.

(c) Net fair value of financial assets and liabilities

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of the Council, approximates their carrying amounts.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The net fair value of non-traded equity investments is an assessment by the Council based on the underlying assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

(d) Unused loan facilities

The Council does not have an unused loan facility.

Note 31: National Competition Policy

(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 which Council has with Department of Main Roads for its "Road Maintenance Performance Contract" and for other works it has a "Construction Tender Invitation".
 - (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. Balonne Shire Council has a combination of tender process and day labour.
- (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 activity's cost(s) which would not be incurred if the activity's 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.

The Council has resolved not to apply the CCC to any activities.

Balonne Shire Council
Management Certificate

For the year ended 30 June 2007

This general purpose financial report has been prepared pursuant to section 532 of the Local Government Act 1993(the Act), the Local Government Finance Standard 2005 (the Standard) and other prescribed requirements.

In accordance with Section 48 of the Standard we certify that:-

- (i) the local government considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements for the year ended 30 June 2007 and supporting notes present the Council's income, equity, balance sheet and cash flows as required by the Local Government Act 1993.

Robert Errol Buchan
Mayor
Date: 13/09/2007

Allan James Young
Chief Executive Office
Date: 13/09/2007

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Balonne Shire Council for the financial year ended 30 July 2007 included on Balonne Shire Council's web site. The Council is responsible for the integrity of the Balonne Shire Council's web site. We have not been engaged to report on the integrity of the Balonne Shire Council's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Balonne Shire Council, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Balonne Shire Council which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificate given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993 and Local Government Finance Standard 2005 including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of 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 judgment, including the assessment of risks of material misstatement in the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 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 Financial Administration and Audit Act 1977 promotes the independence of the Auditor-General and QAO authorized auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed 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.

Auditor's Opinion

In accordance with the *Local Government Act 1993* I have audited the Council's financial report, and –

- (a) I have received all the information and explanations which I have required; and
- (b) In my opinion –
 - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and

the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the financial performance and cash flows of the Balonne Shire Council for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.

John H. Gosper, B.Com CPA
(as Delegate of the Auditor-General of Queensland)

12/10/2007
Toowoomba



Capital Revenue include **Subsidies** the Council receives to be specifically spent on **Capital Works** for example – Council received \$50,000 from Federal Government for the Works on the Mungindi Levee bank – they money can only be spent on this specific purpose.

Statement of Financial Performance:

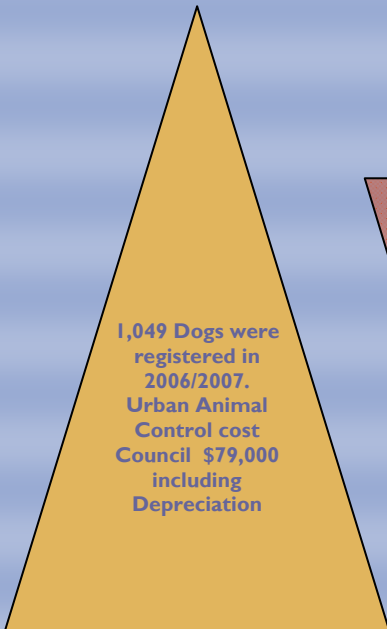
This statement indicates how Council is obtaining and spending its monies. (Includes non-cash items)

Operating Revenue (Income – includes Rates, Fees and Charges, Grants and Subsidies) **\$12.58 Million**

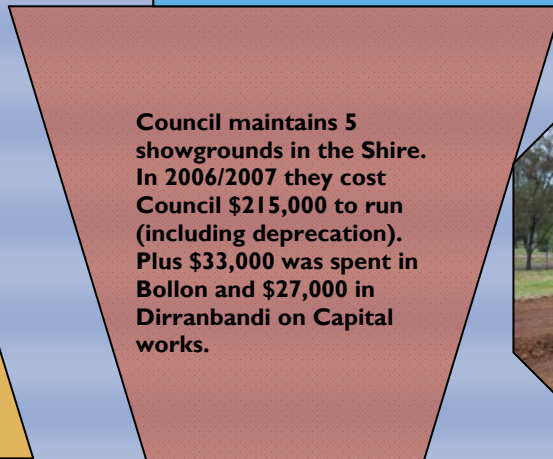
Total Revenue (including Capital Revenue) **\$15.09 Million**

Operating Expenses (Provision of Services, Maintaining Council Assets and Borrowing Costs) - **\$11.96 Million**

Net Position (Revenue less Expenses) – **\$3.14 Million**



1,049 Dogs were registered in 2006/2007. Urban Animal Control cost Council \$79,000 including Depreciation



Council maintains 5 showgrounds in the Shire. In 2006/2007 they cost Council \$215,000 to run (including depreciation). Plus \$33,000 was spent in Bollon and \$27,000 in Dirranbandi on Capital works.



The length of Council Roads which it is responsible for is 2,388 Kilometres – Council spent \$6.6 million on it Roads, Bridge and Drainage maintenance and capital works in 2006/07 including depreciation – This does not include Roads owned by the Queensland Government.

14/02

Statement of Cash Flows:

States where Council's cash comes from and where it goes to.

Cash Receipts - \$ 16.9 Million

Cash Payments - \$ 13.99 Million

Net increase in Cash - \$ 2.94 Million

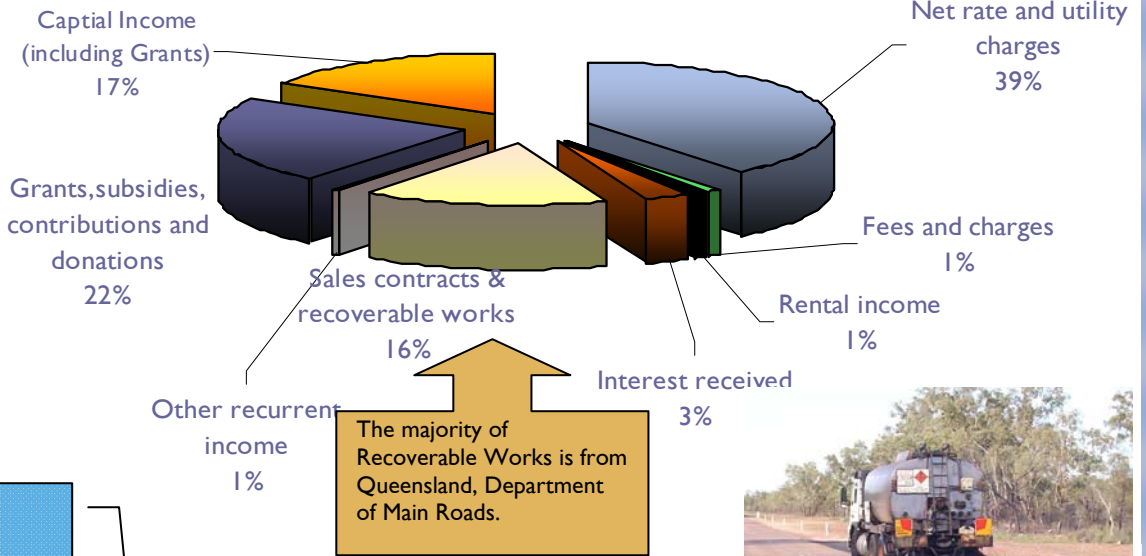
Cash on Hand 30 June 2007 - \$8.4 Million

Cash on Hand includes \$8 Million invested with Queensland Treasury Corporation

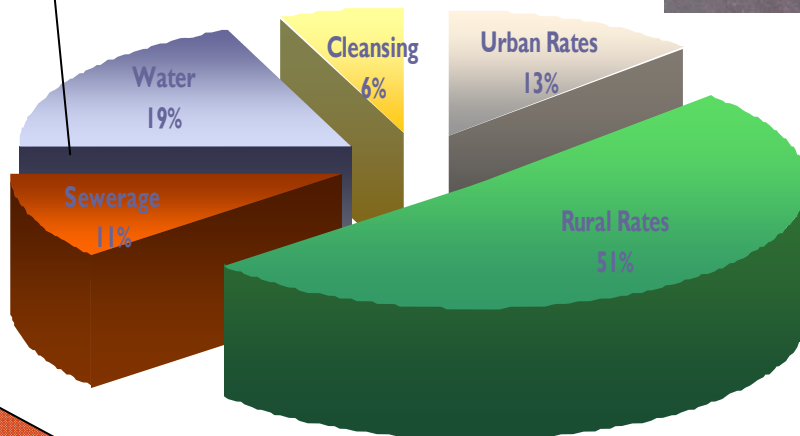
To reach a strong financial position, Council must not only have enough cash for its day-to-day operations and to fund purchases of property, plant and equipment; repay interest and principal payments on loans, it must manage its cash to have the capacity to meet its financial commitments in the long term. For example Council must plan for the replacement of its \$20 million Water Infrastructure or Council's 6 communities will not a reliable water supply.

Queensland Treasury Corporation (QTC) is a AAA Rated Financial Institution, wholly owned by the Queensland Government. It is the central financing authority and corporate treasury services provider to Queensland Government Department and Local Governments throughout Queensland.

Revenue Break-up (Money coming in to Council)



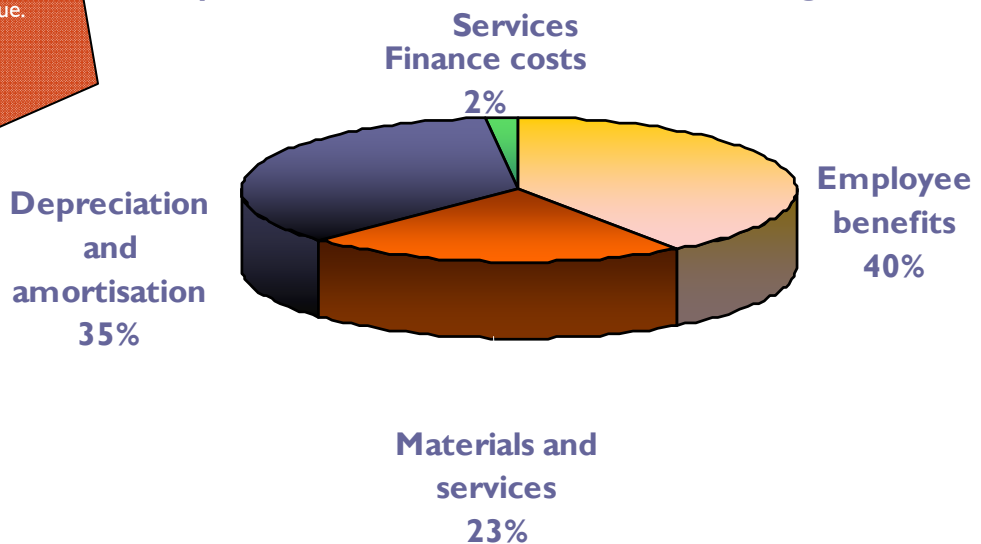
Rates/Charges Break-up (What the rate payers actually pay)



Water is supplied to 6 towns.
Sewerage is supplied to 3 towns.

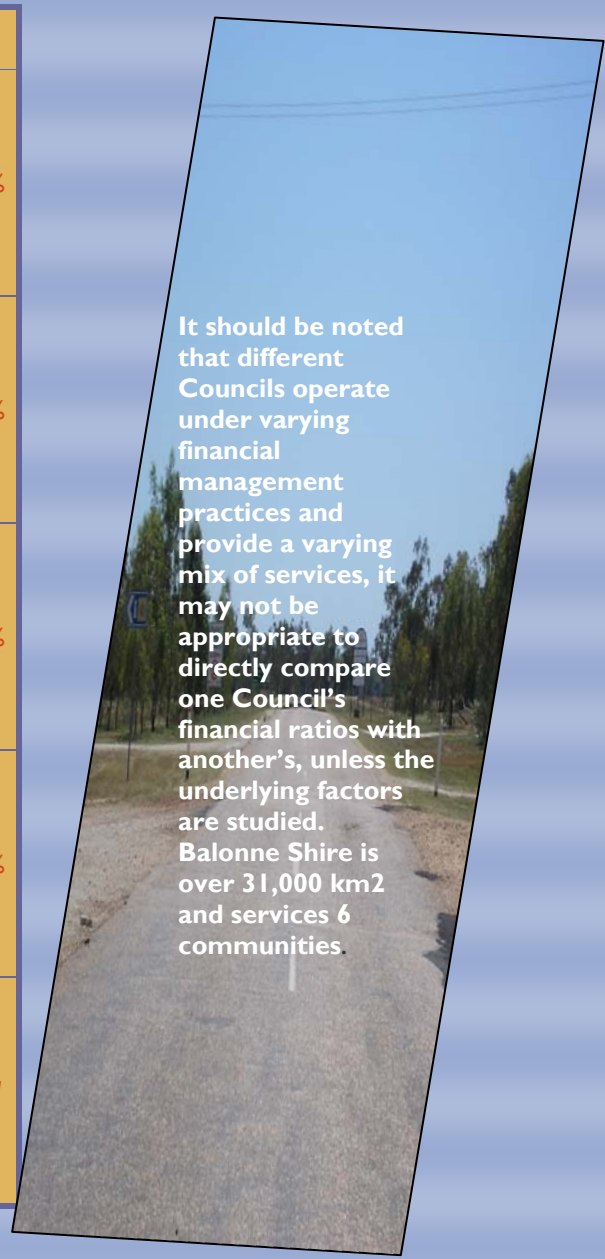
Depreciation is the estimated run down in the value of assets usually due to wear and tear or technically obsolete. For example bitumen sealing on roads has a useful of 10 years, so the asset cost are apportioned over a ten year period less residual value.

How Operational Funds were Used in Providing Council



Trend Analysis -Financial Ratios which give an indication of how the Council is performing over a 3-Year Period

	2006 /2007	2005 /2006	2004 /2005
Net Rate and Utility Charges Revenue/Total Revenue (The percentage of monies from rate payers out of total Council Revenue - Basically how much does Council rely on Rate Payers for Revenue)	39.06%	35.45%	40.21%
Debt Servicing and Redemption Cost / Total Revenue (The percentage of Total Revenue that is required to meet Council's annual loan repayments including both interest and redemption)	3.92%	4.39%	4.97%
Interest/Redemption / Rates and Charges (Total Proportion of Rates and Charges Required to Pay Interest and Redemption Charges through the Year)	10.04%	12.38%	12.36%
Net Debt /Total Revenue (The percentage of Council's Total Debt including long term borrowings divided by Council's Total Revenue)	31.80%	33.79%	42.56%
Current Assets/Current Liabilities (The ratio of Current Assets which includes Cash in Council's Bank Accounts and in Investments plus Monies owed to Council to the portion of Monies that Council is required to pay within a twelve month period.)	7.85:1	6.24:1	4.47:1



It should be noted that different Councils operate under varying financial management practices and provide a varying mix of services, it may not be appropriate to directly compare one Council's financial ratios with another's, unless the underlying factors are studied. Balonne Shire is over 31,000 km² and services 6 communities.



Council maintains 65 Hectares of Parklands which cost Council \$244,000 in Maintenance and Operations in 2006/07 including Depreciation.



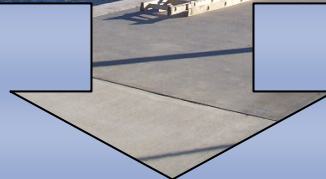
Council has 5 Halls which cost Council \$181,000 in Maintenance and Operation 2006/07 including depreciation. Revenue from the Halls was \$11,800.

Borrowing Position as at 30 th June 2007	
Program	Closing Loan Balance as at 30 June 2007
Bridges	1,066,291
Stormwater Drainage	97,197
Works Depots	1,217,574
Swimming Pools	75,805
Halls/Civic/Cultural Centres	74,809
Urban Waste Water	256,107
Urban Water	268,929
Total	3,056,711



All Loans are with Queensland Treasury Corporation. Council chose not to borrow any new funds during the year. Council gives very careful consideration as to whether it needs to borrow more money, and in making this decision, considers whether it should use the cash it has in the bank rather than borrowing.

Capital Expenditure Figure below doesn't include Works that were not completed as at 30th June 2007. For example the Dirranbandi Swimming Pool is not included in the figures below. Works that are not completed and are still under construction are classified as Work in Progress.



Capital Expenditure (\$'000) - Assets that Council Acquired 2006/2007				
Land	Buildings	Plant & Equipment	Furniture	
60	437	1,265	-	
Transport	Urban Water	Urban Waste Water	Other Assets	
3,003	442	-	261	

Other Statutory Information

Freedom of Information

The objective of the Freedom of Information Act (1992) (FOI) is to extend, as far as possible, the right of the community to have access to information held by Council. All FOI applications must be in writing and sent to: Chief Executive Officer, Balonne Shire Council, PO Box 201, St George, Qld 4487.

During 2006/07 Council received no FOI applications.

Councillor Code of Conduct

Councillor code of conduct complaints 2006/2007:

The total number of breaches of the councils code of conduct for councillors in 2006/2007 were:	Nil
The number of complaints about alleged code of conduct breaches by code of conduct breaches by councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the chief executive officer under chapter 4, part 3A in 2006/2007, were:	Nil
The number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government in 2006/2007 were:	Nil
The number of complaints resolved under the local government's general complaints process during the year and the number of those complaints that related to an alleged breach by a councillor by a councillor of the local government's code of conduct for councillors in 2006/2007 were:	Nil

Access to Council Documents

Documents Available for Inspection/Sale	
Council Agenda	Development Application Register
Council Meeting Minutes	Rating/Property/Building Search
Standing Committee Agendas	Town Planning Certificate
Standing Committee Minutes	Shire Street/Road Register
Administrative Policy Manual	Cemetery Register
Annual Budget Statement	Sewerage House Drainage Plans
Council Local Laws and Local Law Policies	Shire Organisations - Address Book (8x3 Address Label Format)
Annual Report	Shire Planning Scheme Document
Documents Available via Subscription Service	
Minutes of all Council Meetings	Building Approval Lists

Check out www.balonne.qld.gov.au for the fees in relation to the above documents.

Revenue Policy

Section 513A of the Local Government Act 1993 requires that a local government must prepare and adopt a revenue policy.

Policy Objective

The purpose of this Revenue Policy is to set out the principles used by

Council for:

- the making of rates and charges
- the levying of rates
- the recovery of rates and charges
- the exercise of concession powers in relation to rates and charges.

Check out www.balonne.qld.gov.au for the complete Revenue Policy in the 2006/07 Budget.

Borrowing Policy

Section 4(d) of the Local Government Finance Standard 2005 states that a local government must develop a policy about borrowings. Furthermore Council's borrowing activities are governed by the Statutory Bodies Financial Arrangements Act 1982 and Section 525 of the Local Government Act 1993. The objective of the policy is to ensure the sound management of Council's existing and future debt. Check out www.balonne.qld.gov.au for the complete Borrowing Policy in the 2006/07 Budget.

Grants to Community Organisations

Organisation	Grant
St George Heritage Centre	2,000
Under 8's week - STG	100
Special Children's Christmas	220
St George State High School Year 12 Dux Award	100
St George State High School - Magazine Donation	50
St George State School Parent's and Citizen's - Monster Raffle Prize	35
Warroo Balonne Regional Landcare	5,000
St George State High School-MUSIC FEST 2007	30
Mung Community Preschool	400
Dirranbandi Kindergarten-Quiz Night	32
Dirranbandi Opti Minds	150
Donation 60+ annual conference	1,220
	9,337

Free or Concessional use of Council facilities by charitable / not-for-profit organisations was also granted on many occasions by the Council. Concessional use of the halls to the value of \$2,925 and to the showgrounds \$ 731.

Entertainment and Hospitality Services

Council's Expenditure on Entertainment and Hospitality Services in 2006/2007 totalled \$13,891. Amounts quoted are total costs of the occasion or function and not exclusively food, drink or accommodation.

Function	Amount
Christmas Party – Staff Function	2,172
Australia Day	2953
Mark Vale - Acting Prime Minister Visit	514.15
Anzac Day	659
Back to Bollon Celebrations	126.65
Cattle - Pound Sales	85.32
Local Govt Week-Activity Costs	2,589
Council Meeting Expenses	2,949
Councillors Road Run	1,843
Total	13,891

Advertising

Council complied with the adopted policy on advertising. Advertising was only used for where the purposes of Council or the benefit of the Community was advanced. Advertising expenditure in 2006/2007, totalled \$6,870.

Description	Amount
Advertising for Employees	2,668
Tenders	1,549
Matters Required by Legislation and Other Community Notices	2,482
Tourism Advertising	171
Total	6,870

Overseas Travel

No Councillor or Staff travelled overseas during 2006/2007 on Council Business.

Reserves and Controlled roads

The Balonne Shire Council has control of—

(a) the following land on land that is a reserve under the Land Act 1994;

Purpose	Area (Hectares)
Camping & 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	0.20
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 Purposes	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	1,601.00
Water Reserve	35.62
Water Supply Reserve	0.12
Grand Total	14,040.66

(b) and 2,377 kilometres (plus 639.58 kilometres Department of Main Roads Control Roads) of roads that are not owned by the Council.

This land does not have a value for the council's financial statements.

STANDING COMMITTEES

Standing Committees have been formed to streamline Council business. These Committees meet as required on an irregular basis.

FINANCE COMMITTEE

The Council as a Committee of the whole, by Authority of Resolution dated 7th April, 2004.

WORKS COMMITTEE

The Council as a Committee of the whole, by Authority of Resolution dated 7th April, 2004.

AGENDAS AND MINUTES

Agendas are prepared for all Council General Meetings and are available for public display no less than two days prior to those meetings. Minutes of all Council Meetings are available for public display within five working days after the Meeting.

ADVISORY COMMITTEES AND STATUTORY BODIES

A number of Advisory Committees (that may also include staff and members of the general public), are established from time to time to investigate and deal with particular issues or programmes and meet as required.

Council representation on Statutory Bodies and Advisory Committees is established at the commencement of and as required throughout the term of the Council. Current Council representation is as follows:-

REPRESENTATION ON ADVISORY COMMITTEES:-

Note: () Denotes Committee Chair

BALONNE SHIRE COUNCIL RURAL LANDS PROTECTION COMMITTEE

Council - (Cr. R.T. Knights), Cr. V.A. Jamieson and Cr. J.B. Kennedy
Staff - Chief Executive Officer, Stock Routes Supervisor

ST. GEORGE SHOWGROUNDS PLANNING AND CO ORDINATING COMMITTEE

Council - (Cr. J.B. Kennedy), Cr. L. Russell and Cr. R.W. Marsh
Community - Balonne Branch Australian Stock Horse Society
St. George Combined Agents
St. George Netball Association
St. George P. & A. Association
St. George Polocrosse Association

DIRRANBANDI SHOWGROUNDS PLANNING AND CO ORDINATING COMMITTEE

Council - (Cr. M.D. Hetherington) and Cr. A.F. Sevil
Community - Dirranbandi P. & A. Association
Dirranbandi Polocrosse Association
Dirranbandi Pony Club
Dirranbandi Rodeo Association

BOLLON SHOWGROUNDS PLANNING AND CO ORDINATING COMMITTEE

Council - (Cr. R.T. Knights) and Cr. V.A. Jamieson
Community - Bollon Polocrosse Association
Bollon Rodeo Association

BALONNE SHIRE COUNCIL WORKPLACE RELATIONS COMMITTEES

Workplace Health and Safety Consultative Sub-Committee:

Council - (Cr. R.W. Marsh)
Staff - Chief Executive Officer, Director Technical Services, Works Overseer, Technical Officer (WHSO), plus six (6) elected employee representatives.

Equal Employment Opportunity (EEO) Consultative Committee:

Council - (Cr. R.W. Marsh)
Staff - Director Corporate & Community Services, Mrs D. Green,

Federal Award SBU:

Council - (Cr. R.W. Marsh), Cr. M.D. Hetherington, Cr. A.F. Sevil, Chief Executive Officer, Director Technical Services, Director Corporate & Community Services
Staff - Mr. W. McDonald, Mr F. Bradley, Mr P. Smith, Mr W. Bradley, Mrs S. O'Toole and Mrs D. Francisco.

State Awards SBU:

Council - (Cr. R.W. Marsh), Cr. M.D. Hetherington, Cr. A.F. Sevil, Chief Executive Officer, Director Technical Services, Overseer
Staff - Mr. R. Hill, Mr M. Ross, Mr R. Beckmann, Mr K. Fontaine, Mr W. Goodwin and 1 x Vacancy.

BALONNE SHIRE COUNCIL QUALITY MANAGEMENT COMMITTEE

Council - (Cr. R.G. Fuhrmeister)
Staff - Chief Executive Officer, Director Corporate & Community Services, Director Technical Services, Director Health Planning & Environment, Works Officer, Technical Officer, Purchasing Officer, Overseer, Workshop Supervisor.

WATER AND WASTE WATER POLICY COMMITTEE

Council - The Council as a Committee of the whole, by authority of resolution dated 7th April, 2004.
Staff - Chief Executive Officer, Director Corporate & Community Services, Director Technical Services, Works Engineer, Director Health Planning & Environment

PLANT PURCHASING COMMITTEE

Council - (Cr. R.G. Fuhrmeister), Cr. R.T. Knights and Cr. R.C. Beeson
Staff - Director Technical Services, Overseer, Workshop Supervisor

SPORT AND RECREATION COMMITTEE

Council - (Cr. R.T. Knights), Cr. A.F. Sevil, Cr. M.D. Hetherington and Cr. R.G. Fuhrmeister
Staff - Director Technical Services, Overseer, Workshop Supervisor

REPRESENTATION ON STATUTORY BODIES:-

TOOWOOMBA & GOLDEN WEST TOURIST ASSOCIATION INC.

Council - Cr. David McMahon from Goondiwindi Town Council 2006-2007 term (Currently representing Balonne and Waggamba Shires and Goondiwindi Town)

BALONNE SHIRE COUNCIL DISASTER COMMITTEE

Council - (Cr. R.E. Buchan)
Staff - Chief Executive Officer (X.O.), Mr. S.K. Mizen (Balonne S.E.S. Controller)
Community - Representatives of the Queensland Police Service, Queensland Fire & Rescue Service, Department of Primary Industries, Qld Ambulance Service, Medical Superintendent, Australian Red Cross, SES.

ROMA DISASTER DISTRICT RECOVERY SUB COMMITTEE

Council - Cr. R.E. Buchan

MARANOVA BALONNE CATCHMENT MANAGEMENT ASSOCIATION

Council - Cr. A.F. Sevil, Proxy Delegate Cr. R.C. Beeson

MARANOVA BALONNE CATCHMENT MANAGEMENT ASSOCIATION LOCAL GOVERNMENT REFERENCE GROUP

Council - Cr. R.E. Buchan, Proxy Delegate Cr. R.T. Knights

BALONNE SHIRE COUNCIL REGIONAL ARTS DEVELOPMENT FUND COMMITTEE

Council - (Cr. R.G. Fuhrmeister)

MARANOVA AND DISTRICT REGIONAL ORGANISATION OF COUNCILS

Council - Cr. R.T. Knights
Staff - Chief Executive Officer

REPRESENTATION ON COMMUNITY COMMITTEES:-

LOCAL GOVERNMENT BORDER RIVERS PROJECT

Council - Cr. J.B. Kennedy

CONDAMINE – BALONNE and BALONNE-CULGOA WATER COMMITTEES

Council - Cr. A.F. Sevil and Cr. J.B. Kennedy

WARRAWEE RETIREMENT VILLAGE COMMITTEE

Council - Cr. L. Russell

BALONNE SHIRE COUNCIL W.O.R.K. ASSESSMENT COMMITTEE
Council - (Cr. M.D. Hetherington) and Cr. R.C. Beeson
Staff - Director Health Planning & Environment

LOWER BALONNE ADVISORY COMMITTEE
Council - **Cr. A.F. Sevil, Proxy Delegate Cr. M.D. Hetherington**

CARE BALONNE ASSOCIATION INC.
Council - Cr. R. G. Fuhrmeister

GREAT INLAND WAY PROMOTIONS GROUP INC.
Council - Cr. R. G. Fuhrmeister

ADVENTURE WAY PROMOTIONS GROUP
Council - Cr. R. G. Fuhrmeister
Staff - Economic Development & Events Officer

REGIONAL MUSEUM RESOURCE CENTRE ADVISORY COMMITTEE
Council - Cr. R.G. Fuhrmeister

BEARDMORE DAM YOUTH CAMP COMMITTEE
Council - Cr. L. Russell

BUILDING SAFER COMMUNITIES ACTION TEAM
Council - Cr. R.G. Fuhrmeister
Staff - Director Corporate & Community Services

MURRAY – DARLING ASSOCIATION INC.
Council - Delegate to Annual General Meeting - Cr. R.E. Buchan
Delegates to Regional Meetings – Cr. R.E. Buchan, Cr. R.T. Knights, Cr. A.F. Sevil and Cr. R.G. Fuhrmeister

BALONNE SHIRE YOUTH COUNCIL COMMITTEE
Council - Cr. R.G. Fuhrmeister, Cr A.F. Sevil and Cr J.B. Kennedy
Staff - Economic Development and Events Officer

SKILL CENTRE COMMITTEE (BALONNE FURTHER EDUCATION AND TRAINING GROUP INC.)
Council - Cr. M.D. Hetherington

BALONNE SHIRE ROTARY BUSINESS AWARDS ORGANISING COMMITTEE
Council - Cr. R.G. Fuhrmeister, Cr. R.W. Marsh
Staff - Economic Development and Events Officer

PARKS & GARDENS PLANNING COMMITTEE
Council - (Cr. A.F. Sevil) and Cr. V.A. Jamieson and Cr. L. Russell
Staff - Director Technical Services, Town Works Supervisor, Chief Executive Officer