

# Annual Report 2011/12

Moranoa

Moonie

Balonne

Bairwon

Wallam

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



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# Welcome

Welcome to the Annual Report produced by the Balonne Shire Council for the 2011-2012 financial year.

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

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

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

If you are a ratepayer of our Shire it provides you an insight into how the rates you paid were utilised.

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

To provide feedback please contact Council on 4620 8888 or email [council@balonne.qld.gov.au](mailto:council@balonne.qld.gov.au)



## Shire Profile

The Balonne Shire is located in Queensland on the New South Wales border some 500 kilometres from the east coast of Australia and has an area of 31,119m<sup>2</sup>. A region of surprising diversity and unique attractions, the Balonne Shire is rich in native bird and animal life, wide open spaces, beautiful waterways, and many historic buildings.

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

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

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

This truly is "the land of droughts and flooding rains" Balonne's ten year drought ended with record-breaking floods in March 2010, again in January 2011 and yet again in February 2012.

On the one hand, this caused damage which will take millions of dollars and several years to rectify, but, on the other, renewed water storages, soil moisture and heralded the potential for great harvests.

# Mission Statement and Values

## OUR VISION

*"For the People":*

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

## OUR MISSION - OUR PURPOSE

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

## OUR VALUES

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

### **Respect**

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

### **Teamwork**

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

### **Accountability**

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

### **Innovation**

- We embrace continuous improvement and encourage new ideas and innovation

### **Empowerment**

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

## Message from our Mayor



Once again the people of the Balonne Shire have been faced with the challenge of widespread flooding throughout the region. Coming on top of the floods experienced in the previous year and the damage to the road network during the two flood events, council staff has been overwhelmed out on the ground and internally, trying to deal with the enormity of completing restoration work as well as putting in place the proper checks and balances required under NDRRA funding guidelines. I believe as a relatively small council that we have met the challenges admirably and I compliment the staff for rising to meet the challenge.

This of course has been accomplished with the assistance of private contractors and we have been fortunate in engaging the extra numbers needed to carry out the work.

The Balonne Shire experienced an estimated \$55 million worth of damage emanating from the March 2010 flood event, of which just under \$10 million of repairs had been completed by 30th June 2011. Following on from this event further flooding was experienced in December 2010 / January 2011. An estimated \$20 million worth of restoration work was identified in infrastructure damage. This work will follow on once the 2010 event repairs are approved.

Council has continued with our ordinary roads capital works program and committed \$2,983,233 to various programs including, Buckinbah Road reconstruction of 6.2km at a cost of \$508,000, Littleton Road Gravel resheeting 4 km, Pine Park Road gravelling 10km, Waggoo Road Bitumen Sealing 3km, Hollymount Road gravel resheeting \$214,000, Middle Road widening and reforming \$334,000 and Bollon Dirranbandi Seal section \$320,000. Council has spent \$490,686 on maintaining our town streets. A big but necessary undertaking was directed to upgrading our storm water drainage system. A sum of \$1,534,425 was expended on the Church Street drainage. This has proven to be effective as no local flooding was experienced in this area during the current wet season whereas some houses in this area had experienced frequent flooding in the past.

Council has spent \$298,771 in capital works upgrades to our water infrastructure. This is the beginning of a much larger commitment to upgrade and rationalise the water supply system in St George. Council has purchased two new preowned homes to accommodate the needs of our executive staff at cost of \$670,000. Sport and Recreation has received a big boost in the shire with the St George Skate Park being constructed at a cost of \$101,000. This meets the demands for recreation from the Youth Council. Rowden Park was upgraded with pop-up sprinklers and top dressing. This project cost \$109,000. The Dirranbandi Hall was another winner with a much needed upgrade at a cost of \$596,000. This is money well spent and the result is very pleasing and appreciated by the community. Further work will be done to complete the project next financial year. A critical piece of infrastructure, the Dirranbandi levee bank which protects the township of Dirranbandi from floodwater, received funding of \$240,000 to fortify the levee against future floods; this proved to be very fortuitous. Other miscellaneous works undertaken during this year included - Water and Electricity upgrades - Bollon showgrounds;

Commencement of Community Plan; Economic Development Plan completed; Window to the West and other tourism related projects; Wallam Creek path project at Bollon.

All in all Council completed a busy but successful year.

**Donna Stewart**  
**MAYOR**

## Message from our Chief Executive Officer



Another year and another record flood! 2012 will be remembered for the year St George was evacuated; hopefully this will be a unique experience for us all.

In April we welcomed a new Council, with a pleasing mix of experienced Councillors and enthusiastic new faces. To the outgoing Council, I would like to say thank you for your commitment over the last four years; we achieved a lot – responded well to repeat record flooding, left the Council with improved infrastructure, a sound financial position and clear vision for the future. To the new Council I would like to say that I see the next four years as an exciting time for the Balonne Shire. The flooding has brought heartbreak, but also opportunities to rebuild better and stronger than before.

Although flood response and reconstruction dominated the year, it was also a busy year in other areas of responsibility.

Council adopted the Community Plan for the Balonne Shire. This was developed in close association with the people of the Balonne Shire to document a shared vision of our future to 2025. Work started on a new Planning Scheme to guide and regulate this future development. This will naturally reflect the aspirations contained in the Community Plan.

Council continued to be engaged in the evolution of the Murray Darling Basin Plan. This process has all levels of Government working with the Basin communities to agree on management practices that will balance environmental, social and economic priorities. The Balonne Shire has a great deal riding on a balanced, workable outcome.

After successful flood mitigation at Dirranbandi, Thallon and Mungindi, attention has turned to St George. Council has been working closely with Queensland Reconstruction Authority to develop effective and achievable flood mitigation for St George. Improved flood mapping will lead to changes to the Planning Scheme to regulate future development and funding has also been obtained for on ground works to reduce the impact of future flooding. The Shire also welcomed the finding of the Queensland Flood Commission of Inquiry and in particular the endorsement of Council's submission that levee banks need to be regulated.



The 2011/12 year saw a major change to the rating system in response to a fundamental change in determining the rateable valuation of land. The value of water entitlements have been systemically removed from rateable values by the State. This potentially results in large changes to rates levied on each assessment. As with any reform, there have been winners and losers, but Council sought the most equitable outcome given the circumstances. It is probable this will remain a challenging policy area for some time.

The budget to restore roads and streets is still many times Council's normal budget, but work also continues augmenting and maintaining other types of infrastructure.

The administration of the Shire moved home to temporary accommodation while the Shire Chambers received a refit and extension

There was a major Relining Project for St George and Dirranbandi sewer systems, and funding was obtained for a new St George River Water Pump Station located at Hutt Street. The problematical water supply at the Rhea subdivision was connected to the town's reticulated supply and the expanded Bollon River Walk and free camping area were completed.

In all the past year has been one of intense activity and one the Balonne Shire team can be immensely proud of, and I thank each and everyone of them for their efforts and continued support.

Regards

**Scott Norman**  
**CHIEF EXECUTIVE OFFICER**

## Elected Representatives



### **Cr. Donna Stewart (Mayor)**

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



### **Cr Richard Marsh (Deputy Mayor)**

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



### **Cr Rod Avery**

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



### **Cr Ian Winks**

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



### **Cr Joanne Kellock**

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



### **Cr Fiona Gaske**

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



### **Cr Robert Paul**

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

## Councillor Remuneration

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

Councillor	Monthly Council Meetings	Total Fees Paid <sup>#</sup>
Cr D S Stewart (Mayor)	12	\$71,931.46
Cr R Marsh (Deputy Mayor)	11	\$38,432.96
Cr R Fuhrmeister	10	\$28,786.48
Cr A Sevil	8	\$24,796.48
Cr F Gaske	2	\$12,141.23
Cr I Winks	12	\$29,889.44
Cr R Avery	2	\$3,709.82
Cr R Paul	2	\$3,709.82
Cr J Kellock	2	\$3,709.82

# Fees include base remuneration and meeting fees for other meetings attended as a representative of Council. Remuneration covers 2011/12 financial year as opposed to calendar year limits determined by the tribunal.

### Local Government Remuneration and Discipline Tribunal

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

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

A report on the tribunal's remuneration determinations is made to the Minister responsible for local government by 1 December annually. The most recent report regarding remuneration for local government councillors was published by the Local Government Remuneration Tribunal in December 2011.

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

Balonne Shire Council adopted the following Remuneration Package on 16 December 2011.

## **Balonne Shire Council Remuneration Package for Councillors 2012 Adopted 16 December 2011**

### **1. PURPOSE OF THE REMUNERATION PACKAGE**

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

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

### **2. PRINCIPLES ON WHICH REMUNERATION PACKAGE IS TO BE BASED**

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

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

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

### **3. LEVEL OF REMUNERATION**

#### **Mayoral Remuneration**

The annual remuneration payable to the Mayor shall be \$72,003.

#### **Deputy Mayoral Remuneration**

The annual remuneration payable to the Deputy Mayor shall be \$37,716. This allowance provides for Acting Mayoral duties, as required in the absence of the Mayor.

#### **Councillor Remuneration**

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



## **Superannuation**

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

## **Method of Payment**

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

## **Date and Period of Effect**

The remuneration package as listed above will be for the period 1 January, 2012, until 31 December, 2012.



# Councillor Expenses Reimbursement

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

## 1. POLICY STATEMENT

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

## 2. PRINCIPLES

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

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

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

## 3. SCOPE

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

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

## 4. DEFINITIONS

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

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

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

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

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

## **5. POLICY**

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

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

### ***Council business***

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

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

### ***Professional development***

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

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

## **5.1 Travel Expenses**

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

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

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

## **5.2 Flight bookings**

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

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

## **5.3 Travel transfer costs**

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

*Example: trains, taxis, buses and ferry fares*

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

## **5.4 Private vehicle usage**

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

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

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

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

## **5.5 Accommodation**

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

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



## 5.6 Meals

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

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

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

[http://www.justice.qld.gov.au/\\_data/assets/pdf\\_file/0005/104936/9-11-domestic-travelling-and-relieving-expenses.pdf](http://www.justice.qld.gov.au/_data/assets/pdf_file/0005/104936/9-11-domestic-travelling-and-relieving-expenses.pdf)

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

*(Current 1<sup>st</sup> September 2011)*

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

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

No alcohol will be paid for by Council.

## 5.7 Incidental expenses

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

## 6. PROVISION OF FACILITIES

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

### 6.1 Administrative tools

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

Administrative tools include:

- ◆ office space and meeting rooms
- ◆ computers
- ◆ mobile phones / reimbursement of call costs
- ◆ stationery
- ◆ access to photocopiers
- ◆ printers

- ◆ facsimile machines
- ◆ publications
- ◆ use of Council landline telephones and internet access in Council offices.

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

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

## **6.2 Maintenance costs of Council owned equipment**

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

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

## **6.3 Name Badge/Safety equipment for Councillors**

A local government may provide Councillors with:

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

## **6.4 Use of Council vehicles on Council business**

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

## **6.5 Insurance Cover**

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

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

## **6.6 Fuel Costs**

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

## **6.7 Car Parking Amenities**

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

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

# Executive Staff

## **Chief Executive Officer**

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

*A review of Council's Executive was undertaken during the year with a new Management team established to provide support to Council's Chief Executive Officer and oversee the different functional areas of Council.*

## **Director of Infrastructure Services**

Don Lee commenced with Council as the Director of Infrastructure Services in October, 2011. Don is responsible for transport, urban water supply and waste water, drainage infrastructure, parks, gardens and recreational facilities, commercial services and public amenities.

## **Director of Corporate & Financial Sustainability**

Peter O'May joined Council's Executive Management Team in February 2011 bringing considerable local government experience to this position having held various positions with Maryborough City Council, Wondai Shire Council and recently as Chief Executive Officer of Boulia Shire Council. Peter is responsible for governance, administration, finance and information technology.

## **Director of Health, Planning and Community Development**

Mark Kelleher commenced employment with Council in November 2011 as Acting Director of Health, Planning and Community Development. Mark responsible for planning, public and environmental health, building, housing, disaster management, council facilities, WORK program and waste management.

## **Manager of Economic and Community Development**

Marlyn McInnerney joined Council's Executive Management team in January 2011. No stranger to Balonne Shire Marlyn was employed on a short term contract in 2010 to complete an economic development plan for Council. Marlyn is responsible for economic and community development and the management of Council's libraries and tourism & visitor services.

# Senior Contract Employee Remuneration

In accordance with Section 210 of the *Local Government Act 2009* details of senior contract employees remuneration packages are to be detailed within the Annual Report.

A **senior contract employee** is—

- (a) the chief executive officer; or
- (b) any other local government employee who is employed—
  - (i) on a contractual basis; and
  - (ii) in a position that reports directly to the chief executive officer.

## Senior Contract Employee Remuneration

Remuneration Package Range	Employees
\$75,000 - \$99,999	1
\$100,000 - \$124,999	2
\$125,000 - \$149,999	1
\$150,000 - \$174,999	1



# Our People

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

## Recruitment

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

## Equal Employment Opportunity

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

## Staff Age Profile

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

## Gender Profile

Council's gender profile at 30 June 2012 was 75% male as compared to 25% female. Of the 75% males employed, these were employed on a full-time basis whilst approximately 5% of females were employed on a part-time basis and approximately 20% were employed on a full-time basis.

## Workplace Behaviour, Performance and Improvement Counselling

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

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

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

- ☐ Economy and efficiency

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

### Training and Professional Development

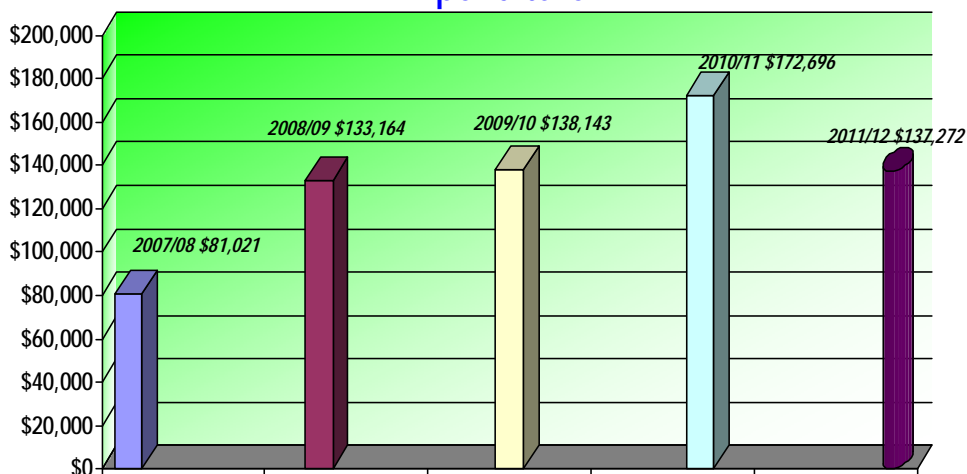
Council strives to enhance the skills and capabilities of its employees, in order to develop effective, efficient and multi-skilled teams.

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

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

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

### Staff Training & Development Expenditure



# Statutory Reporting

The *Local Government Act 2009* and *Local Government (Finance, Plans and Reporting) Regulation 2010* require a Local Government to publish information on a number of areas within its Annual Report.

The following information is provided in accordance with these requirements.

## **SPECIAL RATES AND CHARGES**

### **Thallon Town Rural Fire Brigade Special Charge**

For the 2011/12 year a special charge was levied on those rateable properties contained in the benefited area in the town of Thallon. This was for the purpose of raising revenue to fund the operation of the Thallon Town Rural Fire Brigade. Funds collected are for the purpose of the ongoing operation and maintenance of the Thallon Rural Fire Brigade. During the year \$6941.20 was levied.

## **REBATES AND CONCESSIONS**

### **Remission for Occupancy/Ownership by Pensioners**

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

### **Payment of Rates by Instalments**

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

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

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

### **Other Remissions**

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

## Discount for Prompt Payment

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

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

## TENDERS

### Expression of Interest Prior to Tenders Being Called

No expressions of interest were called prior to inviting tenders (refer Section 177(3) & Section 177(5) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*).

### Changes to Tenders

No tenderers were invited to change their tender to take account of any changes to tender specifications. (refer Section 177(7) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*).

## SUMMARY OF EXPENDITURE FOR PARTICULAR ITEMS

The following summary of expenditure is provided in accordance with Section 117 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*

<b>Grants to Community Organisations</b>		<b>Amount</b>
<i>Regional Development Arts Funds Contributions</i>		<i>24,612</i>
Balonne Creative Arts	Design, piecing & embroidery Workshop	1,295
Balonne Shire Council	Repair Mural at BP	712
Old Arts Council – MADS	Theatre workshop	1,000
Old Police Service	Art & Craft Workshop	500
St George Art Group	Pastel & Painting Workshop	1,405
St George Heritage Centre	Coffee Table Book – Floods 2010 & 2011	4,265
Dirranbandi RTC	Pamphlets on Tom Dancey Statue	530
Bollon CWA	Patching & Sewing Workshop	790
Bollon State School P & C	Mosaic Project	5,200
Dirranbandi RTC	Furniture Restoration & Upholstery Workshops	1,021
Dirranbandi RTC	Iron Work & Welding Workshop	1,568
St George Art Group	Drawing Workshop	1,431
St George State School P&C	Writers Workshop	2,185
St George Elders Group	Scoping Study	1,500
Balonne Creative Arts	Furniture Upholstery Workshop	1,210
		<i>13,634</i>



<i>Community Grants</i>		
Dirranbandi Kindergarten Ass	Annual Quiz Night	98
St George Bowls Club	Carnival Sponsorship	200
St George State High School	Trivia Night	350
Balonne Shire Council	Ag & Vet Golf Day	185
St Patrick's School	Annual Fete	252
Dirranbandi Hospital Auxiliary	Melbourne Cup Luncheon	200
Thallon Cricket Club	Concrete Cricket Pitch	1,262
St George Heritage Museum	Annual Maintenance Grant	2,000
St George State High School	Annual Awards Night	100
Queensland Police	Shake & Stir Performance	181
St George State High School	National Young Leaders Day	500
Paroo Shire Council	Mayor Challenge Bull Ride	150
Old Police Legacy Scheme	Child Safety Handbook	300
Balonne Shire Council	Street Party	375
St Patrick's School	Year 7 Camp	1,000
Old Country Women's Ass	Pictorial History	500
Koori Kids	2012 NAIDOC Week	450
Balonne Skill Centre	Annual Operational Grant	3,726
Mungindi Community Preschool	Annual Fundraiser	330
St George Golf Club	Refurbish Kitchen Facilities	175
St George State School	Annual School Trip	500
Thallon State School	Annual School Trip	500
St George Polocrosse	Annual Polocrosse Carnival	300
<i>Free or Concessional Use of Council Facilities</i>		<i>7,887</i>
<b>Total Contributions to Community Organisations</b>		<b>\$46,133</b>

## OVERSEAS TRAVEL

No Councillors or employees of Council undertook any overseas travel for the financial year 2010/11 (refer Section 116 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*)

## COUNCILLOR CONDUCT

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

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

## REGISTERS

In accordance with Section 119 (1) (e) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* the following table lists the registers and other publications that are kept under the control of the Chief Executive Officer. These are open to inspection, with or without restriction where indicated in the table. In some cases, charges may apply for copies or extracts if these are allowable.

Register / Document	Purpose	Access
Land Record	To record details of every parcel of rateable land in the Shire	Available to any person – fees and restrictions may apply
Fees and Charges	To record the charges set by Council	Available to any person
Road Register	To show details of roads in the Shire Available to any person	Available to any person
Local Law Policies	To record all Local Law Policies adopted by Council	Available to any person
Shire Planning Scheme	To appropriately manage development within the Balonne Shire Council area.	Available to any person
Minutes of Council Meetings	To record all the resolutions made by the Council at Ordinary or Special Meetings	Available to any person after the meeting. Also available on Council's website
Delegations by Council	To record the delegation of power from Council (e.g. To Chief Executive Officer)	Available to any person
Delegations by Chief Executive Officer	To record the delegation of power from the Chief Executive Officer to another Officer.	As permitted by law
Policy Register	To document the policies of Council	Available to any person
Corporate Plan	To document the goals, strategies and performance indicators set by the Council for the four year period 2009-2013	Available to any person
Annual Operational Plan	To document the strategies and activities set by the Council for the year	Available to any person
Budget	To record the proposed expenditures and revenues required to implement the Council's strategies and goals this year	Available to any person
Annual Report	To document the financial position	Available to any person

	and the performance of the Corporate and Operational Plans for the year, as well as other accountabilities both mandatory and discretionary	
Personal Interest of Councillors	To record certain financial and other personal interests of Councillors	Available to any person upon written application to the Chief Executive Officer. Relevant Councillor/s must be informed of the application
Personal Interests of Councillors' Related Persons	To record certain financial and other personal interests of specified persons related to Councillors	Restricted to Councillors of Balonne Shire Council and persons permitted by law or their agents
Personal Interest of the Chief Executive Officer and other specified employees	To record certain financial and other personal interests of the Chief Executive Officer and certain other employees	Available only to Councillors, the Chief Executive Officer or a person permitted by law or their agent

## LAND AND RESERVES

Balonne Shire Council is responsible for the following land under infrastructure:-

2,377 km of roads (*a further 639.58 km of Main Roads are within the Shire*)

14,040.66 hectares of reserve land that are reserves under the *Land Act 1994*

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

## Council Managed Reserves

Camping and Water Reserve	10,259.72
Cemetery Reserve	9.54
Crossing Reserve	121.40
Gravel Reserve	8.09
Pasturage Reserve	660.05
Pound Reserve	102.21
Public Purposes Reserve	291.80
Recreation Reserve	0.23
Reserve for Local Government (Refuse Disposal) Purposes	22.30
Reserve for Local Government (Noxious Waste Disposal)	2.33
Reserve for Local Government (Sewerage) Purposes	0.12
Reserve for Museum	.20
Reserve for Park	6.43
Reserve for Recreation	1.13
Pasturage Reserve	239.00
Pound Reserve	8.11
Reserve for Recreation	32.02
Reserve for Scenic Purpose	12.10
Reserve for Scientific Purposes	0.02
Reserve for Water	13.00
Sanitary Depot Reserve	2.02
Sanitary Reserve	18.31
Town Reserve	593.81
Town Reserve (Extension) Reserve for Township	1601.00
Water Reserve	35.62
Water Supply Reserve	0.12
<b>Total</b>	<b>14,040.66 ha</b>

# Performance Report

## KEY PROGRAM AREAS

### Corporate Governance

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

### Corporate Services

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

### Planning, Development and Environmental Health Services

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

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

### Rural Services

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

### Infrastructure Services

To provide efficient and effective transport and drainage infrastructure;

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

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

### Community Lifestyle

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

### Economic Development

To foster a vibrant economic development.

### Commercial Services

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

## Corporate Governance

### *Goal:*

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

### *Year Highlights and Achievements:*

- Balonne Shire Council adopted the Community Plan for the Shire. This plan was developed in close consultation with the community and key stakeholders in the Shire. The plan incorporates the vision of all stakeholders of where we would like our Community to be in 2025;
- Balonne Shire was successful with lobbying with the State Government to increase its elected members from four to seven. This change came into effect after the Local Government elections were conducted in April 2012;
- Balonne Shire, after consultation with elected representatives, staff and the Local Government Association adopted a new organisational structure in March 2012. The new structure will streamline Council's operation.
- Council has continued to maintain its Workplace Health and Safety and SafePlan2 by with a reduction in workplace injuries and lost time and the provision of all mandatory training of its staff;
- Record of Material Personal Interest register established and on Council's website;
- Community Engagement Policy adopted;
- Draft Asset Management Plan adopted.

### *Into the Future:*

- Development of Entity Wide Risk Register;
- Continue lobbying for the realignment of the DCDB to enable reliable mapping data.





## Corporate Services

### *Goal:*

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

### *Year Highlights and Achievements:*

- During the 2011-12 financial year, Council successfully implemented TRIM records management software. With the implementation of this software, it will enable Council to effectively manage records and workflows;
- Council's financial position for the year remained strong and the Finance section was involved in a number of projects and funding submissions, which included Natural Disaster Recovery and Relief for flood related expenditure;
- 2011/12 saw the commencement of new enterprise bargaining agreements. The negotiation of the agreements was undertaken in a positive spirit. At 30 June, 2012 a vote had not been taken.
- Council implemented the 10 year Financial Sustainability Return which complies with statutory requirements of the Local Government (Finance, Plans and Reporting) Regulation 2009;
- Council adopted a new Rating Model to ensure that rating is fair and equitable across the Shire.

### *Into the Future:*

- Develop and implement an Annual Strategic Records Management Plan and Annual Records Operating Plan;
- Monitoring flood related expenditure, to ensure compliance with guidelines as set out by the Queensland Reconstruction Authority;
- Review of Accounting Manual;
- Completion of Council's Administration Building;



# Planning, Development and Environmental Health Services

## Goal:

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



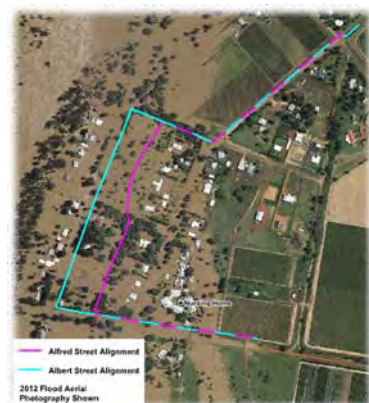
## Year Highlights and Achievements:

- During the 2011/12 financial year, Council received 68 Building Applications and 10 Development Applications
- Council participated in the Annual Mobile Muster Program, which is a program for the collection and recycling of mobile phones in schools
- The Balonne Shire Annual Clean Up was carried out during the year. This program assists residents to dispose of bulky waste items.
- Council began working in collaboration with the Queensland Reconstruction Authority to determine long and short term options for flood mitigation works and land use planning strategies to address potential impacts and improve reliance of the towns within the Shire
- Council coordinated Clean Up Australia Day in conjunction with Ergon Energy and Commonwealth Bank in St George, Bollon, Dirranbandi, Hebel and Thallon



## Into the Future:

- Develop and Implement of New Planning Scheme
- Balonne Shire in conjunction with Queensland Treasury and Trade will be undertaking a broad hectare study to identify future urban land
- Council in conjunction with schools, community groups and residents will be participating in National Tree Day, which is an opportunity to come together and make a positive difference to our environment



## Rural Services

### Goal:

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



### Year Highlights and Achievements:

- During the year, the Council completed works renewing the Dirranbandi Common fence line. This project was delayed previously due to the March 2011 flood event.
- Within the past 12 months, the Balonne Shire has made remarkable progress in the management of wild dog control, with increased participation from landholders in the baiting programs, improved education and communications with key stakeholders and assistance



- with collection and mapping of data
- A new water facility, in memory of Mr Robert Lindores was created on the Carnarvon Highway during the year. This facility consists of a newly constructed dam,

- fencing and tanks
- Council continued to carry out other fencing projects, including the St George town common
- Council was successful in obtaining funding from South West Natural Resources & Mines for the control of feral pigs in the Bollon area. This project had exceptional results and the agency has offered further funding for future baiting programs.



### Into the Future:

- Control of Hymenachne on the Beardmore Dam and the mouth of the Maranoa River is one of the priorities for Council, as this weed is a major threat to the health of the river system
- Council is pursuing funding for the development of a new wash down facility, to be located on the Carnarvon Highway
- Continuation of baiting for wild dogs and pigs, in co-ordinated campaigns twice a year.



# Infrastructure Services

## Goal:

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



## Year Highlights and Achievements:



- Continuation of a flood recovery repairs to roads and other infrastructure
- Footpaths – Victoria Street, Alfred Street, Church Street
- Kerb and Channel – Alfred Street
- St George airport – shelter for emergency services vehicle
- Purchase of a Stabiliser , Multi Tyred road roller, Tractor and Slasher, various smaller vehicles
- Upgrade Bollon worker accommodation
- Upgrade St George showgrounds power and show ring lights
- Install Bollon cemetery toilet
- Replace Dirranbandi sewerage pump
- Sewer mains upgrade Dirranbandi and St George
- Bore water mains – Mungindi, Dirranbandi, Hebel
- River water mains – St George



## Into the Future:



- Continue with infrastructure flood recovery program
- Progress asset management strategy
- Realignment of the DCDB
- Continue with ongoing gravel resheeting and bitumen resealing program
- Continue with kerb and channel and footpath upgrade program
- Investigate effluent reuse options from St George sewerage treatment facility
- Progress relocation of St George river water pump station
- Replace St George swimming pool protective coating



## Community Lifestyle

### Goal:

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



### Year Highlights and Achievements:



- During the year the Wallam Creek Walking Trail at Bollon was completed. This project was funded by Department of Sport and Recreation and Council. The Bollon Travellers' Comfort Stop, located at the Wallam Creek camping area was also completed with funding from the Minor Tourism Infrastructure funding.

- With the provision of funding under the Regional and Local Community Infrastructure Program, the Dirranbandi Skate Park was completed
- Council continued to maintain library services in Bollon, Dirranbandi, Hebel, Thallon and St George. These services provide residents and visitors access to a wide range of learning and information resources.



### Into the Future:

- Council will proceed with the Hebel Spiral Public Art Piece, which will consist of timber pillars narrating the history of Hebel
- Establish a Community Grants Program and guidelines



- Install a Flood Marker in St George
- Implement the Balonne Shire Council Community Plan

# Economic Development

## Goal:

- To foster a vibrant economic environment

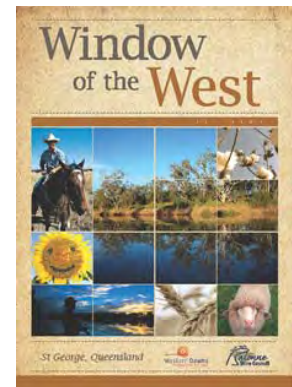


## Year Highlights and Achievements:



- Council assisted the St George and District Aboriginal Corporation providing advocacy and support in grant writing the Employment Strategy recommendation implementation

- Window to the West – Balonne Shire tourism brochure was renewed during the year. The brochure promotes the district as an ideal business location and tourist destination
- The Council continued to maintain and promote the Visitor Information Centre as a showcase of the shire's attributes
- Council continued its support of events, festivals and promotions throughout the Shire, including Australia Day celebrations, Women's International Luncheon and local not for profit organisations



## Into the Future:

- Council is committed to establishing a Community Grants Program to enable organisations within the Shire to obtain funding to enhance and improve their facilities
- The Balonne Shire Economic Development Strategic Plan 2011-2016 will come to fruition, with priorities including investment ready and investment attraction, tourism and visitor enhancement and addressing housing availability





## Commercial Services

### *Goal:*

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

### *Year Highlights and Achievements:*

- Council was successful in obtaining Transport Infrastructure Scheme (TIDS) funding \$190,000,
- A Road Maintenance Performance Contract (RMPC) was successfully negotiated with the Department of Transport and Main Roads



- Council staff continued works on the Noondoo Thallon Rd to upgrade to bitumen seal standard. These works were done under the Department of Transport and Main Roads Road Performance Contract.

### *Into the Future:*

- Successfully negotiate ongoing maintenance and capital roadwork projects with the Department of Transport and Main Roads on the State controlled road network



# Community Financial Report

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

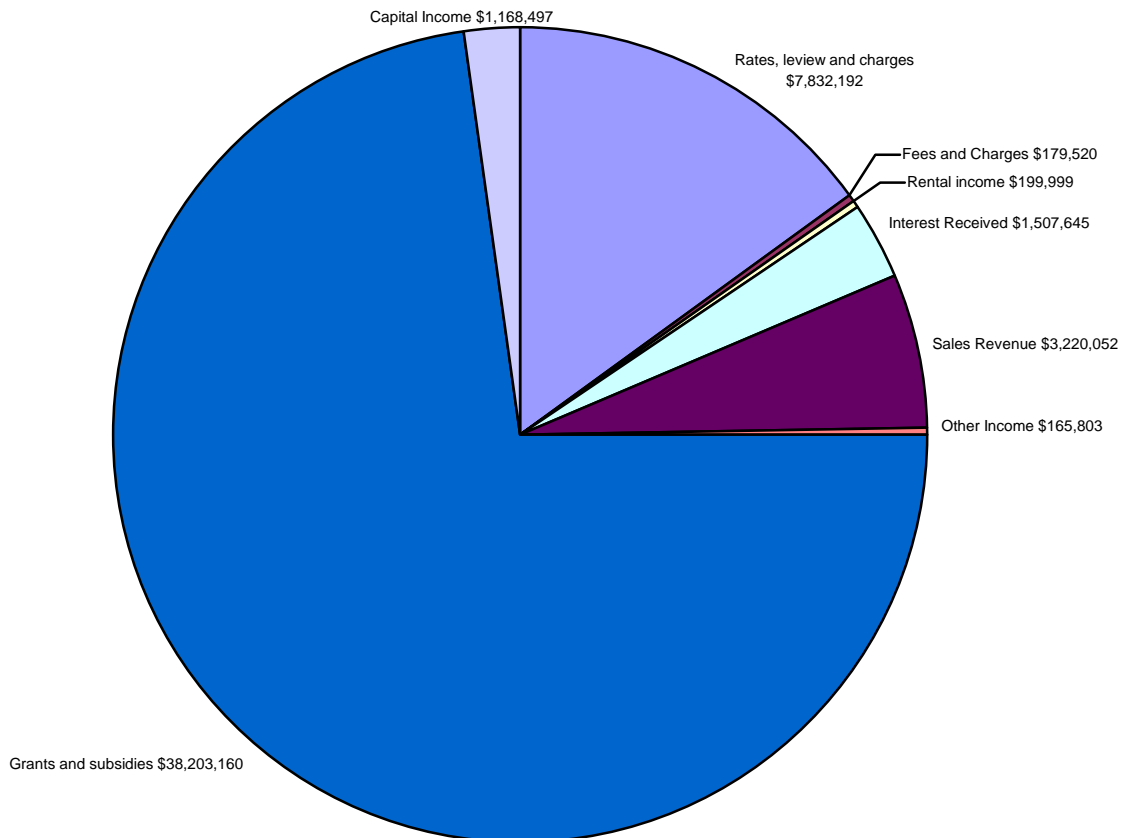
The Community Financial Report is based on the detailed financial information contained in the enclosed financial statements for 1 July 2011 to 30 June 2012. A summary has been provided on the following financial matters

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

## *Sources of Income:*

The total income for the 12 months to 30 June 2012 was \$53,570,412. This includes rates and charges, grants and fees during the 12 months. The capital income of \$1,168,497 is mainly made up from capital grants and subsidies.

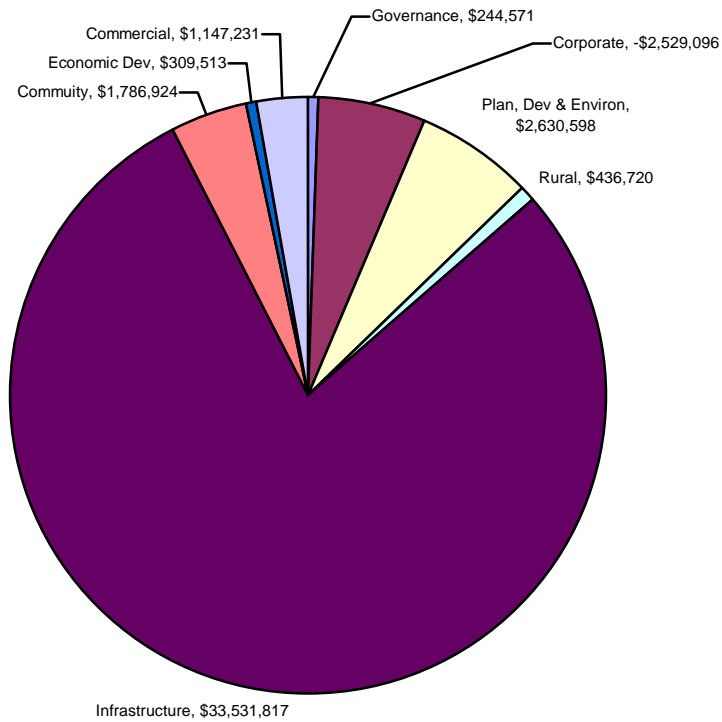
### Where our money came from



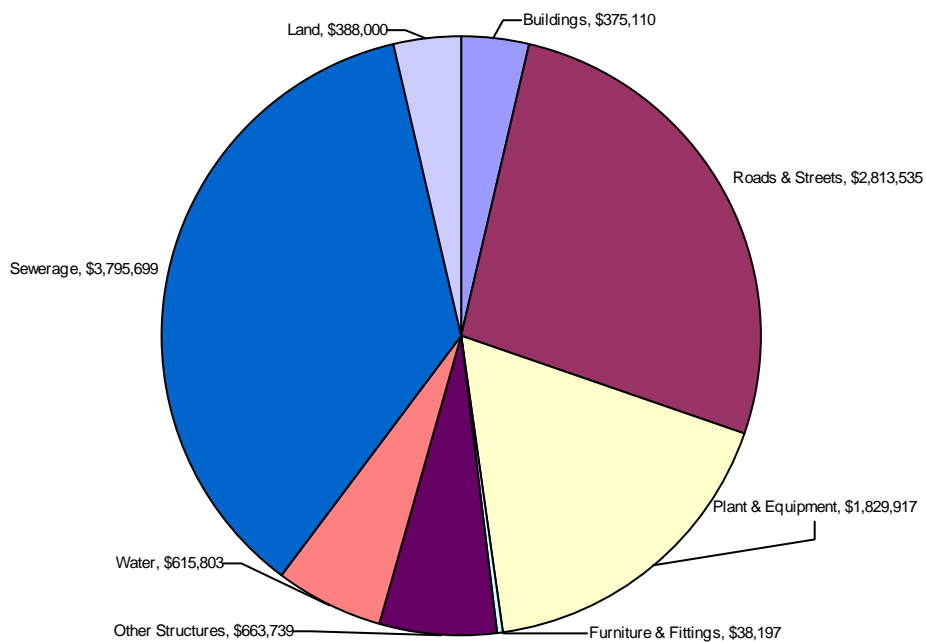
### Where Council Spent its funds:

Total expenditure for the 12 months to 30 June, 2012 totalled \$37,558,278. This expenditure consisted of costs such as electricity, insurance, salaries & wages, repairs & maintenance and depreciation of community assets. Council spent \$7,103,970 on capital purchases and capital improvements.

#### Operating Expenditure

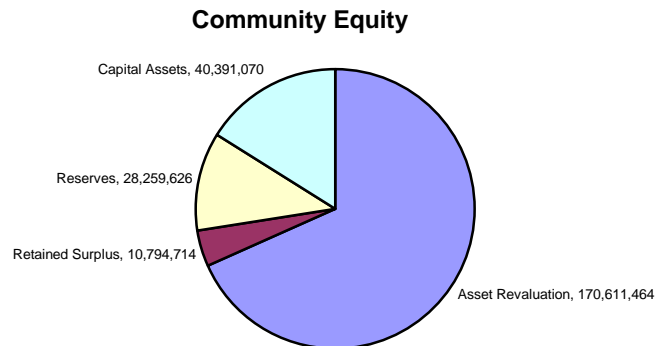


#### Capital Expenditure



## *Increase in Net Worth (Community Equity):*

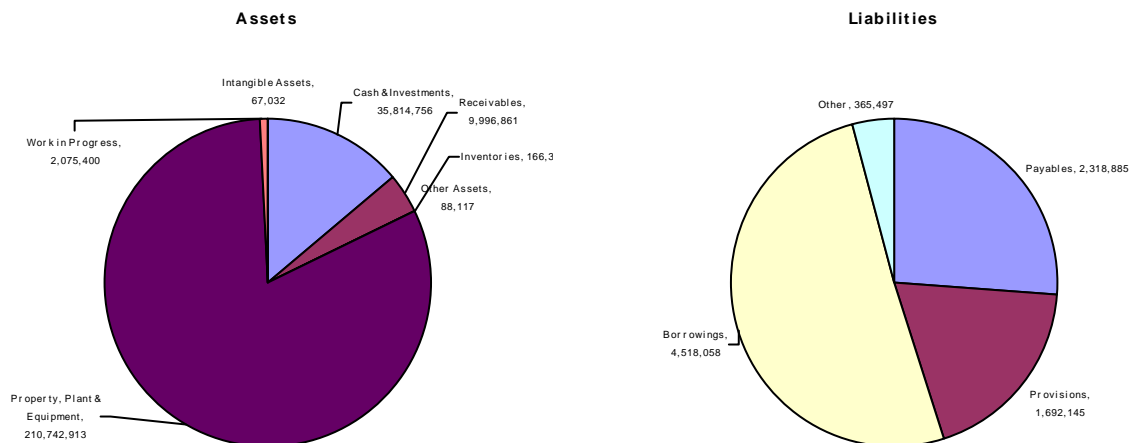
Balonne Shire Council's net worth (Community Equity), is made up of Investment in capital assets, Reserves, Asset Revaluation Reserve and Retained Surplus.



## *What Council owes and owns:*

Council's assets of \$258,951,459 are made up of investment in community assets such as roads, buildings, water & sewer infrastructure as well as cash, investments, receivables and inventories.

Council's liabilities of \$5,319,600 comprise of employee provisions, sundry creditors and QTC loans.



## Statement of Cash Flows

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

This statement only reports on cash and shows:

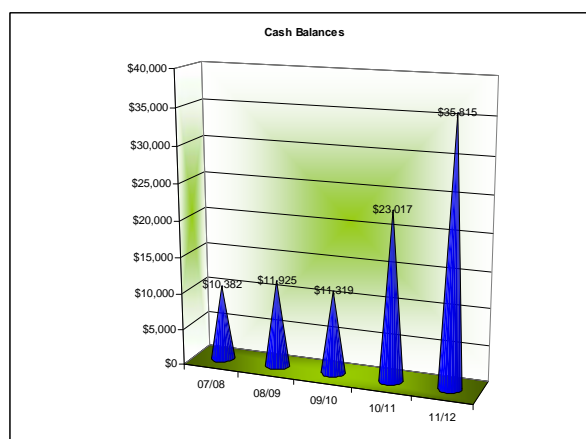
- how much money we started the year with,
- where any incoming money came from,
- where any money was spent, and
- how much money we have left at the end of the year.

	2011/12 \$,000	2010 / 11 \$,000	2009 / 10 \$,000	2008 / 09 \$,000	2007 / 08 \$,000
<b>Opening Cash Balance</b>	<b>23,017</b>	<b>11,319</b>	11,925	10,382	8,568
<b>Net Cash Flow from Operating Activities</b>	<b>14,916</b>	<b>18,841</b>	5,330	7,602	5,337
<b>Net Cash Flow from Investing Activities (Capital Purchases)</b>	<b>(5,113)</b>	<b>(6,869)</b>	(5,512)	(5,625)	(3,116)
<b>Net Cash Flow from Financing Activities (Loans)</b>	<b>2,999</b>	<b>(274)</b>	(423)	(434)	(406)
<b>Closing Cash Balance</b>	<b>35,815</b>	<b>23,017</b>	11,319	11,925	10,382

As can be seen by the summary above, we started the year with \$23,016,804 and ended the year with \$35,814,756.

This large increase in cash held is predominately related to advance natural disaster relief funding for flood damage repairs. As these funds are spent in future year's cash balances will reduce.

To reach a strong financial position, Council must not only have enough cash for its day-to-day operations and to fund purchases of property, plant and equipment; repay interest and principal payments on loans, it must manage its cash to have the capacity to meet its financial commitments in the long term.



## ***Other Financial Information***

### **Working Capital Ratio**

The working capital ratio illustrates Council's ability to pay its bills. The figure measures current assets to current liabilities.

The current ratio for Council is 12:89:1

A generally accepted minimum benchmark across all industries is 2:1 and a review of performance over the past four years demonstrates that Council has consistently been above 2:1 demonstrating good cash management practices and a sound liquidity position. The current high ratio, is due to prepayments for Flood Damage works.

### **Debt Servicing Ratio**

This ratio measures interest and redemption costs as a percentage of total revenue. It demonstrates the amount of revenue required to meet Council's annual loan repayments.

In 2011/2012 Council used 1.1% of its recurrent revenue\* to pay loan interest and principal repayments.

*\*Ratio excludes advance flood damage funds*

### **Rates Revenue Ratio**

This ratio measures the percentage of Council's recurrent revenue (does not include revenue for capital purposes or gain/loss on sale of plant & equipment) made up of rates income.

2011/ 2012 rates revenue ratio: - 18%

## **Overall Financial Summary**

- ▣ Cash balance as of 30 June 2012 - \$35,814,756
- ▣ Council has Reserves set aside for future expenditure of \$28,259,626
- ▣ Total community equity as of 30 June 2012 - \$250,056,874



## The Future

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

This does not reflect on Council's financial performance merely recording the ups and downs of cash flow related to funding of flood damage repairs offsetting the massive increase in cash balances in 2011/2012.

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

Council's financial position will continue to strengthen as strategies to build reserves and manage infrastructure assets are maintained.

# Key Contacts

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## Postal Address

Balonne Shire Council  
PO Box 201  
ST GEORGE QLD 4487

## Administration Centres

Administration Office  
118 Victoria Street, St George  
Telephone 07 4620 8888  
Fax 07 4620 8889

Balonne Shire Council Store/Depot  
193 Grey Street, St George  
Telephone 07 4620 8855  
Fax 07 4620 8856

## After Hours Emergencies

Telephone 0407 253 858

## Website

[www.balonne.qld.gov.au](http://www.balonne.qld.gov.au)

## Email Address

council@balonne.qld.gov.au

# Financial Statements

## BALONNE SHIRE COUNCIL

### ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

# Balonne Shire Council

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# Balonne Shire Council

## Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	7,832	7,630
Fees and charges	3(b)	224	193
Rental income	3(c)	200	153
Interest received	3(d)	1,508	751
Sales revenue	3(e)	3,220	3,396
Other income	3(f)	121	183
Grants, subsidies, contributions and donations	4	39,297	28,039
<b>Total recurrent revenue</b>		<b>52,402</b>	<b>40,345</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4	1,168	4,475
Gain on Revaluation		0	0
<b>Total capital revenue</b>		<b>1,168</b>	<b>4,475</b>
<b>Total revenue</b>		<b>53,570</b>	<b>44,820</b>
Capital income	5	(11)	6,125
<b>Total income</b>		<b>53,559</b>	<b>50,945</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(8,505)	(6,836)
Materials and services	7	(25,773)	(10,536)
Finance costs	8	(133)	(120)
Depreciation and amortisation	9	(3,148)	(5,380)
<b>Total recurrent expenses</b>		<b>(37,558)</b>	<b>(22,872)</b>
Capital Expenses		0	0
		<b>0</b>	<b>0</b>
<b>Total expenses</b>		<b>(37,558)</b>	<b>(22,872)</b>
<b>Net operating surplus</b>		<b>16,001</b>	<b>28,073</b>
<b>Other comprehensive income</b>			
Increase / (decrease) in asset revaluation surplus		0	4,071
<b>Total other comprehensive income for the year</b>		<b>0</b>	<b>4,071</b>
<b>Total comprehensive income for the year</b>		<b>16,001</b>	<b>32,144</b>

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

# Balonne Shire Council

## Statement of Financial Position

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Current Assets</b>			
Cash and cash equivalents	10	35,815	23,018
Trade and other receivables	11	9,997	6,419
Inventories	12	166	434
Other Assets		88	0
<b>Total current assets</b>		<b>46,066</b>	<b>29,871</b>
<b>Non-current Assets</b>			
Property, plant and equipment	13	210,743	171,211
Work In Progress	13	2,075	135
Intangible assets	14	67	80
<b>Total non-current assets</b>		<b>212,884</b>	<b>171,425</b>
<b>TOTAL ASSETS</b>		<b>258,952</b>	<b>201,296</b>
<b>Current Liabilities</b>			
Trade and other payables	15	2,319	2,024
Borrowings	17	284	170
Provisions	16	607	655
Other		365	119
<b>Total current liabilities</b>		<b>3,575</b>	<b>2,868</b>
<b>Non-current Liabilities</b>			
Borrowings	17	4,235	1,349
Provisions	16	1,085	1,086
<b>Total non-current liabilities</b>		<b>5,320</b>	<b>2,435</b>
<b>TOTAL LIABILITIES</b>		<b>8,895</b>	<b>5,303</b>
<b>NET COMMUNITY ASSETS</b>		<b>250,057</b>	<b>195,993</b>
<b>Community Equity</b>			
Asset revaluation reserve	19	170,611	132,549
Retained surplus/(deficiency)		51,186	43,361
Other reserves	20	28,260	20,083
<b>TOTAL COMMUNITY EQUITY</b>		<b>250,057</b>	<b>195,993</b>

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



# Balonne Shire Council

## Statement of Cash Flows

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Cash flows from operating activities:</b>			
Receipts from customers		10,850	7,305
Payments to suppliers and employees		(34,659)	(15,988)
		<b>(23,809)</b>	<b>(8,683)</b>
Interest received		1,509	721
Rental income		200	153
Non-capital grants and contributions		37,137	26,758
Borrowing costs		(121)	(108)
<b>Net cash inflow (outflow) from operating activities</b>	26	<b>14,916</b>	<b>18,841</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment		(6,343)	(11,284)
Payments for intangible assets		(1)	(175)
Net movement on loans and advances		0	0
Proceeds from sale of property, plant and equipment	5	63	163
Grants, subsidies, contributions and donations		1,168	4,427
<b>Net cash inflow (outflow) from investing activities</b>		<b>(5,113)</b>	<b>(6,869)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		3,169	0
Repayment of borrowings		(170)	(274)
<b>Net cash inflow (outflow) from financing activities</b>		<b>2,999</b>	<b>(274)</b>
<b>Net increase (decrease) in cash held</b>		<b>12,798</b>	<b>11,698</b>
Cash at beginning of reporting period		23,017	11,319
<b>Cash at end of reporting period</b>	10	<b>35,815</b>	<b>23,017</b>

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

## Balonne Shire Council Statement of Changes in Equity

For the year ended 30 June 2012

Notes	Asset revaluation reserve		Retained surplus		Reserves		Total	
	2012 Actual (\$'000)	Note 19 2011 Actual (\$'000)	2012 Actual (\$'000)	2011 Actual (\$'000)	2012 Actual (\$'000)	Note 20 2011 Actual (\$'000)	2012 Actual (\$'000)	2011 Actual (\$'000)
<b>Opening balance</b>	<b>132,549</b>	<b>128,478</b>	<b>43,361</b>	<b>29,202</b>	<b>20,083</b>	<b>6,169</b>	<b>195,993</b>	<b>163,849</b>
Net operating surplus	0	0	16,001	28,074	0	0	16,001	28,074
<b>Other comprehensive income for the year:</b>								
Increase / (decrease) in asset revaluation surplus	38,063	4,071	0	0	0	0	38,063	4,071
Available-for-sale financial assets:								
Current year gains / (losses)	0	0	0	0	0	0	0	0
Reclassification to profit and loss	0	0	0	0	0	0	0	0
Cash flow hedging:								
Current year gains / (losses)	0	0	0	0	0	0	0	0
Reclassification to profit and loss	0	0	0	0	0	0	0	0
Share of comprehensive income of associates	0	0	0	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>38,063</b>	<b>4,071</b>	<b>16,001</b>	<b>28,074</b>	<b>0</b>	<b>0</b>	<b>54,064</b>	<b>32,145</b>
<b>Transfers to and from reserves</b>								
Transfers to other reserves	0	0	(16,410)	(15,870)	16,410	15,870	0	0
Transfers from other reserves	0	0	8,233	1,956	(8,233)	(1,956)	0	0
<b>Total transfers to and from reserves</b>	<b>0</b>	<b>0</b>	<b>(8,177)</b>	<b>(13,914)</b>	<b>8,177</b>	<b>13,914</b>		
<b>Closing balance</b>	<b>170,611</b>	<b>132,549</b>	<b>51,186</b>	<b>43,361</b>	<b>28,260</b>	<b>20,083</b>	<b>250,057</b>	<b>195,933</b>

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

# Balonne Shire Council

## Note 1: Summary of significant accounting policies

For the year ended 30 June 2012

### 1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2011 to 30 June 2012 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

### 1.B Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

### 1.C Constitution

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

### 1.D Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

### 1.E Currency

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

### 1.F Adoption of new and revised Accounting Standards.

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

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

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

AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2013
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2013
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2013
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>	1 January 2013
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i>	1 July 2012
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 July 2013
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>	1 January 2013
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i>	1 July 2012
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119</i> (September 2011)	1 January 2013
AASB 2011-11 <i>Amendments to AASB 119</i> (September 2011) arising from Reduced Disclosure Requirements	1 July 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2011-13 <i>Amendments to Australian Accounting Standard - Improvements to AASB 1049</i>	1 July 2012
Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

### **AASB 9 Financial Instruments (effective from 1 January 2013)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2013 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

### **Consolidation Standards**

The AASB issued a suite of six related accounting standards which are effective for annual reporting periods beginning on or after 1 January 2013. These standards:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles. The AASB is still considering whether these standards need to be modified for application by not-for-profit entities. Consequently, not-for-profit entities are not currently permitted to apply these standards prior to the mandatory application date. As council is a not-for-profit entity, no assessment has been made of the potential impact. An assessment of the impact will be made when the not-for-profit requirements are finalised.

#### **AASB 13 Fair Value Measurement (AASB 13)**

AASB 13 applies to reporting periods beginning on or after 1 January 2013. The standard sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

The Balonne Shire Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for the Balonne Shire Council's property, plant and equipment in 2013-14. AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.

#### **Amendments to AASB 101 Presentation of Financial Statements**

The AASB 101 Amendments require council to group items presented in other comprehensive income into those that, in accordance with other standards: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Council's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

#### **Amendments to AASB 119 Employee Benefits**

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

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

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

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

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

## 1.G Critical accounting judgements and key sources of estimation uncertainty

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

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

Investment Property - Note 1.P

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

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

Provisions - Note 1.W and Note 16

Valuation of finance leases - Note 1.U

Contingencies - Note 22

## 1.H Rates, levies grants and other revenue

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

### (i) Rates

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

### (ii) Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is placed in a reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent Capital Grants Reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

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

### (iii) Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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

### (iv) Rental Income

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

### (v) Interest and dividends

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

## 1.I Financial assets and financial liabilities

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



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

Financial Assets

Cash and cash equivalents (Note 1.J)

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

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

Financial Liabilities

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

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

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

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

The fair value of financial instruments is determined as follows:

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

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

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

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

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

### **1.J Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### **1.K Receivables**

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

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

### **1.L Inventories**

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



Inventories held for distribution are:

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

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

#### **1.M Other Financial Assets**

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

#### **1.N Land Held for Resale**

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

#### **1.O Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2012 Council had term deposits in excess of three months.

#### **1.P Investment Property**

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

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

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

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

#### **1.Q Property, Plant and Equipment**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

- Land and improvements
- Buildings
- Plant and equipment
- Transport Infrastructure
- Furniture and Fittings
- Water
- Sewerage
- Other infrastructure assets
- Works in progress

(i) Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

(ii) 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.

(iii) Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

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

(iv) 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. The asset class primarily includes specialized earthmoving equipment.

(v) Capital work in progress

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

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

(vi) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13.

(vii) 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.

(viii) Land under roads

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

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

## **1.S Intangible Assets**

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

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

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

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

## **1.T Impairment of Non-current Assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

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

## **1.U 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 as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

### **(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.

## **1.V Payables**

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

## **1.W Liabilities - Employee Benefits**

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

### **(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. This liability represents an accrued expense and is reported in Note 17 as a payable.

### **(ii) Annual leave**

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 17 as a payable.

### **(iii) Sick leave**

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 17 as a payable.

(iv) Superannuation

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

(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 value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17 as a provision.

## **1.X Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost

In accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

## **1.Y Asset revaluation surplus**

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

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

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

## **1.Z Retained surplus**

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

## **1.AA Reserves**

(i) Future capital works reserve

This reserve represents amounts set aside for 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) Unspent capital grants reserve

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

(iv) Constrained works reserve

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

(v) Future recurrent expenditure reserve

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

### **1.AB National Competition Policy**

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

### **1.AC Rounding and Comparatives**

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

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

### **1.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 in Note 25.

### **1.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.

### **1.AF Change in Accounting Estimates**

During the 2011/12 financial year, Council changed its accounting policy with respect to the depreciation method of Infrastructure Assets. Council now applies the straight line method, which has changed from the consumption based method. Council believes the new policy is preferable as it is a more consistent application over the useful life of these assets. This change resulted in a material decrease in infrastructure assets depreciation as most roads were at the end of their cycle and this is when the consumption method is at its highest. Council believes that the change is appropriate now, as all infrastructure assets have been revalued. An amount of the effect in future periods is not being disclosed because estimating it is impracticable due to the nature of depreciation.

# Balonne Shire Council

## Note 2a: Components of Council Functions

For the year ended 30 June 2012

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

### **Corporate Governance**

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

### **Corporate Services**

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

### **Planning, Development and Environmental Health Services**

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

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

### **Rural Services**

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

### **Infrastructure Services**

To provide efficient and effective transport and drainage infrastructure.

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

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

### **Community Lifestyle**

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

### **Economic Development**

To foster a vibrant economic environment.

### **Commercial Services**

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



## Balonne Shire Council

### Note 2b: Analysis of Results by Function

For the year ended 30 June 2012

	Gross inc recurring grants	Gross inc recurring other	Gross inc capital grants	Gross inc capital other	Total income	Gross recurring trans.	Total expenses	Net result from recurring	Net operating surplus	Assets
	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)	2012 (\$'000)
<b>Income and expenses defined between recurring and capital are attributed to the following functions:</b>										
Corporate Governance	0	0	0	0	0	245	245	(245)	(245)	0
Corporate Services	4,711	6,590	0	63	11,364	(2,529)	(2,529)	13,830	13,893	49,996
Planning, Development and Environmental	719	300	60	0	1,080	2,631	2,631	(1,611)	(1,550)	4,209
Rural Services	5	3	0	0	8	437	437	(429)	(429)	140
Infrastructure Services	35,828	2,883	1,008	(74)	39,645	33,531	33,531	5,178	6,111	183,875
Community Lifestyle	39	62	100	0	201	1,787	1,787	(1,686)	(1,586)	20,748
Economic Development	20	46	0	0	66	310	310	(243)	(243)	636
Commercial Services	0	1,197	0	0	1,197	1,147	1,147	49	49	0
<b>Total Council</b>	<b>41,321</b>	<b>11,081</b>	<b>1,168</b>	<b>(11)</b>	<b>53,559</b>	<b>37,558</b>	<b>37,558</b>	<b>14,844</b>	<b>16,001</b>	<b>259,604</b>
<b>Total consolidated</b>	<b>41,321</b>	<b>11,081</b>	<b>1,168</b>	<b>(11)</b>	<b>53,559</b>	<b>37,558</b>	<b>37,558</b>	<b>14,844</b>	<b>16,001</b>	<b>259,604</b>

## Balonne Shire Council

### Note 2b: Analysis of Results by Function

For the year ended 30 June 2011

	Gross recurring income	Gross capital income	Total income	Gross recurring expenses	Total expenses	Net result from recurring	Net operating surplus	Assets
	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)	2011 (\$'000)

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

Corporate Governance	0	0	0	232	232	(232)	(232)	0
Corporate Services	9,204	0	9,204	(831)	(831)	10,035	10,035	32,582
Planning, Development and Environmental	1,646	56	1,702	2,227	2,227	(581)	(525)	4,270
Rural Services	58	0	58	459	459	(401)	(401)	73
Infrastructure Services	25,809	10,532	36,341	16,196	16,196	9,613	20,145	163,460
Community Lifestyle	215	11	230	496	496	(278)	(267)	595
Economic Development	55	0	55	343	343	(288)	(288)	317
Commercial Services	3,355	0	3,355	3,749	3,749	(394)	(394)	0
<b>Total Council</b>	<b>40,346</b>	<b>10,599</b>	<b>50,945</b>	<b>22,872</b>	<b>22,872</b>	<b>17,474</b>	<b>28,073</b>	<b>201,297</b>
<b>Total consolidated</b>	<b>40,346</b>	<b>10,599</b>	<b>50,945</b>	<b>22,872</b>	<b>22,872</b>	<b>17,474</b>	<b>28,073</b>	<b>201,297</b>

# Balonne Shire Council

## Note 3: Revenue analysis

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>(a) Rates and charges</b>			
General rates/Community Levy		5,613	5,469
Separate rates		7	7
Water		1,500	1,447
Water consumption, rental and sundries		15	31
Sewerage		935	903
Sewerage trade waste		(17)	0
Garbage charges		600	548
Total rates and utility charge revenue		<b>8,654</b>	<b>8,406</b>
Less: Discounts		(793)	(746)
Less: Pensioner remissions		(29)	(29)
Net rates and utility charges		<b>7,832</b>	<b>7,630</b>
<b>(b) Fees and charges</b>			
Building and development fees		65	29
Infringements		1	3
Swimming Pool Fees		31	32
Licences and registrations		38	43
Cemetery Fees		40	32
Internet Charges		0	6
Searches and other Council Document Fees		9	11
Water Connection Fees		10	4
Council Facilities Hire		22	26
Other fees and charges		8	7
		<b>224</b>	<b>193</b>
<b>(c) Rental income</b>			
Staff Housing		142	120
Airport Lease Charges		32	19
St George Water Tower Rental		26	13
		<b>200</b>	<b>153</b>
<b>(d) Interest received</b>			
Interest received from term deposits		1,464	723
Interest from overdue rates and utility charges		43	29
		<b>1,508</b>	<b>751</b>
<b>(e) Sales revenue</b>			
<b>Sales of services</b>			
Contract and recoverable works		3,174	3,355
Miscellaneous Water		0	1
		<b>3,174</b>	<b>3,356</b>
<b>Sale of goods</b>			
Visitor Info Centre		46	39
History Books		0	2
		<b>46</b>	<b>40</b>
<b>Total sales revenue</b>		<b>3,220</b>	<b>3,396</b>
<p>The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end.</p>			
<b>(f) Other recurrent income</b>			
Other income		121	183
		<b>121</b>	<b>183</b>

## Balonne Shire Council

### Note 4: Grants, Subsidies, Contributions and Donations

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>(a) Recurrent</b>			
General purpose grants		6,241	3,414
State Government subsidies and grants		1,238	235
Commonwealth government subsidies and grants		129	1,245
Donations		0	0
Contributions		17	51
March 2010 Flood Event		23,215	7,489
January 2011 Flood Event		119	502
February 2012 Flood Event		1,984	0
March 2010 Prepaid Flood Event		0	11,316
January 2011 Prepaid Flood Event		6,352	3,787
<b>Total recurrent revenue</b>		<b>39,297</b>	<b>28,039</b>
<b>(b) Capital</b>			
State Government subsidies and grants		430	1,011
Commonwealth Government subsidies and grants		701	752
March 2010 Flood Event Restoration		0	2,695
Contributions		37	17
<b>Total capital revenue</b>		<b>1,168</b>	<b>4,475</b>
<b>(c) Conditions over contributions</b>			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but not have been expended at the reporting date:			
Non-reciprocal grants for expenditure on services		7,615	15,183
Non-reciprocal grants for expenditure on infrastructure		34	23
Developer contributions for infrastructure		0	0
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period			
Non-reciprocal grants for expenditure on services		15,251	98
Non-reciprocal grants for expenditure on infrastructure		30	22
Developer contributions expended on infrastructure		0	0
		<b>22,930</b>	<b>15,326</b>

# Balonne Shire Council

## Note 5: Capital income

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>Gain (loss) on the disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		0	163
Fair Value of Exchange of St George Noondoo Road with Noondoo Thallon Road			9,274
Less: Book value of property, plant and equipment disposed of			(193)
Less: Book value of Noondoo-Thallon Road		0	(3,119)
		<b>0</b>	<b>6,125</b>
Proceeds from the sale of land and improvements		63	0
Less: Book value of land sold		0	0
		<b>63</b>	<b>6,125</b>
<b>Revaluations</b>			
Revaluation up of property, plant and equipment reversing previous revaluation down		(74)	0
Revaluation up of investment property		0	0
		<b>(74)</b>	<b>0</b>
<b>Total capital income</b>		<b>(11)</b>	<b>0</b>

## Note 6: Employee benefits

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
Total staff wages and salaries		6,890	5,419
Councillors' remuneration		217	213
Annual, sick and long service leave entitlements		623	605
Superannuation	31	564	518
		<b>8,294</b>	<b>6,755</b>
Other employee related expenses		1,200	1,278
		<b>9,495</b>	<b>8,032</b>
Less: Capitalised employee expenses		(990)	(1,197)
		<b>8,505</b>	<b>6,836</b>

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

### Total Council employees at period end

Elected members	7	5
Administrative staff	30	37
Depot and outdoors staff	71	75
<b>Total full time equivalent employees</b>	<b>108</b>	<b>117</b>

# Balonne Shire Council

## Note 7: Materials and services

For the year ended 30 June 2012

<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Advertising and marketing	51	36
Audit Services	19	61
Cleansing Services	515	493
Urban Water Services	620	641
Urban Waste Water	461	233
Community Donations/Assistance	18	13
Legal Fees	40	14
March 2010 Flood Event	20,826	7,073
January 2011 Flood Event	1,268	770
February 2012 Flood Event	3,853	0
Land Protection Fund Precept	211	202
Rentals - Operating Leases	3	5
Aerodrome Maintenance	164	116
Swimming Pools - Council Owned	161	148
Other material and services	(2,434)	732
	<b>25,773</b>	<b>10,536</b>

## Note 8: Finance costs

For the year ended 30 June 2012

<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Finance costs charged by Queensland Treasury Corporation	121	108
Bank charges	12	11
Impairment of debts	0	1
	<b>133</b>	<b>120</b>

## Balonne Shire Council

### Note 9: Depreciation and amortisation

For the year ended 30 June 2012

Notes	2012 Actual (\$'000)	2011 Actual (\$'000)
<b>Depreciation of non-current assets</b>		
Land improvements	0	0
Buildings	314	267
Plant and Equipment	789	772
Furniture and Fittings	24	20
Transport Infrastructure	1,089	3,496
Water	546	398
Waste Water	226	331
Other assets	140	82
<b>Total depreciation of non-current assets</b>	<b>3,128</b>	<b>5,365</b>
<b>Amortisation of intangible assets</b>		
Software	20	15
<b>Total depreciation and amortisation</b>	<b>3,148</b>	<b>5,380</b>

### Note 10: Cash and cash equivalents

For the year ended 30 June 2012

Notes	2012 Actual (\$'000)	2011 Actual (\$'000)
Cash at bank and on hand	1,075	730
QTC Cash Fund	21,740	22,288
Term deposits	13,000	0
<b>Balance per Statement of Cash Flows</b>	<b>35,815</b>	<b>23,018</b>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	(22,791)	(15,264)
Unspent Community Contributions	(50)	(57)
Unspent loan monies	0	0
<b>Total unspent restricted cash for capital projects</b>	<b>(22,841)</b>	<b>(15,322)</b>

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

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



## Balonne Shire Council

### Note 11: Trade and other receivables

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>(a) Current</b>			
Rateable revenue and utility charges		521	519
Other Debtors		9,333	5,913
Less: impairment		(6)	(31)
GST recoverable (payable)		0	(25)
Prepayments		148	44
		<b>9,997</b>	<b>6,419</b>
<b>(b) Non-current</b>			
Loans and advances to community organisations		0	0
		<b>0</b>	<b>0</b>
<p>Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.</p> <p>Council has no community loans as at 30 June 2012</p> <p>Movements in accumulated impairment losses (other debtors) is as follows:</p>			
Opening balance		(31)	(31)
Impairment		25	0
<b>Closing balance</b>		<b>(6)</b>	<b>(31)</b>

### Note 12: Inventories

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Current</b>			
<b>Inventories held for sale</b>			
Visitor Information Centre saleable items		17	23
<b>Total inventories held for sale</b>		<b>23</b>	<b>23</b>
<b>Inventories held for distribution:</b>			
Plant and equipment stores		149	175
<b>Total inventories held for distribution</b>		<b>149</b>	<b>176</b>
Land purchased for development and sale		0	233
Water		0	2
<b>Total inventories</b>		<b>166</b>	<b>434</b>

## Balonne Shire Council

### Note 13a: Council Property, Plant and Equipment

For the year ended 30 June 2012

	LAND AND IMPROVEMENT	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TRANSPORT INFRASTRUCT	WATER SUPPLY NETWORK	URBAN WASTE WATER NETWORK	OTHER INFRASTRUCT ASSETS	WORK IN PROGRESS	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Asset Values</b>										
Basis of measurement										
Opening gross value	4,673	22,948	12,308	724	134,574	22,933	15,605	6,135	3,002	222,902
Additions at cost	388	375	1,830	38	3,468	616	380	664	0	7,758
Disposals	(73)	0	(1,068)	0	0	0	0	0	0	(1,141)
Revaluation adjustment to the ARR	19	3,027	0	0	94,421	4,736	4,409	4,060	0	110,671
Revaluation adjustment to income	0	0	0	0	9	0	0	0	0	0
Assets transferred from held for sale	233	0	0	0	0	0	0	0	0	233
Expenditure on Work in Progress	0	0	0	0	0	0	0	0	6,838	6,838
Work in Progress Capitalised	0	0	0	0	0	0	0	0	(7,765)	(7,765)
<b>Closing gross value</b>	<b>5,240</b>	<b>26,350</b>	<b>13,070</b>	<b>762</b>	<b>232,463</b>	<b>28,285</b>	<b>20,394</b>	<b>10,859</b>	<b>2,075</b>	<b>339,497</b>
<b>Accumulated Depreciation</b>										
Opening balance	0	3,191	5,037	444	29,078	7,618	5,700	624	0	51,692
Depreciation provided in period	0	314	789	24	1,089	546	226	140	0	3,128
Depreciation on disposals	0	0	(745)	0	0	0	0	0	0	(764)
Revaluation adjustment to the ARR	0	594	0	0	66,756	2,942	2,041	270	0	72,602
Revaluation adjustment to Income	0	0	0	0	0	0	0	0	0	0
Impairment adjustment to the ARR	0	0	0	0	0	0	0	0	0	0
Impairment adjustment to income	0	0	0	0	0	0	0	0	0	0
Assets transferred to investment property	0	0	0	0	0	0	0	0	0	0
Transfers between classes	0	0	0	0	0	0	0	0	0	0
<b>Accumulated depreciation at period end</b>	<b>0</b>	<b>4,099</b>	<b>5,081</b>	<b>468</b>	<b>96,923</b>	<b>17,179</b>	<b>7,967</b>	<b>1,034</b>	<b>0</b>	<b>126,678</b>
<b>Total written down value at period end</b>	<b>5,240</b>	<b>22,251</b>	<b>7,989</b>	<b>294</b>	<b>135,540</b>	<b>17,207</b>	<b>12,427</b>	<b>10,027</b>	<b>2,075</b>	<b>212,819</b>
Residual value	0	2	2,684	28	58,389	0	0	300	0	61,184
Estimated useful life (years)										

## Balonne Shire Council

### Note 13a: Council Property, Plant and Equipment

For the year ended 30 June 2011

	LAND AND IMPROVEMENT	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TRANSPORT INFRASTRUCT	WATER SUPPLY NETWORK	URBAN WASTE WATER NETWORK	OTHER INFRASTRUCT ASSETS	WORK IN PROGRESS	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Asset Values</b>										
Basis of measurement										
Opening gross value	4,400	22,470	10,507	687	114,347	22,460	14,967	5,574	1,446	196,858
Additions at cost	270	1,106	2,489	37	14,265	299	21	498	0	18,986
Disposals	0	0	(688)	0	(3,631)	0	0	0	0	(4,319)
Revaluation adjustment to the ARR	3	(627)	0	0	9,592	174	616	63	0	9,822
Revaluation adjustment to income	0	0	0	0	0	0	0	0	0	0
Expenditure on Work in Progress	0	0	0	0	0	0	0	0	20,542	20,542
Work in Progress capitalised	0	0	0	0	0	0	0	0	(18,986)	(18,986)
Transfers between classes	0	0	0	0	0	0	0	0	0	0
Closing gross Value	<b>4,673</b>	<b>22,948</b>	<b>12308</b>	<b>724</b>	<b>134,574</b>	<b>22,933</b>	<b>15,605</b>	<b>6,135</b>	<b>3,002</b>	<b>222,902</b>
<b>Accumulated Depreciation</b>										
Opening balance	0	3,480	4,760	423	19,450	7,459	5,381	627	0	41,580
Depreciation provided in period	0	267	772	20	3,496	398	331	82	0	5,365
Depreciation on disposals	0	0	(495)	0	(513)	0	0	0	0	(1,007)
Revaluation adjustment to the ARR	0	(556)	0	0	6,645	(239)	(11)	(86)	0	5,754
Revaluation adjustment to Income	0	0	0	0	0	0	0	0	0	0
Impairment adjustment to the ARR	0	0	0	0	0	0	0	0	0	0
Impairment adjustment to income	0	0	0	0	0	0	0	0	0	0
Assets transferred to investment property	0	0	0	0	0	0	0	0	0	0
Transfers between classes	0	0	0	0	0	0	0	0	0	0
<b>Accumulated depreciation at period end</b>	<b>0</b>	<b>3,191</b>	<b>5,037</b>	<b>444</b>	<b>29,078</b>	<b>7,618</b>	<b>5,700</b>	<b>624</b>	<b>0</b>	<b>51,692</b>
<b>Total written down value at period end</b>	<b>4,673</b>	<b>19,757</b>	<b>7,271</b>	<b>280</b>	<b>105,496</b>	<b>15,315</b>	<b>9,904</b>	<b>5,512</b>	<b>3,002</b>	<b>171,211</b>
Residual value	0	10,849	3,685	27	45,158	1,888	4,059	1,834	0	4,546
Estimated useful life (years)		15-100	1-50	5-60	10-100	2-100	1-100	1-100		

**Balonne Shire Council**  
**Note 13b: Property, Plant and Equipment Valuations**  
**For the year ended 30 June 2012**

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

**Land and improvements**

Land has been included at current market value as at 30 June 2012 as determined by Australia Pacific Valuers Pty Ltd.

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

**Buildings and Other Structures**

Buildings and Other Structures have been included at their written down current replacement cost as valued by Australia Pacific Valuers Pty Ltd, as at 30 June 2012.

**Plant and Equipment**

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

**Furniture and Fittings**

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

**Infrastructure**

Transport, Water and Sewerage Infrastructure have been included at their written down current replacement cost as at 30 June 2012 by Australia Pacific Valuers Pty Ltd.

In February 2012 a sizeable flood event occurred within Council's boundaries. This flood event caused considerable damage to Council's road, bridge and drainage assets. The assets were assessed by Council and independent engineers following the flood to determine the condition of the assets and the extent of work required to restore these assets to their pre-flood condition.

As a result of these inspections, Council was able to assess the condition of the road assets with this condition assessment provided to Australian Pacific Valuers Pty Ltd to provide a revaluation of Council's Transport Infrastructure to determine the fair value of the assets at 30 June 2012.

## Balonne Shire Council

### Note 14: Intangible Assets

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>Software</b>			
Opening gross carrying value		214	173
Movement during the period		(78)	42
<b>Closing carrying value</b>		<b>136</b>	<b>214</b>
<b>Accumulated amortisation</b>			
Opening balance		(135)	(120)
Amortisation in the period		65	(15)
<b>Closing balance</b>		<b>70</b>	<b>(135)</b>
<b>Net carrying value at end of financial year</b>		<b>67</b>	<b>79</b>
<p>The software has a finite life estimated at 10 years.            Straight line amortisation has been used with no residual value.</p>			
<b>Total intangible assets</b>		<b>67</b>	<b>79</b>

### Note 15: Trade and other payables

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>Current</b>			
Creditors and accruals		2,284	1,967
Other entitlements		35	57
		<b>2,319</b>	<b>2,024</b>
<b>Non-current</b>			
Creditors and accruals		0	0
		<b>0</b>	<b>0</b>

## Balonne Shire Council

### Note 16: Provisions

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
<b>Current</b>			
Long service leave		182	185
Annual Leave		425	470
		<b>607</b>	<b>655</b>
<b>Non-current</b>			
Long Service Leave		776	847
Annual Leave		309	239
		<b>1,085</b>	<b>1,086</b>
<b>Details of movements in provisions:</b>			
<b>(a) Long service leave</b>			
Balance at beginning of financial year		1,032	999
Long service leave entitlement arising		98	123
Long service leave entitlement paid		(172)	(90)
<b>Balance at end of financial year</b>		<b>958</b>	<b>1,032</b>



## Balonne Shire Council

### Note 17: Borrowings

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Current</b>			
Loans - Queensland Treasury Corporation		284	170
		<b>284</b>	<b>170</b>
<b>Non-current</b>			
Loans - Queensland Treasury Corporation		4,234	1,349
		<b>4,234</b>	<b>1,349</b>

### Note 18: Borrowings - Loans

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>(i) Queensland Treasury Corporation</b>			
Opening balance at beginning of financial year		1,519	1,793
Loans raised		3,452	0
Principal repayments		(453)	(274)
<b>Book value at end of financial year</b>		<b>4,518</b>	<b>1,519</b>

The QTC loan market value at the reporting date was \$4,518,058. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made to these accounts.

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

All borrowings are in \$AU denominated amounts and carried at amortised cost, interest being expensed as it accrues. Expected final repayment dates vary from 24 August 2012 to 22 June 2022. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears. Council does not have an overdraft facility.

## Balonne Shire Council

### Note 19: Asset revaluation surplus

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	(\$'000)	(\$'000)	(\$'000)
<b>(i) Asset revaluation reserve</b>			
Movements in the asset revaluation reserve were as follows:			
Balance at beginning of financial year		132,549	128,478
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and improvements		3,320	3
Land Held for Resale		(55)	3
Buildings		2,744	(72)
Plant and Equipment		0	0
Furniture and Fittings		0	0
Other Structures		290	149
Transport Infrastructure		27,850	2,948
Water		1,633	413
Waste Water		2,280	627
Impairment:			
Land and improvements		0	0
Buildings		0	0
Water		0	0
Change in value of future rehabilitation cost:			
Land and improvements		0	0
<b>Balance at end of financial year</b>		<b>170,611</b>	<b>132,549</b>
<b>(ii) Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation reserve is comprised of the following asset categories:			
Land and improvements		5,960	2,639
Land Held for Resale		29	85
Buildings		16,639	13,895
Plant and Equipment		1,498	1,498
Furniture and Fittings		307	307
Other Structures		4,361	4,071
Transport Infrastructure		107,718	79,867
Water		20,238	18,605
Waste Water		13,862	11,582
		<b>170,611</b>	<b>132,549</b>

# Balonne Shire Council

## Note 20: Other reserves

For the year ended 30 June 2012

<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	(\$'000)	(\$'000)
<b>(a) Reserves held for future capital expenditure:</b>		
(i) Future capital works reserve	2,459	2,559
(ii) Asset replacement reserve	2,809	2,154
(iii) Unspent capital grants reserve	1,258	97
(iv) Constrained works reserve	71	80
	<b>6,597</b>	<b>4,890</b>
<b>(b) Reserves held for funding future recurrent expenditure:</b>		
(i) Future recurrent expenditure reserve	21,662	15,192
	<b>21,662</b>	<b>15,192</b>
<b>Total reserves</b>	<b>28,260</b>	<b>20,082</b>
<b>(c) Movements in capital reserves:</b>		
<b>(i) Future capital works reserve</b>		
Balance at beginning of financial year	2,559	4,375
Transfer from retained surplus for future expenditure	705	0
Transfer to the retained surplus/capital funds expended in the period	(805)	(1,816)
<b>Balance at end of financial year</b>	<b>2,459</b>	<b>2,559</b>
<b>(ii) Asset replacement reserve</b>		
Balance at beginning of financial year	2,154	1,493
Transfer from retained surplus for future expenditure	655	406
Transfer to the retained surplus/capital funds expended in the period	0	255
<b>Balance at end of financial year</b>	<b>2,809</b>	<b>2,154</b>
<b>(iii) Unspent capital grants reserve</b>		
Balance at beginning of financial year	97	109
Transfer from retained surplus for future expenditure	1,162	23
Transfer to the retained surplus/capital funds expended in the period	0	(35)
<b>Balance at end of financial year</b>	<b>1,259</b>	<b>97</b>
<b>(iv) Constrained works reserve</b>		
Balance at beginning of financial year	80	84
Transfer from retained surplus for future expenditure	25	4
Transfer to the retained surplus/capital funds expended in the period	(36)	(7)
<b>Balance at end of financial year</b>	<b>71</b>	<b>80</b>

# Balonne Shire Council

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>(d) Movements in recurrent reserves:</b>			
<b>(i) Future recurrent expenditure reserve</b>			
Balance at beginning of financial year		15,192	108
Transfer from retained surplus for future expenditure		21,589	15,183
Transfer to retained surplus		(15,118)	(98)
<b>Balance at end of financial year</b>		<b>21,662</b>	<b>15,192</b>

## Note 21: Commitments for expenditure

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		5	6
One to five years		26	31
		<b>31</b>	<b>37</b>
<b>Contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Garbage collection contract		325	310
Major Vehicles on Order		566	161
		<b>891</b>	<b>471</b>

## Note 22: Contingent liabilities

For the year ended 30 June 2012

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

### Local Government Mutual:

The Council is a member of the Local Government Mutual Liability Self-Insurance Pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

As at 30 June 2011 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

### Local Government Workcare:

The Council is a member of the Queensland Local Government Workers Compensation Self-Insurance Scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's Workers Compensation Authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$129,926.

# Balonne Shire Council

## Note 23: Superannuation

For the year ended 30 June 2012

<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	(\$'000)	(\$'000)
<b>Contributions</b>	<b>564</b>	<b>518</b>

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits.

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

The DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2011 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions.

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

## Balonne Shire Council

### Note 24: Operating leases (Council is lessor)

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
The Council has leased St George Water Tower and St George Airport			
The minimum lease payments are payable as follows:			
Not later than one year		58	34
One to five years		266	149
Later than five years		0	0
		<b>324</b>	<b>183</b>

### Note 25: Trust funds

For the year ended 30 June 2012

	<u>Notes</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
		(\$'000)	(\$'000)
<b>Trust funds held for outside parties</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		1	9
Security deposits		88	65
		<b>89</b>	<b>74</b>

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

## Balonne Shire Council

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

For the year ended 30 June 2012

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
<b>Net operating result</b>		<b>16,001</b>	<b>28,073</b>
<b>Non-cash operating items:</b>			
Depreciation and amortisation		3,148	5,380
Revaluation adjustments		0	0
Impairment of property, plant and equipment		0	0
Change in future rehabilitation and restoration costs		0	0
		<b>3,148</b>	<b>5,380</b>
<b>Investing and development activities:</b>			
Net (profit) / loss on disposal of non-current assets		11	(6,125)
Capital grants and contributions		(1,168)	(4,427)
Non cash Contributions		0	(48)
		<b>(1,157)</b>	<b>(10,599)</b>
<b>Financing activities:</b>			
Financing activities		0	0
		<b>0</b>	<b>0</b>
<b>Changes in operating assets and liabilities:</b>			
(Increase) decrease in receivables		(3,809)	(5,192)
(Increase) decrease in inventory		35	(12)
Increase (decrease) in payables		747	1,091
Increase/(decrease) in liabilities		0	0
Increase (decrease) in other provisions		(49)	101
		<b>(3,076)</b>	<b>(4,013)</b>
<b>Net cash inflow from operating activities</b>		<b>14,916</b>	<b>18,841</b>



# Balonne Shire Council

## Note 27: Financial instruments

**For the year ended 30 June 2012**

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

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

financial risk in the following ways:

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

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial

institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

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

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

### (i) Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another

party to a financial instrument failing to discharge their obligations.

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

In other cases the Council assesses the credit risk before providing goods or services and applies normal

business credit protection procedures to minimise the risk.

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area.

Because the area is largely agricultural (primarily cotton, beef and wheat), there is also a concentration in the

agricultural sector.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset

is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

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

	Notes	2012 Actual	2011 Actual
		(\$'000)	(\$'000)
Financial assets			
Cash and cash equivalents		35,815	23,018
Receivables - rates		521	489
Receivables - other		2,864	5,931
Other credit exposures			
		<b>39,200</b>	<b>29,438</b>

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

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

# Balonne Shire Council

## For the year ended 30 June 2012

### 30th June 2012

Receivables – Fully Performing	169	1,456
Receivables - <30 days	2,861	3,915
Receivables – 30-60 days	17	916
Receivables – 60-90 days	343	162
Receivables - Impaired	(6)	(31)
Receivables - Total	3,385	6,418

### (ii) Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council

is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works

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

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might

be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

2012

Trade and other payables – 0 to1 year	1,407	2,024
Trade and other payables – 1 to 5 years	0	0
Trade and other payables – over 5 years	0	0
Trade and other payables - Total	<b>1,407</b>	<b>2,024</b>
Loans –QTC – 0 to1 year	530	268
Loans –QTC -1 to 5 years	1,830	834
Loans –QTC – over 5 years	4,248	964
Loans –QTC - Total	6,608	2,067

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

### (iii) Interest rate risk

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

The risk in borrowing is effectively managed by borrowing mainly from Queensland Treasury Corporation

and having access to a mix of floating and fixed funding sources such that the desired interest risk exposure

can be constructed. Interest rate risk in other areas is minimal.

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

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to

management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not

change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

# Balonne Shire Council

For the year ended 30 June 2012

	Notes	2012 Actual (\$'000)	2011 Actual (\$'000)
Financial assets		37	9
Financial assets		37	9
Financial assets		37	9
Financial liabilities		(5)	(1)
Financial liabilities		(5)	(1)
Financial liabilities		(5)	(1)
<b>Net total</b>			

# Balonne Shire Council

## Note 28: National Competition Policy

For the year ended 30 June 2012

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

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

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

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

The CSO value is determined by Council and represents an 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.

# Balonne Shire Council Management Certificate

For the year ended 30 June 2012

This general purpose financial report has been prepared pursuant to section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation, we certify that these general purpose financial statements:-

- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the Local Government Act 2009 and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1-40 have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by Australia; and
- (iii) the general purpose financial statements present a true and fair view of the Council's and the consolidated entity's financial position as at 30 June 2012 and of their financial performance and cash flows for the financial year ended on that date.



Donna S Stewart  
Mayor

14 February 2013



Scott L Norman  
Chief Executive Officer

14 February 2013

**Independent Auditor's Report on a  
General Purpose Financial Report of a Local Government**

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor of Balonne Shire Council

**Report on the Financial Report**

I have audited the accompanying financial report of Balonne Shire Council, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

*The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Balonne Shire Council for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Balonne Shire Council for the year ended 30 June 2012. Where the financial report is included on Balonne Shire Council's website the Council is responsible for the integrity of Balonne Shire Council's website and I have not been engaged to report on the integrity of Balonne Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



Logan Meehan CA  
(as Delegate of the Auditor-General of Queensland)

14/02/2013

Queensland Audit Office  
Brisbane