

# Flinders Shire Council Annual Report

2011-2012



FLINDERS SHIRE COUNCIL OFFICE 2012

*Discovery • Opportunity • Lifestyle*

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# 2011- 2012

## Annual Report Objectives

Welcome to the Flinders Shire Council's 2011-2012 Annual Report. This reporting requirement is a mandatory obligation under the Local Government Act 2009.

The purpose of this document is to reflect on our achievements for the past financial year, and to share with you our plans for meeting the Shire's current and anticipated challenges and opportunities. Flinders Shire Council is proud to present this Annual Report, and we look forward to working with the local community to build a solid and successful Flinders Shire for all.



HUGHENDEN SWIMMING POOL

## Contacting Council

Location 34 Gray Street  
Hughenden

Postal PO Box 274  
Hughenden QLD 4821

Opening Hours 8.30 am – 5.00 pm  
Monday to Friday

Phone 07 4741 2900

Facsimile 07 4741 1741

Email [flinders@flinders.qld.gov.au](mailto:flinders@flinders.qld.gov.au)

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



2012 FLINDERS RIVER AGRICULTURAL PRECINCT  
FORUM

## 1.0 OUR SHIRE IN 2011-2012

### 1.1 About our Shire



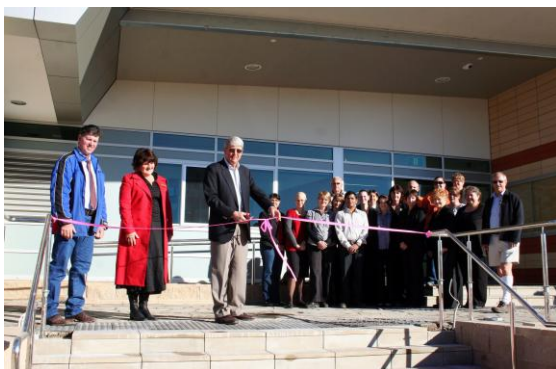
Land Area	41,422 <sup>2</sup> km
Annual Rainfall	492mm
Population	1997
Metres above sea level	324m
Rateable Valuation	\$282,618,450.00
Net Rate Revenue	\$3,071,810.61
Gross Actual Revenue	\$33,254,543.67
Gross Actual Expenditure	\$28,029,209.24

#### State Controlled Roads:

Sealed	540.97km
Gravelled	96.49km
Formed	124.04km
<b>Total</b>	<b>761.50km</b>

#### Shire Controlled Roads:

Sealed - Rural	68.75km
Sealed - Urban	47.25km
Gravelled	285.0km
Formed	1591.0km
<b>Total</b>	<b>1992.0km</b>



FIRST DAY IN THE NEW COUNCIL OFFICE COMPLEX

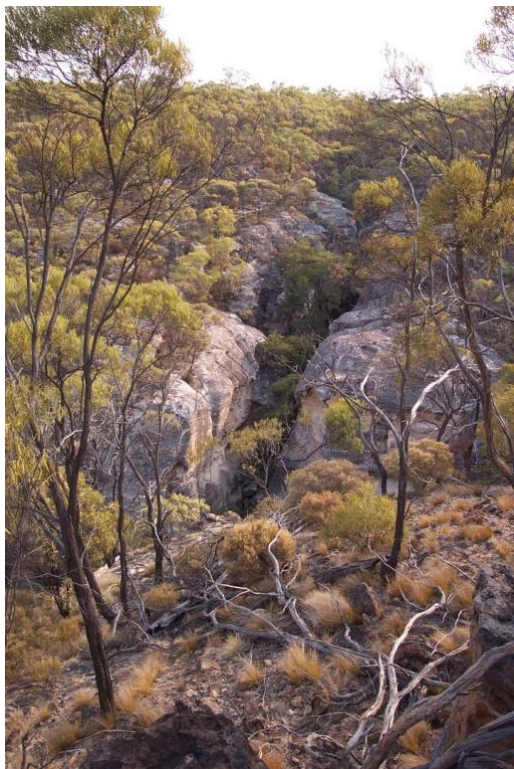
### 1.2 Tourist Attractions

- The area is famous for high quality discoveries of Dinosaur and Marine Fossils
- Flinders Discovery Centre - Information and Interpretive Centre
- Porcupine Gorge National Park
- White Mountains National Park
- Blackbraes National Park
- Moorinya National Park
- Flinders River - Queensland's longest river, flowing through Hughenden
- Kooroorinya Falls Nature Reserve - camping, fishing and race track
- Local arts and sculptures in parks and roadways
- Basalt Byway, Flinders River Byway and Eromanga Sea Byway - 4X4 self drive
- Mount Walker Scenic Lookouts over Hughenden and surrounding areas
- Australia's Dinosaur Trail - Themed trail linking Winton, Richmond and Hughenden townships
- Overlander's Way - Themed trail from Townsville to Tennant Creek
- Eco Walk on Flinders Riverbank
- Explorer's Tree, Hughenden Showgrounds
- Prairie Park - Old Gaol, now Public Toilets and 35 foot high Comet Windmill.

Flinders Shire is situated approximately half way between the cities of Townsville and Mount Isa and is named after Queensland's longest river - the Flinders River. The Flinders Shire is divided by the Flinders Highway - now known as the popular tourist drive 'Overlander's Way'. The Flinders Highway runs east and west through the Kennedy Developmental Road - which runs north and south through the Flinders Shire. Encompassing the townships of Hughenden, Prairie, Torrens Creek and Stamford, Flinders Shire has become a major hub for transports and travellers alike.

Lt. Stokes of the "Beagle" discovered the lower reaches of the Flinders River on July 30, 1841. In 1863 Ernest Henry was the first person in this area to select a pastoral holding which he named "Hughenden Station" after his Grandfather's Tudor Manor in Buckinghamshire, England. It was from this Station the township of Hughenden took its

name, however it was not officially surveyed until 1867.



WHITE MOUNTAINS NATIONAL PARK

The Flinders Shire has a population of 1,997 residents. Its main industries are cattle, sheep grazing and tourism. The Shire has three prominent geological features. Porcupine Gorge in the north, Flinders River which winds from the White Mountains in the north-east through to the west of the Shire. The Shire was also part of a Great Inland Sea and the centre of Dinosaur Country, home to many fossils including the great Muttaborrasaurus and the Queensland Pterosaur.

The Shire has four different bio-regions with ever-changing eco systems including the Desert Uplands, Einasleigh Uplands, Mitchell Grass Downs and a small portion of Gulf Plains.

While maintaining and improving Council's 1992km road network consumes a great deal of effort, Council actively strives to provide its residents with high quality sporting, cultural and recreational facilities.



GALAH CREEK FLOOD MITIGATION PROJECT, OPENED DECEMBER 2011 BY MAYOR AT THE TIME, BRENDAN MCNAMARA

Major events held in the Flinders Shire include the Annual Hughenden Agricultural Show, Hughenden Country Music Festival, Hughenden Campdraft, Porcupine Gorge Challenge, Hughenden Races, bi-annual Dinosaur Festival and annual PBR Bull Ride as well as country race meetings held at Stamford, Prairie and Kooroorinya Falls Nature Reserve annually. The Shire welcomes over 15,000 visitors annually through the accredited Visitor Information Centre, The Flinders Discovery Centre.

This Centre houses a full skeletal replica of a Muttaborrasaurus as well as the Porcupine Gorge Light and Sound Show, Shearing the Stragglers display and other fossil and gem collections with some historical memorabilia and much more.

### 1.3 Highlights of 2011-2012

- Construction of the new Council Administration Complex on Gray Street (value \$3,250,000)
- Develop 7 industrial estate lots (value \$100,000)
- Brodie Street, Hughenden, reconstruction (value \$400,000)
- Footpaths and upgraded kerbing (value \$100,000)
- Upgrade street lighting (value \$64,000)
- Contracting of the Swimming Pool and Caravan Park
- Completed the development of the new Refuse Tip
- Completed the implementation of Authority, the new finance system
- Swimming Pool upgrade works (value \$100,000)
- Galah Creek Flood Mitigation Project
- Saleyard upgrade works (value \$30,000)
- Community Small Grants Program (value \$44,594)
- Planning the construction of the Hughenden Aged Care
- CCTV Security Cameras at the Hughenden skate park (value \$10,000)
- Tree planting project, Flinders Eco-walk (value \$28,000)
- Flood mapping of Hughenden (value \$15,000)
- Irrigation and industry development (value \$50,000)
- Depot signage building (value \$45,000)
- Employee housing upgrade works (value \$25,000)
- Plant Fleet Purchases (value \$1,908,250)
- Flinders Eco-walk Interpretation Panel (value \$100,000)
- Fitness equipment at Robert Gray Park
- Launch of Flinders Shire Tourism DVD
- Improved communication to the community and organisations e.g. regular updating of Council's website, introduction of a Council Facebook page, regular newsletters and e-newsletters from particular areas (Sport and Recreation, Community Care, Library), weekly Council mailout to Shire residents.



**MAYOR GREG JONES INSPECTING THE CONSTRUCTION OF THE HUGHENDEN CENTRE FOR THE AGED, WHICH COMMENCED JULY 2012.**

### Main Roads Contracts

- Road Maintenance Contract works (value \$2,024,000)
- Flinders Highway
- Flood Damage Works (value \$7,580,000)
- Hann Highway Construction and Sealing works (value \$1,929,000)

### Shire Roads

- Rural Roads Maintenance – (value \$305,000)
- Rural Roads Construction – (value \$800,000)
- Flood Damage works (value \$6,619,000)



**COMMUNITY CARE CHRISTMAS IN JULY LUNCHEON 2011**

## 2.0 THE COUNCIL

### 2.1 Mayor's Report

As the newly elected Mayor in April 2012 after serving as a Councillor and Deputy Mayor for the last 4 years, I am pleased to present the 2011/2012 Annual Report of the Flinders Shire Council.

It is Council's aim to make this report informative and reader-friendly. This report must not only comply with the Local Government Act 2009 and the associated regulations but also provide information to the community on our achievements over the last 12 months.

This term has seen the announcement of 5 major initiatives some of which will be completed over the next 12 months.

The first major item was the announcement of Council representation being changed from 4 Councillors plus the Mayor to 6 Councillors plus the Mayor effective from the April 2012 elections. This came after 4 years of lobbying State Government by Council. These elections also completed the remarkable term of Brendan McNamara as Mayor since 1997 and Councillor since 1991. During this time Brendan has overseen the laying of the foundations for our Shire's region to prosper. He has been actively involved in not only lobbying and promoting our local regional projects but has also spent a number of years on the Executive of the Local Government Association of Queensland as Treasurer and on many working groups reporting to and working with State Government. I acknowledge Brendan's contribution and look forward to building on the foundations.

After years of planning we have now completed a new Shire Office Complex at a cost of \$5.5m that provides all the facilities and accommodation that will help our dedicated team of employees achieve our corporate objectives. Our corporate image and marketing will offer a consistent professional approach well described in our motto of Discovery, Opportunity and Lifestyle. This new facility will help us attract and retain a dedicated professional team of employees.

After more than 10 years of planning, lobbying of State and Federal Governments for funding and working with a dedicated team of volunteers we have now secured funding (Federal, Council, local bequests & fund raising totalling approximately \$5.5m) and have started to build the Hughenden Centre for the Aged. This facility consists of 12 rooms of accommodation, kitchen/dining facilities, recreation hall and associated office along with a caretakers cottage. The Centre provides another one of the required facilities for our ageing population. This project is due for completion by April 2013.

We were successful with our lobbying to receive funding of \$6.4m from the State Government towards the much needed infrastructure of sewerage for North Hughenden and a new upgraded Sewerage Treatment Plant to service both North and South Hughenden. These projects will be complete in late 2013 and will provide a modern efficient sewerage system that can cater for our future needs.

The other major initiative was the announcement by the State Government to release 80,000 mega litres of water in the Flinders River Catchment. This comes after more than 10 years of lobbying and promoting the development of an irrigation industry in the region. The formation of the Flinders River Ag Precinct, sponsored by Council and supported by adjoining Shires and our development group MITEZ, now has our local area well positioned to take advantage of this emerging industry.

Council continues to work hard in lobbying for and providing funds to maintain and upgrade a road network to service both the major transport networks and local industry. We continue to lobby for the missing link on the Cairns to Melbourne Inland Highway with only about 110km of this link now unsealed. With a

concerted effort I am sure we can achieve the vision for this by working with our regional Councils and the Hann Hwy Action group.

We have been working hard on developing our Community Plans, Corporate Plans, Operational Plans and our Long Term Financial Plans so we can work towards providing facilities that our community needs. With our Shire in an excellent financial position with no debts at the end of 2012 and only minimal debts planned for the next 12 months on major sewerage infrastructure projects, we are well situated to take advantage of the many opportunities that await us.

On a personal note I would like to thank our CEO Stephen McCartney, our executive team, Council staff and Councillors for working together during my term and especially during my period of ill health. I am sure we can all help to achieve our long term plans by continuing to work together.



ALLEN TERRY CARAVAN PARK, HUGHENDEN



HUGHENDEN MEMORIAL AQUATIC CENTRE

## 2.2 Our Councillors



### COUNCILLORS 2012-2016



**BACK ROW (LEFT TO RIGHT):** CR SHANE MCCARTHY; STEPHEN MCCARTNEY (CHIEF EXECUTIVE OFFICER); STEVE TURNER (DIRECTOR OF ENGINEERING); CR BARBARA GEISLER; CR SEAN O'NEILL; CR BILL BODE.

**FRONT ROW (LEFT TO RIGHT):** LEANNE ROGERS (DIRECTOR OF CORPORATE SERVICES); CR JANE CHARUBA; CR GREGORY JONES (MAYOR); CR NINIAN STEWART-MOORE (DEPUTY MAYOR).

With the April 2012 local government elections, the Council changed from four Councillors and a Mayor, to six Councillors and a Mayor.

### COUNCILLORS 2008-2012



CR SEAN M O'NEILL

CR GREGORY J. JONES (DEPUTY MAYOR)  
CR KATHERINE M EGAN

CR BRENDAN V MCNAMARA (MAYOR)  
CR CLARENCE N HAYDON

## 2.3 Councillor Portfolios

**Cr Gregory Jones**  
**Mayor – Flinders Shire**  
**PO Box 156**  
**HUGHENDEN 4821**

### PORTFOLIOS

- Governance
- Finance
- Residential Facilities
- Workshop – Plant and Equipment

### STANDING COMMITTEES

- Mount Isa Townsville Economic Zone (MITEZ)
- North Queensland Local Government Association Inc (NQLGA)
- North West Regional Plan
- Regional Development Australia – Townsville and North West Queensland
- North West and Gulf Regional Roads Group



COUNCILLORS AND SENIOR STAFF INSPECTING THE SHIRE'S ROADS, AUGUST 2012

**Cr Ninian Stewart-Moore**  
**Deputy Mayor – Flinders Shire**  
**"Dunluce"**  
**HUGHENDEN 4821**

### PORTFOLIOS

- Governance
- Finance
- Local and Regional Economic Development and Planning
- Rural Roads and Town Streets –North and South West
- Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases
- Saleyards

### STANDING COMMITTEES

- Western Queensland Local Government Association Inc (WQLGA)
- Flinders River Agricultural Precinct
- Wild Dog Advisory Group

**Cr Sean M O'Neill**  
**PO Box 125**  
**HUGHENDEN 4821**

### PORTFOLIOS

- Governance
- Finance
- Tourism and Area Promotion
- Sport, Recreation and Parks
- Utilities – Water, Sewerage and Refuse
- Cemeteries / Undertaker

### STANDING COMMITTEES

- North West Outback Queensland Tourism Authority Group Inc
- North Queensland Games Foundation
- Australia's Dinosaur Trail

**Cr Bill Bode**  
**"The Plains"**  
**PRAIRIE 4816**

### PORTFOLIOS

- Governance
- Finance
- Workshop – Plant and Equipment
- Rural Roads and Town Streets – North East and South East
- Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases
- Small Towns
- Saleyards

### STANDING COMMITTEES

- Western Queensland Local Government Association Inc (WQLGA)
- Flinders River Agricultural Precinct
- Wild Dog Advisory Group
- Lake Eyre Basin Advisory Group
- Great Artesian Basin (GABAC)



MUTTABURRA ROAD RESEALING – 6.2KM, MT WALKER TO FLINDERS HIGHWAY TURNOFF, FINISHED AUGUST 2012

**Cr Barbara Geisler**  
**19 Little Avenue**  
**HUGHENDEN 4821**

#### **PORTFOLIOS**

- Governance
- Finance
- Tourism and Area Promotion
- Arts and Culture
- Community Care and Aged Care

#### **STANDING COMMITTEES**

- Chamber of Commerce – Hughenden
- Regional Arts Development Fund (RADF)
- North West Outback Queensland Tourism Authority Group (NWOQTA)
- Australia's Dinosaur Trail

**Cr Jane Charuba**  
**13 Gray Street**  
**HUGHENDEN 4821**

#### **PORTFOLIOS**

- Governance
- Finance
- Sport, Recreation and Parks
- Community Care and Aged Care

#### **STANDING COMMITTEES**

- Chamber of Commerce – Hughenden
- Flinders Shire Healthy Communities
- North Queensland Games Foundation

**Cr Shane McCarthy**  
**"Arrara Station"**  
**HUGHENDEN 4821**

#### **PORTFOLIOS**

- Governance
- Finance
- Residential Facilities
- Rural Roads and Town Streets - South
- Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases
- Small Towns - Stamford
- Saleyards

#### **STANDING COMMITTEES**

- Western Queensland Local Government Association Inc (WQLGA)
- Wild Dog Advisory Group



HUGHENDEN CAMPDRAFTER'S CUTTING CLINIC 2012

## 2.4 Councillor Remuneration 2011-2012

Section 114(1) Local Government (Finance, Plans and Reporting) Regulation 2011 requires Council to provide particulars of expenses, facilities and remuneration provided to each Councillor. These details are outlined below, recognising the election of new Councillors who commenced 14 May 2012.

<b>DETAILS FOR COUNCILLORS EFFECTIVE FROM 01 JULY 2012</b>						
<b>COUNCILLOR</b>	<b>COUNCIL MEETINGS ATTENDED</b>	<b>OTHER MEETINGS ATTENDED</b>	<b>EXPENSES AND FACILITIES</b>	<b>ALLOWANCE \$</b>	<b>TRAVEL \$</b>	<b>TOTAL \$</b>
Mayor Cr B.V. McNamara	9	101	12,452.67	54,106.00	9,666.00	76,224.67
Deputy Mayor Cr G.J. Jones (also refer below)	9	70	6,910.58	23,666.36	-	30,576.94
Cr C.N. Haydon	7	2	-	15,749.68	840.00	16,589.68
Cr S.M. O'Neill (also refer below)	11	25	3021.08	15,749.68	-	18,770.76
Cr K.M. Egan	7	32	-	15,749.68	-	15,749.68
<b>DETAILS FOR COUNCILLORS EFFECTIVE FROM 14 MAY 2012</b>						
<b>COUNCILLOR</b>	<b>COUNCIL MEETINGS ATTENDED</b>	<b>OTHER MEETINGS ATTENDED</b>	<b>EXPENSES AND FACILITIES</b>	<b>ALLOWANCE \$</b>	<b>TRAVEL \$</b>	<b>TOTAL \$</b>
Mayor Cr G.J. Jones (also refer above)	1	11	3,871.16	10,452.05		14,323.21
Deputy Mayor Cr D.N. Stewart-Moore	2	8	3,574.79	4,479.54	540.00	8,594.33
Cr S.M. O'Neill (also refer above)	2	1	4,571.45	2,488.65	-	7,060.10
Cr A.W. Bode	2	4	4,318.91	2,488.65	450.00	7,257.56
Cr J. Charuba	2	5	4,271.45	2,488.65		6,760.10
Cr B. Geisler	2	12	4,350.23	2,488.65		6,838.88
Cr S. T. McCarthy	2	8	4,271.45	2,488.65	472.50	7,232.6
<b>TOTAL</b>			<b>51,613.77</b>	<b>152,396.24</b>	<b>11,688.50</b>	<b>215,978.51</b>

There is no superannuation paid to Councillors.

### Expense Reimbursement Policy

Section 114(1)(c) Local Government (Finance, Plans and Reporting) Regulation 2010 also requires Council to report on the expenses incurred and facilities provided to Councillors during the year under the Expenses Reimbursement Policy. The facilities are required to reasonably perform the role of Councillor as follows:

- Uniform Entitlement

- Mobile Telecommunication Facilities
- Home Office Facilities
- Council Office Facilities
- Vehicle use
- Maintenance costs of Council owned equipment
- Legal Costs and Insurance Cover

An updated version of Council's Councillor Reimbursement of Expenses and Provision of Facilities Policy was adopted at the Ordinary Meeting of 21 June 2012. A full copy of the Policy can be found in Appendix A of this Section 5.

Section 114(1)(f) Local Government (Finance, Plans and Reporting) Regulation 2010

also requires Council to report on the total number of the following during the year –

- Orders and recommendations made under section 180(2) or (4) of the Act;
- Orders made under section 181 of the Act; and

Section 114(1)(g) Local Government (Finance, Plans and Reporting) Regulation 2010 also requires Council to report each of the following during the year –

- The name of each Councillor in relation for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act;
- A description of the misconduct or inappropriate conduct engaged in by each of the Councillors;
- A summary of the order or recommendation for each Councillor; and

Section 114(1)(h) Local Government (Finance, Plans and Reporting) Regulation 2010 also requires Council to report the number of each of the following during the year –

- Complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 177(4) of the Act;
- Complaints referred to the mayor under section 177(5)(b) of the Act;
- Complaints referred to the department's chief executive under section 177(6) of the Act;
- Complaints heard by a conduct review panel;
- Complaints heard by the tribunal;
- Complaints dealt with by the chief executive officer under section 177(8) of the Act

**There were no breaches or complaints to report during 2011/2012 financial year.**

### 3.0 THE COUNCIL ORGANISATION

#### 3.1 Chief Executive Officer's Report

2011-2012 continued the trend of change for Local Government. The impacts on Council have come from all angles with State Laws and Regulations being implemented, stricter quality assurance and environmental controls and by necessity, changes to our Records Management and Accounting Systems. These enormous changes could not have been implemented without the professionalism and dedication of our employees. Council's investment in a new Shire Office facility, where all administration personnel are together in a purpose built facility along with the extensive training opportunities given to personnel throughout our organization has led to a noticeable change in the efficient running of our organization.

We have seen the election create a new look Council with an increase from 4 Councilors and a Mayor to 6 Councilors and a Mayor along with 5 of the 6 Councilors being new from the last term. The changes at a regulatory level appear like they will continue through the new State Government that have a policy of reviewing/amending the Local Government Act and regulations. The training and support provided by the LGAQ for the new Councilors in understanding their roles and responsibilities has been essential in setting the requirements for being a Councilor and representing their community.

Council has undertaken many improvements and with the proposed works program committed over the next 12 months the basic infrastructure of water, sewerage, drainage, road and refuse tips will create an environment to cater for the long term development of our Shire. By developing Community and Corporate Plans Council has been able to juggle the many competing public infrastructure projects extremely well for a small under resourced Council. We are mindful that although significant projects have been completed such as the construction of corporate facilities, community facilities and public infrastructure there are still many significant projects that are required to be planned and completed into the future. With the Council still debt free and minimal borrowings proposed for the next 12 months the Council is well placed to meet the needs and wants of the community.

The major achievements over the last 12 months include completion of the new Shire Office Complex, commencement of the Hughenden Centre for the Aged, significant kilometres of the Hann Highway constructed and sealed, significant improvements to the rural road network with concrete floodways and sealing works along with the full reconstruction and landscaping of Brodie Street and Mowbray Street and upgrading of the swimming pool and caravan park facilities.

Council has also taken the opportunity to revitalize the operations of the pool and caravan park by contracting separate managers for a 3 year term. These contractors have seen record numbers of visitors to the caravan park and increased community participation in pool activities.

Council believes in working together as a region and we continue to work through our regional groups such as the Mount Isa Townsville Economic Zone, Outback Queensland Tourism Association, Regional Roads Group, Flinders River Ag Precinct, Regional Development Australia and the Natural Resource Management Groups to promote and develop our region.

The foundations have been laid and a bright future awaits the Flinders Shire. We are lobbying and working hard to take advantage of major opportunities, such as the development of an irrigation industry, a renewable energy industry, value adding to the grazing industry and potential mining developments for what our community needs and wants.

Our corporate motto of "*Discovery, Opportunity, Lifestyle*" sum up the fact that we have the potential to achieve for our community - all we need is a positive attitude from all involved and the results will follow. I look forward to working with our Councilors and employees to meet the challenges and take advantage of the opportunities that await us.

Stephen McCartney  
**Chief Executive Officer**



KOOROORINYA RACES 2012

### 3.2 Strategic Direction

The Flinders Shire Council Corporate Plan 2010-2015 has been used for reporting purposes for the last two financial years. The Corporate Plan is Council's principal long-term planning document, identifying the medium-term issues and priorities for Council to meet the wants and needs of the community.

#### VISION

Flinders Shire – a place of discovery, opportunity and lifestyle.

#### MISSION

To promote quality of life through leadership, attitude and respect.

#### VALUES

- A Caring Philosophy
- Pursuit of Excellence
- Teamwork
- Local Ownership
- Communication
- Leadership



AUSTRALIA DAY BREAKFAST 2012



COMMUNITY CARE TWO NIGHT STAY IN LONGREACH, 2012

#### • OUR GUIDING PRINCIPLES

At Flinders Shire we are committed to making decisions responsibly and sustainably acting with integrity, honesty and respect.

##### Our Governance

We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents.

##### Our Economy

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome.

##### Our Environment

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

##### Our Community

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community.

##### Our Infrastructure

We will aim to continuously improve products, services and processes through sustainable management of Council's core assets.

#### 4.0 PERFORMANCE – PRIORITY PROJECTS

A summary update of the priority projects is provided as a snapshot of the measurable outputs delivered for 2011-2012.

##### **Cairns-Melbourne Inland Highway**

The Hann Highway section attracted \$20m from the State Government under the Regional Safety and Development Program (RSDP) Funding split 50/50 with Etheridge Shire Council. This will achieve approximately 20.20km of full construction and sealing in Flinders Shire by 30 June 2014. Council has completed two sections totalling 6.06km with two sections planned totalling 14.10km at Mount Sturgeon, Tattoos and White Cliffs. This will leave approximately 49.10km to be constructed and sealed on this link in Flinders Shire.



WILD DOG TRAPPING WORKSHOP, 2011

##### **Tourism Development**

Council has surveyed out and lodged an application with the Department of Environment and Resource Management for an access road into the White Mountains National Park and has some Transport Infrastructure Development Scheme (TIDS) funding available over the next years for construction works.

##### **New Rubbish Tip Development**

Council's new Rubbish Tip was opened late 2011 and rehabilitation works have commenced on the old Rubbish Tip.

##### **Hughenden Industrial Estate**

All Lots available (fourteen) have been sold, and the construction of infrastructure is underway.

##### **Irrigation Development**

Council formed the Flinders River Agricultural Precinct (FRAP) and, as an arrangement with regional bodies, has jointly funded the appointment of a Project Officer to assist with investigating and lobbying for irrigation development. Council assisted in coordinating a Forum held in Hughenden in 2012. Ongoing lobbying will continue at the State and Federal level.

##### **Hughenden Centre for the Aged**

Construction on the Hughenden Centre for the Aged (HCA) commenced in July 2012. Located at 22 Betts Street next to the Hughenden Health Service, the HCA will consist of three accommodation blocks, the Harry Chivers Recreational Hall, the Gordon Hughan Dining Hall, a separate two-bedroom caretaker's cottage, a respite care suite and office building, a catering kitchen suitable for Meals on Wheels, landscaped gardens, undercover pathways and room for further expansion. The HCA was progressed after obtaining funding of \$4.4m from the Federal Government in 2011/2012. Importantly, community fundraising has also resulted in almost \$600,000 for the project.

##### **North Hughenden Sewerage Treatment Plant Upgrade**

Through a tender process, the design and management of the upgrade project was awarded to GHD Pty Ltd. Funding of the estimated \$5m project was successfully attained from the State Government Capital Works Subsidy Program, and the project is expected to be finalised October 2013.

## Upgrade Hughenden Sewerage Treatment Plant (STP)

Funding of the \$4.576m project was achieved by accessing the State Government Capital Works Subsidy Program, and the project is expected to be finalised October 2013.

## Water Supply Fluoridation Project

State legislation requires Council to add fluoride to the Hughenden drinking water. Council and the State Government have signed a funding agreement providing for the full funding of the program (\$1,437,000) upon successful completion of the project. The funding will provide for installation of a rising main to connect the existing four bores to the central treatment reservoir in Saleyards Road, as well as a set of inline pumps to feed the reticulation system. The introduction of a fluoride dosing system will allow Council to control water flow and pressure, and model the reticulation system accurately and modulate low pressure zones. Meanwhile, disinfection of the Hughenden Water Supply will ensure that any future E.coli outbreaks are prevented.

## Development of a Recreational Lake

Council-appointed consulting engineers have completed water balance modelling in the area of Station Creek and reported on feasibility issues. Council is currently investigating options for the location and design of a recreational lake.

## Robert Gray Park Fitness Equipment

As a joint project with Queensland Health's Townsville Public Health Unit, Council arranged for the installation of fixed exercise equipment near the Eco-walk in Robert Gray Park, Hughenden. Council's Sport and Recreation Officer coordinated a public opening day which featured demonstrations on the safe use of the equipment, and access to information on general health, wellbeing and nutrition.

## Cat and Dog Local Laws Compliance

A systematic inspection program will be carried out on all premises in Hughenden,

Torrens Creek and Prairie to ensure that animal local laws are complied with - including requirements for registration, microchipping, enclosures and animal numbers. The program runs from 1st September 2012 – 30th November 2012.

## 5.0 LEGISLATIVE INFORMATION

The Local Government Act 2009 and associated regulations are the principal pieces of legislation guiding Council's operations as a government entity. This legislation also determines Council's reporting requirements.

## Significant Business Activities

In compliance with Section 45 Local Government Act 2009, the Flinders Shire Council conducted Significant Business Activities for Water and Sewerage. The competitive neutrality principle was applied to these significant business activities. These were not new business activities for Council.



LAUNCH OF FITNESS EQUIPMENT AT ROBERT GRAY PARK

## Competitive Neutrality Complaints

In compliance with Section 176 Local Government (Business Enterprise and Business Activities) Regulation 2010, and Section 119(J and K) of the Local Government (Finance, Plans and Reporting) Regulation 2010, (Flinders Shire received no complaints that required investigation for its Business Undertakings of Water and Sewerage).

## Commercial Business Unit

Section 32 of the Local Government (Business Enterprise and Business Activities) Regulation 2010 requires that the Annual Report of a Local Government must include an annual operations report for each commercial business unit.

Flinders Shire does not have any commercial business units to report on.

## Senior Staff Remuneration

Section 201 of the Local Government Act 2009 requires that the Annual Report of a local government must state-

- (a) The total remuneration packages that are payable (in the year to which the annual report relates) to senior contract employees; and
- (b) The number of senior contract employees who are being paid each of the total remuneration packages.

Flinders Shire has the following to report for the 2011-2012 financial year:

One - senior contract employee with the total remuneration package in the range of \$160,000-\$200,000.

Two - senior contract employees with the total remuneration package in the range of \$120,000-\$170,000.

## Land Under Roads

Section 113(b) of the Local Government (Finance, Plans and Reporting) Regulation 2010 requires that Council report a note about resolutions made during the year under Section 154(2) of the same Act. Council can report that it has not made any resolutions in relation to valuing land under roads and roads not owned by Council. (These are currently not valued).

## Council Decisions 2011-2012

### Councillor Remuneration

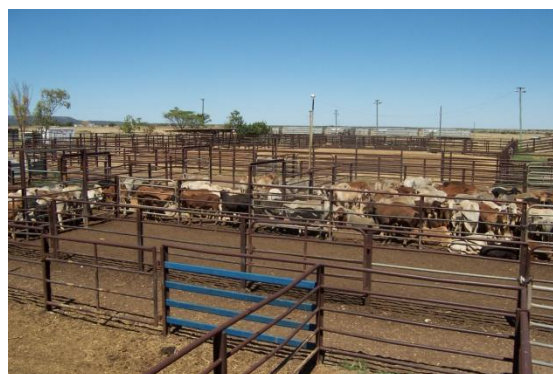
The Remuneration Local Government Remuneration and Discipline Tribunal determined in 2011 that the existing ten categories of Local Government shall be retained, and that there will be a single rate for Mayors, Deputy Mayors and Councillors in each category. Previously, there has been a remuneration range (rather than a single rate) for each level of Councillor in each category of Local Government. The updated schedule took effect 01 January 2012. In accordance with Section 113(a) of the Local Government (Finance, Plans and Reporting) Regulation 2010, Council is required to annually adopt a resolution authorising payment of remuneration to Councillors, and the new schedule was adopted at the Ordinary Meeting of 13 December 2011.

Previous remuneration fees (adopted at the Ordinary Meeting of 17 December 2011) were:

Mayor	\$60,210
Deputy Mayor	\$26,760
Councillor	\$20,070

Current remuneration fees are:

Mayor	\$72,003
Deputy Mayor	\$30,859
Councillor	\$17,144.



HUGHENDEN SALEYARDS

### **Expense Reimbursement Policy**

In accordance with Section 113(a) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to record any resolution made during the year on the Reimbursement of Expenses and Provision of Facilities. This policy provides the mayor and Councillors with reimbursement of reasonable expenses incurred in the performance of the roles.

An updated version of Council's Councillor Reimbursement of Expenses and Provision of Facilities Policy was adopted at the Ordinary Meeting of 21 June 2012. A full copy of the Policy can be found in Appendix A of this Section 5.

*Copy of the resolution:*

*Recommendation – The Councillor Reimbursement of Expenses and Provision of Facilities Policy as presented, be adopted by Council. Moved Cr Sean O'Neill Seconded Cr Barbara Geisler – that Council Policy - Councillor Reimbursement of Expenses and Provision of Facilities Policy as presented, be adopted by Council. Carried.*

### **Administrative Complaints**

In accordance with Section 115 of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is committed to dealing fairly with administrative action complaints. Council must also report on the number and particulars of complaints dealt with.

The Staff/Administrative Complaints Process policy was adopted by Council at the Ordinary Meeting of 19 April 2012. Otherwise, Flinders Shire does not have any complaint particulars to report.

*Copy of the resolution:*

*Recommendation – That the Council Policy – Staff Administrative Complaints Process as presented be adopted by Council. Moved Cr S.M. O'Neill Seconded Cr C.N. Haydon – that the Council Policy – Staff Administrative Complaints Process as presented be adopted by Council. Carried.*



BRODIE STREET, HUGHENDEN

### **General Complaints**

In accordance with Section 193 of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report on the number of complaints resolved under the process during the period.

Council has continued to follow the general complaints process under the *Local Government Act 1993*.

### **Overseas Travel**

In accordance with Section 116 of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to record details of any overseas travel made by a Councillor or local government employee in an official capacity during the financial year.

During 2011-2012 no Councillor or employee undertook any work related overseas travel.

### **Grants to Community Organisations**

In accordance with Section 117(a) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to record a summary of the Council's expenditure for the financial year on grants to the community organisations.

During 2011-2012 Council paid \$44,594.45 as grants to community organisations to the following organisations:

- Flinders Hack and Pony Club \$1,179 – Fencing for a children's instruction area at Club Grounds
- Hughenden Jockey club \$20,000 – Construct new running rail to comply with Racing Queensland Workplace Health and Safety Requirements
- Hughenden Bowls Club \$9,700.00 – Upgrade of vinyl flooring in the Cub House
- St Thomas Anglican Church \$13,715.45 – Level of building, minor carpentry repairs and supply and fitting of insulated vinyl cladding to the exterior of the St Thomas Anglican Parish Hall.

### **Councillor's Discretionary Fund**

In accordance with Section 117(b) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to record details on Councillors' expenditure of its discretionary funds.

Flinders Shire does not have discretionary funds and therefore there is no report for 2011-2012.

## Reserves

In accordance with Section 118 (1) (a) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report on:-

(a) Land that is a Reserve under the Land Act 1994

RESERVE	DESCRIPTION OF RESERVE	AREA	LEASED
Stamford	Camping Water and Road Reserve	3362ha	Yes
15 Mile	Pasturage Reserve	1611ha	Yes
Torrens Creek	Reserve for Stock Trucking	1810ha	Yes
Prairie	Reserve for Stock Holding Paddock	319ha	Yes
Hughenden Town			
Common/Tailing Paddock	Pasturage Reserve	2925ha	Agisted/Rented
Prairie Common	Reserve for Pasturage	540ha	Agisted
<b><u>CEMETERIES</u></b>			
Cemetery (Hughenden)	Cemetery Reserve	10.6ha	No
Cemetery (Prairie)	Cemetery Reserve	2.023ha	No
Cemetery (Torrens Creek)	Cemetery Reserve	2.023ha	No
<b><u>RACECOURSES</u></b>			
Hughenden Racecourse	Reserve for Racecourse and Recreation	242ha	Partly Rented
<b><u>AERODROME</u></b>			
Hughenden Aerodrome	Reserve for Landing Ground Aircraft	305.4ha	Partly
<b><u>RECREATION</u></b>			
Torrens Creek (Golf Course and Cricket Field)	Reserve for Recreation	44.2ha	No
Prairie Cricket Field	Reserve for Recreation	6.74ha	No
Driver Reviver	Reserve for Park and Recreation	2.39ha	No
Bully Playford Park	Reserve for Park and Recreation	2.83ha	No
Museum (Power Station)	Reserve for Historical Purposes	0.24ha	No
<b><u>RUBBISH TIPS</u></b>			
Rubbish Tip (Torrens Creek)	Reserve for Local Government Purposes	2ha	No
Bedford Street			
Torrens Creek Rubbish Dump - Russell Street	Reserve for Rubbish Depot	2.023ha	No
Flinders Highway - Torrens Creek	Sanitary Reserve	2.023ha	No
Prairie Rubbish Tip	Reserve for Sanitary	2.023ha	No
	Reserve for Local Government		No
Hughenden Rubbish Tip	purposes	11.72ha	

### Controlled Roads

In accordance with Section 118 (1) (b) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report on roads that the Local Government does not own.

Flinders Shire has no roads to report on for 2011-2012.

### Cooperation between Local Governments

In accordance with Section 119 (1) (c) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report details of any action taken for, and expenditure on, a service, facility or activity:

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

Flinders Shire has no details to report for 2011-2012 financial year under this section.



COUNCIL FIELD STAFF TRAINING DAY, FEBRUARY 2012

### Changes to Council Tenders

In accordance with Section 119 (1) (d) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report the number of invitations to change tenders under Section 177(7) during the year.

Flinders Shire has no details to report for 2011-2012 financial year under this section.

### Council Registers

In accordance with Section 119 (1) (e) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report a list of registers kept by the Local Government.

The listed registers open to inspection are:

- Cat and Dog Registry
- Environmentally Relevant Activities – DA's
- Development Approvals and Registrations
- Register of Delegations
- Authorised Persons
- Statement of Interests
- Register of Development Applications
- Register of Electoral Gifts
- Register of Interests – Councillors
- Register of Complaints
- Register of Local & Subordinate Local Laws
- Register of Roads and Road Maps
- Record of Rateable Parcels of Land
- Register of Regulatory Fees
- Register of Impounded Animals
- Register of Commercial Charges
- Cemetery Register.

Council also makes available other information, including copies of Minutes of Council on our website [www.flinders.qld.gov.au](http://www.flinders.qld.gov.au)

### Rating Rebates and Concessions

In accordance with Section 119 (1) (f) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report a summary of all concessions for rates and charges granted by the Local Government. We have several policies with reference to rebate concessions, as detailed below:

### Pensioner Remissions

The Council assists pensioner property owners that remain in their own homes by giving rate relief to ratepayers' who are in receipt of an aged pension payment from Centrelink or the Department of Veterans' Affairs. Flinders Shire provides a remission to eligible pensioners equivalent to 50% on general rates and charges to a maximum of \$475 per annum.

### Other Remissions

The Council allows a discount of 15% on Council Rates and Charges if the total amount is paid within thirty days of the date of issue of the Rate Assessment Notice.

The Fire Brigade Levy has been placed on all commercial, government, private dwellings and vacant land within the Fire Brigade District. Fire and Rescue Services have granted pensioners a discount of 20% on the levy for 2012/2013.

Flinders Shire Council provides remissions of General rate to some owners of land whose objects do not include the making of a profit, charitable entities providing charitable purposes, under the Local Government Act and Regulations.

Council also provides for additional water allowance on community owned properties with the option of being refunded if the water allocated is not utilised.

### Internal Audit

In accordance with Section 119(g) of the Local Government (Finance, Plans and Reporting) Regulation 2010 Council is required to report on the internal audit for the year. Following is the Chief Executive Officer's report on the Internal Audit which was submitted to the Ordinary Meeting held on 19 April 2012.

### Control Measures Considered

The LGAQ considered a range of control measures in establishing the Internal Audit methodology and undertaking the Internal Audit. Care was taken not to duplicate the audit undertaken by the external financial auditors. Risks relating to financial audit matters therefore were not covered except where the items interfaced with a risk area identified in the methodology. Systems, processes, separation of duties, documentation, notifications, policy development procedures and use of technology were all considered as part of the control measures that might be appropriately used by Council to reduce a range of risks.

### Internal Audit Methodology

Internal Audit working papers were prepared using the identified risk areas of:

Financial Sustainability, Governance, Infrastructure, Community Engagement, Planning/Regulation and Workforce.

The internal auditor, an employee of the Local Government Association of Queensland (LGAQ), attended Flinders Shire Council office and undertook part of the audit onsite, with the remainder of the audit completed off site.

A full copy of the report was provided to Councillors.

Following the Chief Executive Officer's response to the Internal Audit Report as required under Section 156 of the Local Government (Finance, Plans and Reporting) Regulation 2010, the comments relate to the identified risks and recommendations.

### Financial Sustainability

Council had a very low risk rating in this area with one risk identified:

- Best practice is to have a Budget Policy to drive the Budget process. We aim to develop one for the next Budget cycle for 2012-2013 to be adopted in May 2013.



HUGHENDEN SHOWGROUNDS

### **Governance**

Council had one medium and two very low risks in this area:

- Council Policies – very low risk; will be removed when we provide evidence of the allocation of responsibilities for systematic reviews of all policies and reviews are completed;
- Administrative complaints process – very low risk; need to have the new revised policy adopted in accordance with the *Local Government Act 2009* and *Local Government (Operations) Regulation 2010*. The Staff/Administrative Complaints Process policy was in draft form at the date of the internal audit and was adopted by Council at the Ordinary Meeting of 19 April 2012; and
- Business continuity plan – medium risk; need to develop a formal plan that will include some of the current processes and new processes that will be implemented after moving into the new Council office complex e.g. new Information Technology contingency system.

### **Infrastructure**

Council had a medium risk rating with one risk identified:

- Controlling access to buildings and to Council facilities. Agreed that we need a full review of our key system with a view to putting it into an electronic format. Since moving into the new Council office complex, building access is restricted to password-authorised staff and representatives. Security cameras and an alarm system have commenced operation in the complex.

### **Community Engagement**

Council had no identified risks.

- Future audits will focus on the implementation of the Community Engagement Policy.

### **Planning Regulation**

Council had no identified risks.

- Future audits will focus on the implementation of regulatory authorities such as authorised officers, their appointments and record keeping.

### **Workforce**

Council had no identified risks.

- Future audits will focus on the staff appointment process from approval to fill positions through to the appointment and inductions.

### **Equal Employment Opportunity**

In accordance with Section 119 (1) (h) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* Council is required to report on the Equal Employment Opportunity Management Plan.

Council's Equal Employment Opportunity Policy remains unaltered from the previous year. The Flinders Shire is committed to the Equal Employment Opportunity principles. The Equal Opportunity Management Plan aims to implement employment practices that are based on fairness and equity.

### **Corporate Entities**

In accordance with Section 119 (1) (i) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* Council is required to report on the names of the local governments' shareholder delegates for its corporate entities.

Flinders Shire has no separate corporate entities to report on.

### **Water Supply**

In accordance with Section 142(1) of the *Water Supply (Safety and Reliability) Act 2008* Council is required to report on their Strategic Asset Management Plan or System Leakage Management Plan.

In accordance with Section 142(2) of the Water Supply (Safety and Reliability) Act 2008 Council is required to report on the Drinking Water Quality Management Plan.

Refer to the following report on our Strategic Asset Management plan and customer Service Standard Review.



## STRATEGIC ASSET MANAGEMENT PLAN (SAMP) AND CUSTOMER SERVICE STANDARD (CSS) REVIEW

FSC operates water supply schemes in Hughenden, Torrens Creek, Prairie and Stamford. It also operates a Sewerage scheme in Hughenden. Basic statistics of the four water supply schemes controlled by Flinders Shire are:

Locality	Length of mains (klms)	No of connections
Hughenden	34.68	831
Prairie	4.3	53
Torrens Creek	3.3	38
Stamford	0.6	7

The number of connections captured this period differ from the last period due to the following:

- New connections
- More efficient capture of data

The sewerage scheme operated by Flinders Shire comprises 20.11 klms of main with 569 connections.

The Council is currently in possession of a SAMP and CSS for these services. The Council does not require a Drinking Water Management plan until July 2013.

The Council's performance for the financial year for the services for which we are registered was satisfactory. There is still room for improvement as data for some of the performance indicators are not being captured to a satisfactory level or, in some cases, not captured at all. Overall the Council was compliant with the adopted Performance Indicators outlined in the CSS & SAMP (see tables below).

### WATER SUPPLY SERVICES – CONTINUITY & QUALITY

PERFORMANCE INDICATORS	HUGHENDEN TARGET	HUGHENDEN ACTUAL
Unplanned interruptions per 10 km of Mains per Year	4	1.4
Restoration of Services due to unplanned interruptions	90% within 5 hours	100%
Response time to all events	90% within 2 hours	100%
Minimum Water pressure – head (m)	16m	Nil data
Drinking Water Complaints per 100 connections per year	2	2
Drinking Water incidents	2	1
Compliance with NHMRC Guidelines	Micro - 90% Chem – 90%	Micro - 90% Chem – 100 %
Water leaks/breaks per 10km of mains per year	4	1.4
System Water loss/connection/day	NA	NA

PERFORMANCE INDICATORS	PRAIRIE TARGET	PRAIRIE ACTUAL
Unplanned interruptions per 10 km of Mains per Year	4	0
Restoration of Services due to unplanned interruptions	90% within 5 hours	NR
Response time to all events	90% within 2 hours	NR
Minimum Water pressure – head (m)	14	ND
Drinking Water Complaints per 100 connections per year	4	2
Drinking Water incidents	2	0
Compliance with NHMRC Guidelines	Micro -100% Chem – 100%	Micro -100% Chem – 100%
Water leaks/breaks per 10km of mains per year	4	0
System Water loss/connection/day	NA	NA

PERFORMANCE INDICATORS	TORRENS CREEK TARGET	TORRENS CREEK ACTUAL
Unplanned interruptions per 10 km of Mains per Year	4	1
Restoration of Services due to unplanned interruptions	90% within 5 hours	100%
Response time to all events	90% within 2 hours	100%
Minimum Water pressure – head (m)	12m	Nil data
Drinking Water Complaints per 100 connections per year	4	0
Drinking Water incidents	2	0
Compliance with NHMRC Guidelines	Micro -90% Chem – 90%	Micro -100% Chem – 100%
Water leaks/breaks per 10km of mains per year	4	0
System Water loss/connection/day	NA	NA

PERFORMANCE INDICATORS	STAMFORD TARGET	STAMFORD ACTUAL
Unplanned interruptions per 10 km of Mains per Year	4	0
Restoration of Services due to unplanned interruptions	90% within 5 hours	NR
Response time to all events	90% within 2 hours	NR
Minimum Water pressure – head (m)	5 m	Nil data
Drinking Water Complaints per 100 connections per year	4	0
Drinking Water incidents	2	0
Compliance with NHMRC Guidelines	Micro -90% Chem – 90%	Micro -100% Chem – 100%
Water leaks/breaks per 10km of mains per year	4	0
System Water loss/connection/day	NA	NA

**SEWERAGE SERVICE STANDARD – EFFECTIVE TRANSPORT OF WASTE EFFLUENT  
(SEWERAGE ONLY) & CONTINUITY**

PERFORMANCE INDICATORS	HUGHENDEN TARGET	HUGHENDEN ACTUAL
Total Sewage overflows per 10 km of mains /year	1	0
Sewage blockages to customer property per 10 km of mains /year	10	3.48
Odour complaints per 100 connections/year	10	0.175
Response time to all events	2 hours	30 mins
Sewer main breaks and chokes per 10km/year	30	0.49
Sewer inflow/infiltration – ratio of peak day flow to average day flow	NA	NA

Confidence grading for the validity of the data reported is “B – reliable”. While there have been improvements in the quality of data collected, there is still some data that is not being recorded.

**Actions taken**

- Successful application for funding for sewage of Northern side & Upgrade of STP.
- Fluoride/ chlorination for Hughenden ( in progress).
- Upgrading of Torrens Creek treatment system ( in progress).
- Chlorination of Torrens Creek, Stamford & Prairie water schemes ( in progress).
- Development of a Drinking Water Quality Management plan (in progress).

It is envisioned that a new SAMP and CSS will be developed upon completion of the Drinking Water Quality Management plan and the upgrade of the STP and drinking water reticulation network.

## APPENDIX A

### POLICY TITLE                      COUNCILLOR REIMBURSEMENT OF EXPENSES AND PROVISION OF FACILITIES POLICY

DATE OF ADOPTION:            21 JUNE 2012

DATE REVIEWED:                VERSION: 2

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#### 1.        PURPOSE

To provide the Mayor and Councillors with reimbursement of legitimate expenses incurred, or to be incurred, and the facilities necessary while carrying out civic duties as elected representatives of the Shire.

#### 2.        SCOPE

This Councillor Reimbursement of Expenses and Provision of Facilities Policy applies to the Mayor, Deputy Mayor and Councillors and is made pursuant to Section 44-47 of the Local Government (Operations) Regulation 2010.

#### 3.        PRINCIPLES

##### **Reasonable expenses reimbursement to Councillors**

Councillors should not be financially disadvantaged when carrying out the requirements of the role of Councillor and should be fairly and reasonably compensated in this regard in accordance with community expectations.

##### **Public accountability and transparency**

The Councillor Reimbursement of Expenses and Provision of Facilities Policy will be available to the public. The use of the provided facilities will be open for review to the extent appropriate to the proper performance of a Councillor's responsibilities.

##### **Public perceptions and community expectations**

The Council will provide only those facilities and reimbursements necessary for the efficient performance of a Councillor's responsibilities.

##### **No private benefit to be derived**

All reimbursement of expenses or provision of facilities must be for legitimate business use only; i.e to enable Councillors to effectively and efficiently carry out their civic duties. Facilities and resources provided to Councillors are for the sole use of Councillors in undertaking their duties and should be used responsibly and appropriately. Spouses, partners and family members of Councillors are not entitled to receive any reimbursement of expenses or provision of Council facilities.

##### **Equity and Participation**

To maximise equity and the participation of Councillors from diverse backgrounds and circumstances, this Councillor reimbursement of expenses and provision of facilities policy expressly permits the reimbursement of expenses that are necessarily incurred to allow the

participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

#### 4. DEFINITIONS

##### **Council Business**

This is official business of a Councillor as generally described in the Local Government Act 2009, conducted on behalf of and approved by Council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. 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.

##### **Expense**

Expenses are payments made by Councils to reimburse Councillors for their reasonable expenses incurred or to be incurred when discharging their duties as Councillors. These payments are not regarded as remuneration. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge when performing their roles.

##### **Facilities**

Facilities provided by Councils to Councillors are the 'tools of the trade' required to enable them to perform their duties with relative ease and at a standard appropriate to fulfil their professional role for the community.

##### **Reasonable**

Councils must make sound judgements and consider what is prudent, responsible and acceptable to their communities when determining reasonable levels of facilities and expenditure. The community expects limits and does not want to see excessive use or abuse of public funds.

#### 5. ROLES AND RESPONSIBILITIES

##### **Chief Executive Officer**

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by the Mayor and Councillors.

#### 6. POLICY

The Council will reimburse Councillors for expenses and provide Councillors with facilities as set out in this policy. In addition to the expenses and facilities expressly referred to in the section of this Policy headed *Expense Categories*, the Council will reimburse other expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

##### **Expense Categories**

##### **1. Professional Development**

The Council will reimburse expenses incurred for –

- All mandatory professional development – where Council resolved that all Councillors are to attend training courses or workshops for skills development related to a Councillor's role, the Council may reimburse the total costs of the course; and
- Discretionary professional development deemed essential for the Councillor's role subject to budget constraints – where a Councillor identifies a need to attend a conference, workshop or training to improve skills relevant to their role as a Councillor, other than mandatory training. Advantage to be taken of any early bird discounts where relevant.

## 2. Travel as required to represent Council

The Council will reimburse local and in some cases interstate and overseas travel expenses (e.g flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where:

- a Councillor is an official representative of Council; and
- the activity/event and travel has been endorsed by resolution of Council.

If it is part of the Councillor's endorsed Standing Committee representation by Council then the Councillor is automatically endorsed to represent Council, with expenses reimbursed.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a Councillor is required to stay outside the Local Government's region.

### **NOTE**

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

### **2.1 Travel 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 or spouse accompanying the Councillor.)

### **2.2 Travel transfer costs**

Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.

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.

### **2.3 Private vehicle usage**

When a Councillor has decided to not receive a Council vehicle, or a Council vehicle is not available, payment for use of the Councillors private vehicle usage on Council

business will be reimbursed to the Councillor on a kilometre rate as set out in the Australian Taxation Office allowable deductions for motor vehicles. Councillors may instead choose to be reimbursed for fuel by presenting receipts. In other circumstances, Councillor's private vehicle usage will be reimbursed by Council if the:

- travel has been endorsed by Council Resolution;
- claim for mileage is substantiated with log book details; and
- total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

#### ATO Rates per Business Kilometre

Engine capacity		Cents per kilometre
Ordinary car	Rotary engine car	2010-11 income year
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	63 cents
1601cc - 2600cc - (1.601 litre - 2.6 litre)	801cc - 1300cc (0.801 litre - 1.3 litre)	74 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	75 cents

#### 2.4 Accommodation

All Councillor accommodation for Council business will be booked and paid for by Council. Council will pay for the most economical deal available. Where possible, the minimum standards for Councillors' accommodation should be three or four star rating.

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.

#### 2.5 Meals

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

- the Councillor incurs the cost personally; and
- the meal was not provided –
  - within the registration costs of the approved activity/event
  - during an approved flight.

The following limits apply to the amount Council will reimburse for meals:

▪ Breakfast	\$21.15
▪ Lunch	\$24.20
▪ Dinner	\$41.65

No alcohol will be paid for by Council.

If private accommodation is provided by a relative or friend, then they are entitled to be reimbursed at a rate of \$70/night.

## 2.6 Incidental Allowance

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

## 3. Hospitality

Councillors may have occasion to incur hospitality expenses while conducting Council business apart from official civic receptions organised by Council. The Mayor will be reimbursed up to \$1,000 per annum for hospitality expenses deemed necessary in the conduct of Council business. Councillors will be reimbursed up to \$500 per annum for hospitality expenses deemed necessary in the conduct of Council business. These costs will be reimbursed on presentation of receipts.

## 4. Provision of Facilities

Councillors will be provided with facilities as set out in this policy. In addition to the facilities expressly referred to in the section of this policy headed Facilities, the Council will provide other facilities that are necessary to allow the participation of Councillors who experience unusual barriers to participation such as disability or cultural responsibilities. All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

The Facilities provided will include:

### 4.1 Uniform Entitlement

Councillors will be entitled to receive a name badge and all necessary safety equipment to the standard supplied to employees. Councillors are expected to observe the appropriate Workplace Health and Safety measures when at any workplace. Councillors will also be provided with corporate uniform equivalent to that provided to staff and will be provided with a corporate jacket.

### 4.2 Mobile Telecommunication Facilities

Council does not currently provide a mobile telephone or hand held device but may provide-

- A home landline at the Councillor's residence, including connection cost, monthly rental and call costs up to 50% of the total calls made. However, any STD or international calls made from the home telephone can only be reimbursed if a receipt and certification is provided by the Councillor that the call was related to Council business;
- Home internet access including monthly access fee and up to 50% of the package costs;
- Where Council deems it necessary to acquire new mobile devices these facilities may be approved by Council resolution;
- Mobile telephone, with or without a hands-free kit;
-

- Personal calls made by Councillors via the mobile telephone are to be reimbursed to Council via the appropriate administrative procedure; and
- If Councillors are using their personal mobile phone, they will be reimbursed for expenses over the plan value on production of the phone bill.

#### 4.3 Home Office Facilities

- Laptop with Windows software;
- Laser wireless printer/scanner/fax and all paper and cartridges; and
- Ipad and case.

#### 4.4 Council Office Facilities

Council will provide the following to Councillors -

- Facilities such as office space and Council meeting rooms;
- Secretarial support for Mayors and Councillors;
- Desktop and/or Laptop computer;
- Use of Council landline telephone and internet access;
- Fax and/or scanner;
- Printer, photocopier and paper shredder;
- Stationary;
- Publications – copies of the Act and other Legislation, books, journals considered necessary; and
- Other administrative necessities which Council consider necessary to meet the business of Council.

#### 4.5 Vehicle Use

Council approval of the home garaging by the Mayor of a Council supplied vehicle (4X4 Station Wagon or equivalent) for Council business purposes. Where home garaging is not suitable the vehicles will be housed at the Shire Office.

Councillors may claim reimbursement for business use of their own vehicle. Refer to Private Vehicle Usage - Item 2.3 of this Policy or elect to receive a Council vehicle on the following conditions:

- Councillors will be provided with a motor vehicle for Council business;
- No private use is allowed; and
- Fuel cards are provided for each vehicle and motor vehicle insurance is covered by Council.

#### 4.6 Maintenance costs of any Council owned equipment

Council will cover all ongoing maintenance costs associated with Council owned equipment to ensure it is operating for optimal professional use.

#### 4.7 Legal Costs and Insurance Cover

Council will insure Councillors in the 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.

Council will arrange to provide Permanent Disability Insurance with PBF Australia. This will cover Councillors and partners in the event that a Permanent Disability has occurred at any time. Councillors are to pay half the costs per annum. This amount is to be deducted in June each year, from the Monthly Salary.

**5. IMPLEMENTATION**

This Policy will be made available to all Councillors and corporate staff on Council's intranet site/network. Council reserves the right to vary, replace or terminate this Policy from time to time.

**6. APPROVAL**

**Chief Executive Officer**

**Stephen McCartney**

**Date** \_\_\_\_/\_\_\_\_/\_\_\_\_

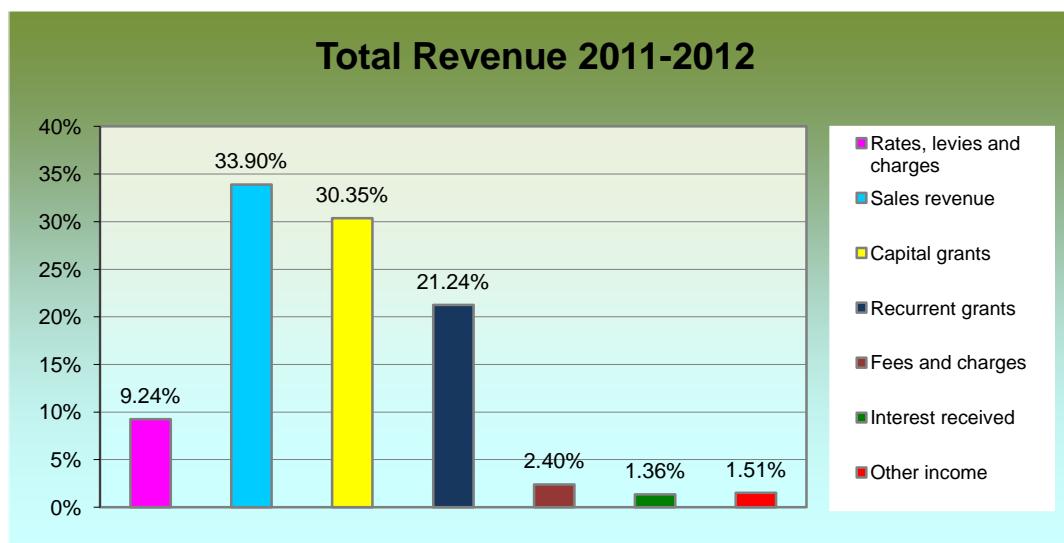
## 6.0 FINANCES FOR THE YEAR



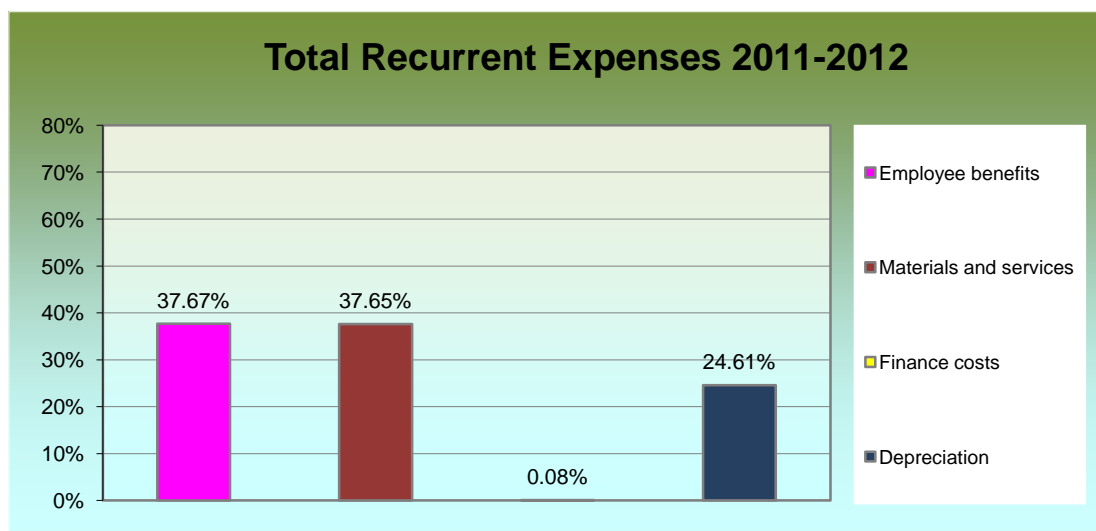
### 6.1 Community Financial Report

Council finished the 2011-2012 financial years in a balanced position after turning over \$33.2m in total revenue. The following graph illustrates the main revenue sources by line item in the statement of comprehensive income.

This simple view clearly illustrates Council's reliance on sales revenue totalling \$11.275m. A large amount of sales revenue is sourced through contracts and recoverable works from the Department of Main Roads. Government grants totalled \$7.062m. Rates, levies and charges formed only a small part of Council's total revenue.



Total recurrent expenses for the 2011-2012 financial year was \$18.617m. Materials and services amounted to \$7.009m of Council's expenses. Council currently has no debt so finance costs comprise only of bank fees and charges. Employee benefits amount to \$7.013m of Council's expenses. The level of expenditure is reviewed and set in the annual budget, which is constantly monitored throughout the year. Target indicators are set for various departmental sectors and reported to Councillors quarterly via an operational plan.

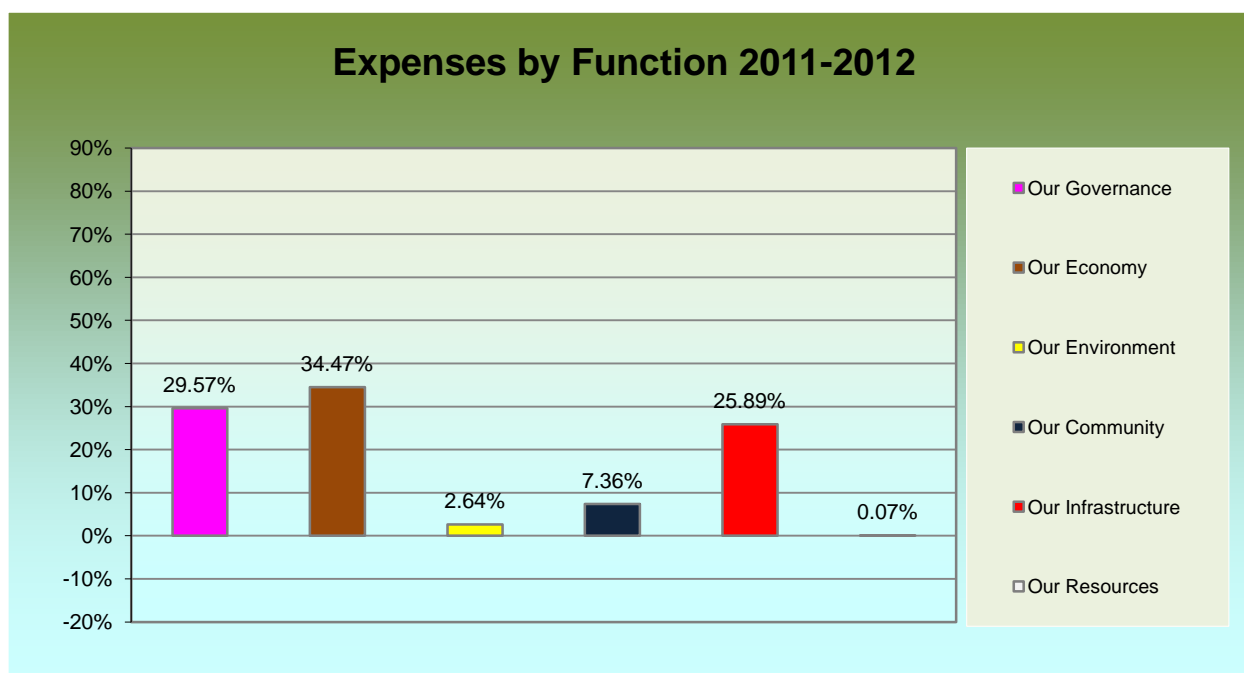


The graph below shows Council's expenses by business function. A significant portion of Council's total recurrent expenses are attributed to the business activities function, "Our Economy" which comprises Water, Sewerage, Airport, Saleyards, Caravan Park, Main Roads Contract Works, Private Works and the Flinders Discovery Centre. 34.47% of business activities expense \$11.576m was incurred as a result of Main Roads Contract Works.

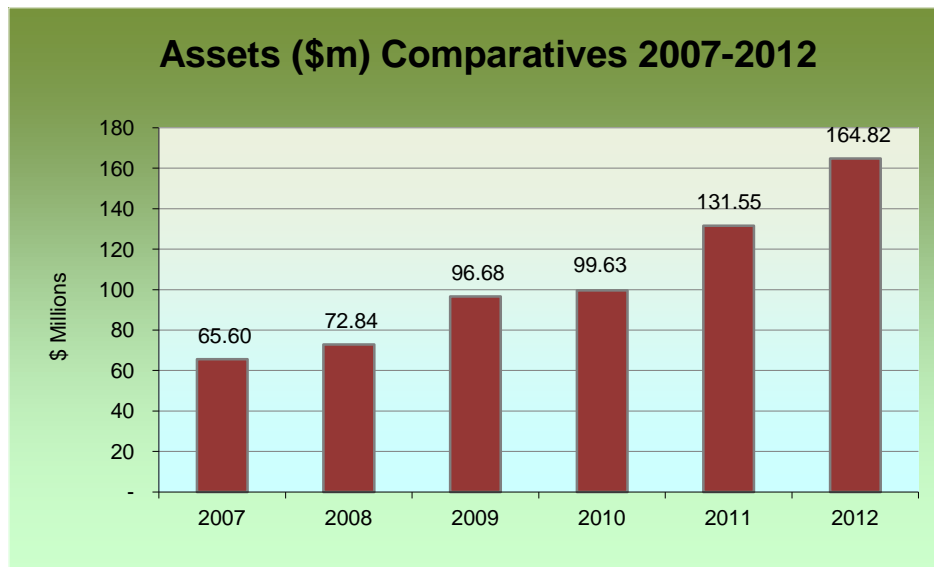
"Our Infrastructure" function represents maintenance and construction of Shire roads including flood damage works. It also includes the maintenance and construction of our Water and Sewerage Infrastructure.

"Our Governance" function includes Technical services area includes workplace health and safety, store, workshop and depot and plant, state emergency services, Office Administration and Governance.

The major areas under the "Our Community" function include HACC, Community Care Packages, Meals on Wheels, Veterans Home Care, Disability Services, Personal Helpers and Mentors Program, community halls, swimming pool, showgrounds, parks, reserves, skate park, employee housing, aged housing, and the library.



Total assets comprised of \$164.821m, total liabilities of \$2.812m and Council continues to remain debt free. This provides Council with the flexibility to borrow funds for future infrastructure needs. Council also revalued some of its asset classes and a significant impairment was recognised for road assets due to flood damage.

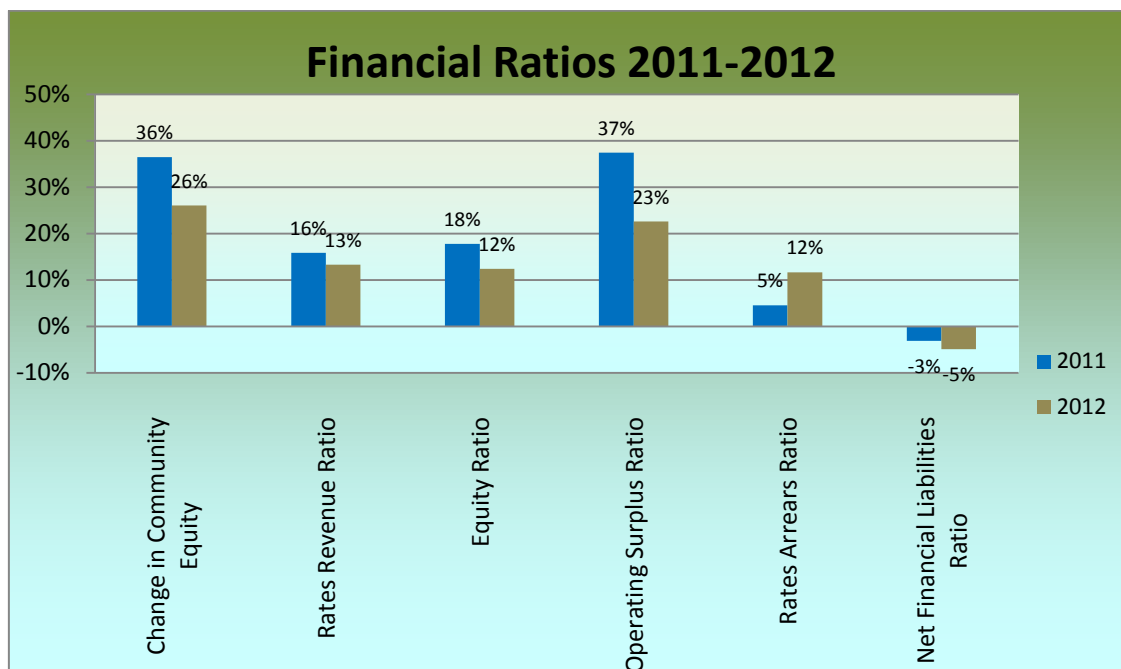


The decrease in liabilities is attributable to the decrease in trade and other payables at the 30 June 2012.



## FINANCIAL REPORT – GRAPH – FINANCIAL RATIOS 2011-2012

The following ratios help explain the financial position of the Council as at 30 June 2012.



### Change in Community Equity Ratio

This ratio represents the percentage change in the net wealth of the Council. The change in community equity is calculated as current year total community equity less prior year total community equity divided by prior year total community equity. The large decrease in community equity in 2012 shows there was a change due to Asset Revaluations.

### Rates Revenue Ratio

This ratio represents the proportion of revenue that is directly sourced from Council's ratepayer base. The rate revenue ratio is calculated as net rates and charges revenue divided by total recurrent revenue.

### Equity Ratio

This ratio shows current liabilities as a percentage of convertible current assets. The decrease in the equity ratio for 2012 was attributed to the increase in capital works for the financial year.

### Operating Surplus Ratio

This ratio is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes. The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of general and other rates net of (excluding) rebates. The operating surplus ratio is calculated as net operating surplus divided by total operating revenue. Council's decrease in this ratio is a result of accounting for grants received in prior years being in reserves.

### Rate Arrears Ratio

This ratio calculates the percentage of net rates and charges receivable to net rates and charges revenue.

### Net Financial Liabilities Ratio

This ratio is an indicator of the extent to which the net financial liabilities of Council can be serviced by its recurrent revenue. A ratio of greater than 0 (positive) indicates that Council's total liabilities exceed its

current assets. These net liabilities must be serviced using recurrent revenues. A positive value less than 60% indicates Council has the capacity to fund the liabilities and appears to have the capacity to increase its loan borrowings.

#### **Working Capital Ratio**

This ratio is not shown in the graph as it is not expressed as a percentage as it measures the extent to which Council has liquid assets available to meet short term financial obligations. The working capital ratio is calculated as current assets divided by current liabilities. The working capital ratio for 2010 was 6.24 times and 5.61 times in 2011 and 8.09 times in 2012.

## 6.2 Measures of Financial Sustainability

10 Year Forecast @ March 2012	2011/12 \$'000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total Operating Revenue	\$23,161	\$18,927,800	\$19,305,100	\$19,680,950	\$25,565,050	\$26,784,700	\$22,003,300	\$21,434,300	\$21,803,550	\$22,304,050
Net Interest Expense on Debt Service	-	\$90,000	\$257,934	\$489,912	\$467,815	\$426,587	\$370,513	\$316,124	\$263,258	\$228,240
Net Operating Surplus (Deficit)	\$5,226	\$3,048,313	\$771,802	\$386,309	\$1,963,658	\$2,984,616	\$1,527,349	\$610,902	\$735,559	\$960,298
Current Assets	\$16,636	\$6,356,666	\$6,727,231	\$5,528,154	\$7,543,567	\$9,590,807	\$9,643,143	\$8,959,756	\$8,239,163	\$8,122,889
Current Liabilities	\$2,056	\$1,146,037	\$1,525,812	\$1,597,944	\$2,017,311	\$2,068,001	\$1,780,952	\$1,830,407	\$1,901,200	\$1,818,507
Total Assets	\$164,821	\$141,989,459	\$153,628,760	\$158,166,434	\$162,652,270	\$167,210,727	\$170,099,482	\$172,417,364	\$175,596,557	\$178,542,558
Total Liabilities	\$2,812	\$4,932,149	\$8,189,448	\$8,346,913	\$8,793,791	\$8,338,918	\$7,510,917	\$6,981,554	\$6,914,917	\$6,790,177
Proposed Loan Borrowings for period	-	\$ 2,250,000	\$ 3,250,000	\$500, 000	\$500,000	-	-	-	\$500 000	\$ 500 000
Proposed Loan Repayments	-	\$ 72,378	\$186,010	\$379,976	\$424,667	\$472,489	\$505,563	\$540,952	\$578,818	\$637,430

### Definitions:

Total Operating Revenue	The sum of all operating revenue as presented in the Income and Expenditure Statement less capital grants that have been recognised as operating revenue.
Net Interest Expense	Interest and finance expenses as disclosed in the Income and Expenditure Statement less Interest and Investment revenues as disclosed in the Income and Expenditure Statement.
Total Debt Service	Current year interest expense + current year principal payments on debts.
Net Operating Surplus (/Deficit)	The unadjusted operating surplus as presented in the Income and Expenditure Statement. This may be a deficit.
Current Assets	All current assets as identified in the Statement of Financial Position, including cash and cash equivalents, receivables, other financial assets and current inventories.

# Flinders Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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*Discovery • Opportunity • Lifestyle*



**General Purpose Financial Statements**  
for the financial year ended 30 June 2012

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- Statement of Cash Flows	6
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**Overview**

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Flinders Shire Council.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 15/11/12.  
Council has the power to amend and reissue the financial statements.
-

## Management Certificate

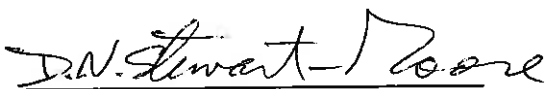
These General Purpose Financial Statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

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 have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) The General Purpose Financial Statements present a true and fair view of the Council's Financial Position as at 30<sup>th</sup> June 2012 and of its Financial Performance and Cash Flows for the financial year ended on that date.



Deputy Mayor

David (Ninian) Stewart Moore

15<sup>th</sup> November 2012



CEO

Stephen McCartney

15<sup>th</sup> November 2012

# Flinders Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Income from Continuing Operations			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	3,072	2,860
Fees and Charges	3b	797	689
Rental Income	3c	72	65
Interest Revenue	3d	452	262
Sales Revenue	3e	11,275	8,180
Other Income	3f	431	615
Grants, Subsidies and Donations	4a	7,062	5,399
Total Recurrent Revenue		23,161	18,070
Capital Revenue			
Grants, Subsidies and Donations	4b	10,046	6,436
Total Revenue		33,207	24,506
Capital Income	5	48	1
TOTAL INCOME		33,255	24,507
Expenses from Continuing Operations			
Recurrent Expenses			
Employee Benefits	6	7,013	6,735
Materials and Services	7	7,009	7,795
Finance Costs	8	14	38
Depreciation	9	4,581	3,173
Total Recurrent Expenses		18,617	17,741
Capital Expenses	10	9,412	3
TOTAL EXPENSES		28,029	17,744
NET RESULT		5,226	6,763
Other Comprehensive Income			
Increase/(Decrease) in Asset Revaluation Surplus	17	28,258	27,587
Total Other Comprehensive Income		28,258	27,587
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		33,484	34,350

# Flinders Shire Council

## Statement of Financial Position

as at 30 June 2012

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Assets			
Current Assets			
Cash and Cash Equivalents	11	10,674	5,296
Trade and Other Receivables	12	5,570	7,010
Inventories	13	260	259
Total Current Assets		16,504	12,565
Non-Current Assets			
Trade and Other Receivables	12	1	32
Property, Plant and Equipment	14	148,316	118,951
Total Non-Current Assets		148,317	118,983
TOTAL ASSETS		164,821	131,548
Liabilities			
Current Liabilities			
Trade & Other Payables	15	1,933	2,115
Provisions	16	206	121
Total Current Liabilities		2,139	2,236
Non-Current Liabilities			
Trade & Other Payables	15	211	208
Provisions	16	462	579
Total Non-Current Liabilities		673	787
TOTAL LIABILITIES		2,812	3,023
NET COMMUNITY ASSETS		162,009	128,525
Community Equity			
Asset Revaluation Surplus	17	87,397	59,139
Retained Surplus/(Deficiency)	18	74,612	2,012
Shire Capital	19	-	66,422
Reserves	20	-	952
TOTAL COMMUNITY EQUITY		162,009	128,525

Statement of Changes in Equity  
for the financial year ended 30 June 2012

\$ '000	Notes	Asset				Total Equity
		Shire Capital	Revaluation Surplus	Retained Surplus	Other Reserves	
2012						
Opening Balance (as at 1/7/11)		66,422	59,139	2,012	952	128,525
a. Net Result for the Year		-	-	5,226	-	5,226
b. Other Comprehensive Income						
- Increase/(Decrease) in Asset Revaluation Surplus		17	-	28,258	-	28,258
Total Comprehensive Income (a&b)		-	28,258	5,226	-	33,484
c. Transfers to/from Capital		(66,422)	-	66,422	-	-
d. Transfers from Reserves			-	952	(952)	-
EQUITY BALANCE AT 30TH JUNE 2012		-	87,397	74,612	-	162,009

\$ '000	Notes	Asset				Total Equity
		Shire Capital	Revaluation Surplus	Retained Surplus	Other Reserves	
2011						
Opening Balance (as at 1/7/10)		57,724	31,552	1,151	3,748	94,175
a. Net Result for the Year		-	-	6,763	-	6,763
b. Other Comprehensive Income						
- Increase/(Decrease) in Asset Revaluation Surplus	17	-	27,587	-	-	27,587
Total Comprehensive Income (a&b)		-	27,587	6,763	-	34,350
c. Transfers to/from Capital		8,698	-	(8,698)	-	-
d. Transfers to Reserves		-	-	(53)	53	-
e. Transfers from Reserves		-	-	2,849	(2,849)	-
EQUITY BALANCE AT 30TH JUNE 2011		66,422	59,139	2,012	952	128,525

# Flinders Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2012

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Cash Flows from Operating Activities			
Receipts from Customers		17,236	15,427
Payments to Suppliers and Employees		(14,833)	(16,711)
		2,403	(1,284)
Receipts:			
Interest Revenue		452	262
Rental Income		72	65
Non Capital Grants and Contributions		7,062	5,399
Payments:			
Finance Costs		(14)	(11)
Net Cash Inflow/Outflow - Operating Activities	25	9,975	4,431
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		511	339
Capital Grants and Subsidies		10,046	6,436
Payments:			
Purchase of Property, Plant and Equipment		(15,562)	(9,039)
Net Cash Inflow/Outflow - Investing Activities		(5,005)	(2,264)
Net Increase/(Decrease) in Cash and Cash Equivalents Held		4,970	2,167
plus: Cash and Cash Equivalents - beginning		5,296	3,129
CASH AND CASH EQUIVALENTS - CLOSING	11	10,266	5,296

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies

#### 1A 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.

#### 1B 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.

#### 1C Constitution

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

#### 1D 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.

#### 1E Currency

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

#### 1F 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:

- Valuation and depreciation of Property, Plant & Equipment - Note 1M and Note 14;
- Impairment of Non-current Assets - Note 1N;
- Provisions - Note 1Q and 1R and Note 16; and
- Contingencies - Note 22.

#### 1G Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

##### Rates and levies

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

##### Grants and subsidies

Grants and subsidies that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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.

#### Rental income

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

#### Interest

Interest received from term deposits is accrued over the term of the investment.

#### Sales revenue

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

The Council generates revenues from services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

#### Fees and Charges

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

#### **1H 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.

Flinders 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 1I); and
- Receivables - measured at amortised cost (Note 1J).

#### Financial liabilities

- Payables - measured at amortised cost (Note 1P).

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

The fair value of financial instruments is determined as follows.

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

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

The fair value of payables approximates the amortised cost.

Flinders 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.

#### **1I 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 six months or less that are readily convertible to known amounts of cash and

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies (continued)

which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### 1J Receivables

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

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

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

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables unless it can be foreseen that the recoverable amount will be less than the outstanding rate debt.

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.

#### 1K Inventories

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

Inventories held for distribution are:

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

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

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

#### 1L Investments

Term deposits in excess of six months are reported as investments, with deposits of less than six months being reported as cash equivalents. At 30 June 2012 Council did not have any term deposits in excess of six months.

#### 1M Property, Plant & 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 class and useful lives of property, plant and equipment recognised by the Council are:

- Land and Land Improvements – not depreciated;
- Buildings and Other Structures – 10-100 Years;
- Plant and Equipment – 3-5 Years;
- Recreation Facilities – 5-70 Years;
- Corporate and IT – 3-50 Years;
- Road Network – 10-100 Years;
- Water Network – 20-100 Years;
- Sewer Network – 5-60 Years;

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

- Waste / Landfill - 5 Years; and
- Work in Progress – not depreciated.

Details of changes to asset classes are disclosed at Note 14.

##### Acquisition of assets

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

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

##### Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets is treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

##### Valuation

Land and Land Improvements, Buildings and Other Structures, Recreation Facilities, Road Network, Water Network and Sewer Network assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment. Plant and Equipment, Corporate and IT, Waste/Landfill 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 comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on

an annual basis where there has been a material variation in the index.

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 14.

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 to 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 14.

##### 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.

##### 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

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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 above.

##### 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 Flinders 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.

#### **1N 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 or its value in use.

An impairment loss is recognised immediately 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 reserve of the relevant class to the extent available.

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

#### **1O Leases**

Leases where substantially all the risks and benefits remain with the lessor are classified as operating leases.

##### 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.

#### **1P 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

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies (continued)

owing are unsecured and are generally settled on 30 day terms.

#### 1Q 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.

##### Wages and salaries

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

##### Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable.

##### Superannuation

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

##### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and

includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

#### 1R Restoration Provision

A provision is made for the cost of restoration in respect of refuse dumps where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the QTC lending rate with a maturity date corresponding to the anticipated date of the restoration.

##### Refuse dump restoration

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. A new refuse site has been constructed in McLaren Street and the old site been closed. Management estimates that restoration of the old site on the Hann Highway will occur progressively over the next four years.

As refuse dumps are on state reserve land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

# Flinders Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies (continued)

#### 1S 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 in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

#### 1T Retained Surplus

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

#### 1U National Competition Policy

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

#### 1V Shire Capital

This represents the amount needed to be retained in the form of net assets to maintain the service level provided, less amounts held in asset revaluation surplus. Council made a decision during the year to transfer Shire Capital to Retained Profits. Details are disclosed at 1X.

#### 1W Reserves

##### Community facilities reserve

This reserve represents amounts set aside for the contribution towards the construction of Hughenden Centre for the Aged.

##### Water replacement reserve

This reserve represents amounts set aside for contribution towards new water infrastructure.

##### Constrained grants reserve (capital)

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

##### Plant replacement reserve

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

##### Constrained grants reserve (recurrent)

This reserve contains grants, subsidies and contributions of monetary revenue received during the reporting period which are constrained for the purpose of funding specific operating expenditure. As expenditure is incurred, the equivalent amounts are transferred to retained surplus.

Council made a decision during the year to transfer all Reserves to Retained Profits. Details are disclosed at 1X.

#### 1X Change in Accounting Policy

Flinders Shire Council has changed its policy in relation to the creation of reserves for future expenditures. It is noted that whilst reserves are permitted in accordance with the Local Government (Finance, Plans and Reporting) Regulation 2010 for budgetary purposes, this however does not impose a specific requirement in respect of the Financial Statements.

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies (continued)

The issue of disclosing non-IFRS financial information, such as reserve accounting, has also been raised by the Australian Securities and Investment Commission (ASIC) in its Regulatory Guide 230 (RG230). While RG230 is not mandatory for local governments, it reflects that non-IFRS financial information should not be reported prominently in the financial report.

Accordingly the Flinders Shire Council has now dispensed with its Shire Capital and Reserves and transferred these to the Retained Surplus as disclosed in Notes 18, 19 and 20.

#### 1Y Rounding and Comparatives

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

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

#### 1Z 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 24.

#### 1AA 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.

#### 1AB 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 1 January 2012:

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets.

##### Effective 1 July 2012:

- AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments;
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income; and
- AASB 2011-13 Amendments to Australian Accounting Standard - Improvements to AASB 1049.

##### Effective 1 January 2013:

- AASB 9 Financial Instruments (December 2009);
- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of interests in other entities;
- AASB 13 Fair Value Measurement;

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

- AASB 119 Employee benefits (completely replaces existing standard);
  - AASB 127 Separate Financial Statements (replaces the existing standard together with AASB 10);
  - AASB 128 Investments in Associates and Joint Ventures (replaces the existing standard);
  - 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009);
  - AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010);
  - AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters;
  - AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards;
  - AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13;
  - AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011);
  - AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1); and
  - Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.
- Tasman Convergence Project – Reduced Disclosure Requirements;
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements;
  - AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements; and
  - AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.

#### 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 Flinders 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, at this stage, no consequential material impacts are expected for the Flinders 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

#### Effective 1 July 2013:

- AASB 1053 Application of Tiers of Australian Accounting Standards;
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements;
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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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.

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. Flinders Shire Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in Note 23. The revised standard will require Flinders 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 Councils 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.

##### **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 Flinders 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 1Q).

The concept of "termination benefits" is clarified and the recognition criteria for liabilities for termination 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.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 2(a). Council Functions - Component Descriptions

##### Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

Council changed its reporting functions because it believes that the following functions better represent the services it provides as set out in the five year corporate plan.

The functions set out at 30 June 2011 were aligned to the functions set out at 30 June 2012 as follows:

Function in 2011	Function in 2012
Executive Services	Our Governance
Finance and Administration	Our Governance
Community Services	Our Community
Planning and Development	Our Economy
Works, Roads and Drainage	Our Infrastructure
Environmental Services	Our Environment
Business Activities	Our Economy
Technical Services	Our Governance

#### OUR GOVERNANCE

We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents. This function includes the following:

- Elected Members, Corporate Operations, Shire Office, Statutory Requirements;
- Finance, Rates, Information Technology, Risk Management, Employee Housing;
- Employee Provisions, Human Resources, Animal Control; and
- Engineering Technical Services, Council Store, Plant Operations, Workshop and Depot Operations.

#### OUR ECONOMY

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome. This function includes the following:

- Airports, Caravan Park, Saleyards, Cemeteries, Mitez Projects and Hann Highway Development;
- Main Roads Contracts, Private Works, Town Planning, Industrial Estate Development; and
- Area Promotion, Flinders Discovery Centre, Interpretive Signage, Porcupine Gorge Challenge, Tourism.

#### OUR ENVIRONMENT

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries. This function includes the following:

- Refuse Collection & Disposal, Waste / Landfill, Environmental Health and Noxious Weeds Control.

#### OUR COMMUNITY

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community. This function includes the following:

- Our Library, Community Bus, Centrelink Services, Arts & Culture, Emergency Services (SES);
- Swimming Pool, Racecourse, Skate Park, Showgrounds, Community Development, Community Small Grants;
- Hughenden Centre for the Aged, Aged Housing, Halls & Community Centres;
- Home and Community Care, Meals on Wheels, Disability Services, CACPs, EACH, Veterans Home Care;
- Personal Helpers and Mentors Program; and
- TV & Radio Services, Street Lighting, Rural Lands Water Facilities, Parks, Gardens and Reserves.

#### OUR INFRASTRUCTURE

We will aim to continuously improve products, services and processes through sustainable management of Council's core assets. This function includes the following:

- Shire Roads, Town Streets, Stormwater Drainage, Water Services and Sewer Services.

#### OUR RESOURCES

This function includes the following:

- Rural Lands Stock Routes, Pest and Vermin Destruction, Irrigation Project and Flinders River Water Forum.

# Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 2(b). Analysis of Results by Function

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operation	Net Operating Surplus	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
Our Governance	4,495	2,542	35	48	7,120	(3,144)	(849)	(3,993)	3,893	3,127	27,210
Our Economy	10	11,900	-	-	11,910	(7,093)	-	(7,093)	4,817	4,817	5,926
Our Environment	-	171	-	-	171	(707)	-	(707)	(536)	(536)	613
Our Community	1,062	295	2,246	-	3,603	(2,879)	-	(2,879)	(1,522)	724	20,356
Our Infrastructure	1,493	1,113	7,743	-	10,349	(4,509)	(8,563)	(13,072)	(1,903)	(2,723)	110,714
Our Resources	2	78	22	-	102	(285)	-	(285)	(205)	(183)	2
Total	7,062	16,099	10,046	48	33,255	(18,617)	(9,412)	(28,029)	4,544	5,226	164,821

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operation	Net Operating Surplus	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
Executive Services	-	-	-	-	-	(417)	-	(417)	(417)	(417)	-
Finance and Admin.	3,082	1,972	-	(10)	5,044	(1,190)	-	(1,190)	3,864	3,854	20,785
Community Services	890	342	152	(28)	1,356	(2,345)	-	(2,345)	(1,113)	(989)	14,360
Planning & Development	159	258	-	-	417	(620)	-	(620)	(203)	(203)	23
Works, Roads & Drainage	1,156	-	6,152	-	7,308	(3,889)	-	(3,889)	(2,733)	3,419	64,870
Environmental Services	6	255	-	-	261	(712)	(3)	(715)	(451)	(454)	893
Business Activities	-	9,822	70	-	9,892	(10,963)	-	(10,963)	(1,141)	(1,071)	22,432
Technical Services	106	21	62	38	227	2,396	-	2,396	2,523	2,623	8,184
Total	5,399	12,670	6,436	-	24,505	(17,740)	(3)	(17,743)	329	6,762	131,547

# Flinders Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 3. Revenue Analysis

\$ '000	Council	
	Actual 2012	Actual 2011
<b>(a). Rates, Levies and Charges</b>		
General Rates / Community Levy	1,976	1,868
Separate Rates	77	76
Water	753	691
Sewerage	594	558
Garbage Charges	175	164
Other	3	-
<b>Total Rates, Levies and Charges</b>	<b>3,578</b>	<b>3,357</b>
Less: Discounts	(458)	(449)
Less: Pensioner remissions	(48)	(48)
<b>NET RATES, LEVIES AND CHARGES</b>	<b>3,072</b>	<b>2,860</b>
<b>(b). Fees and Charges</b>		
Building and Development Fees	11	3
Infringements	1	-
Licences and Registrations	22	2
Airport Landing Fees	53	53
Caravan Park	200	36
Parks and Reserves	160	162
Saleyards	88	86
Private Works	47	-
Cemetary and Funeral	72	24
Community Care Packages	51	34
Other	92	289
<b>TOTAL FEES AND CHARGES</b>	<b>797</b>	<b>689</b>
<b>(c). Rental Income</b>		
Rental Income	72	65
<b>TOTAL RENTAL INCOME</b>	<b>72</b>	<b>65</b>

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 3. Revenue Analysis (continued)

\$ '000	Council	
	Actual 2012	Actual 2011
<b>(d). Interest Revenue</b>		
Interest Received from Term Deposits	143	50
Interest Received from Other Sources	282	194
Interest from Overdue Rates and Utility Charges	27	18
<b>TOTAL INTEREST REVENUE</b>	<b>452</b>	<b>262</b>

#### **(e). Sales Revenue**

Sale of Services		
Contract and Recoverable Works	11,275	8,180
<b>TOTAL SALES REVENUE</b>	<b>11,275</b>	<b>8,180</b>

The amount recognised as contract and recoverable work revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

#### **(f). Other Income**

Other Income	122	317
Insurance Claims Recoveries	94	22
Corporate Service Recoveries	131	141
Merchandise Income	84	80
Fundraising Income	-	30
Land Sales Income	-	25
<b>TOTAL OTHER INCOME</b>	<b>431</b>	<b>615</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 4. Grants, Subsidies and Donations

\$ '000	Council	
	Actual 2012	Actual 2011
<b>(a) Recurrent</b>		
General Purpose Grants	5,879	4,183
State Government Subsidies and Grants	772	983
Commonwealth Government Subsidies and Grants	397	233
Donations	14	-
<b>TOTAL RECURRENT GRANTS, SUBSIDIES AND DONATIONS REVENUE</b>	<b>7,062</b>	<b>5,399</b>
<b>(b) Capital</b>		
State Government Subsidies and Grants	6,707	6,436
Commonwealth Government Subsidies & Grants	3,339	-
<b>TOTAL CAPITAL GRANTS, SUBSIDIES AND DONATIONS REVENUE</b>	<b>10,046</b>	<b>6,436</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 5. Capital Income

\$ '000	Council	
	Actual 2012	Actual 2011
<b>(a) Gain / Loss on Disposal of Non Current Assets</b>		
Proceeds from the Sale of PP&E	511	339
Less: Book Value of PP&E Disposed	(463)	(338)
<b>TOTAL CAPITAL INCOME</b>	<b>48</b>	<b>1</b>

### Note 6. Employee Benefits

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Wages and Salaries		6,695	5,577
Annual, Sick and Long Service Leave Entitlements		704	680
Superannuation	23	675	516
Councillors' Remuneration		152	147
<b>Subtotal Employee Related Expenses</b>		<b>8,226</b>	<b>6,920</b>
Other Employee Related Expenses		261	333
<b>Total Other Employee Related Expenses</b>		<b>8,487</b>	<b>7,253</b>
Less: Capitalised Employee Expenses		(1,474)	(518)
<b>TOTAL EMPLOYEE BENEFITS</b>		<b>7,013</b>	<b>6,735</b>

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

#### Additional information:

Total Elected Members and Employees at year end:

Total Elected Members	7	5
Administration Staff	37	35
Depot and Outdoors Staff	66	71
<b>Total Elected Members and Full Time Equivalent Employees</b>	<b>110</b>	<b>111</b>

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 7. Materials and Services

\$ '000	Council	
	Actual 2012	Actual 2011
Advertising and Marketing	252	255
Audit Services	41	40
Communications and IT	259	182
Community Services	1,297	944
Donations Paid	19	40
Recoverable Works	3,360	3,519
Road Construction	465	728
Special Projects	136	609
Other Materials and Services	1,180	1,478
<b>TOTAL MATERIALS AND SERVICES</b>	<b>7,009</b>	<b>7,795</b>

#### Note 8. Finance Costs

\$ '000	Council	
	Actual 2012	Actual 2011
Finance Costs - Queensland Treasury Corporation	5	3
Bank Charges	9	8
Impairment of Debts	-	27
<b>TOTAL FINANCE COSTS</b>	<b>14</b>	<b>38</b>

#### Note 9. Depreciation

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Depreciation of Non Current Assets</b>		
Buildings and Other Structures	348	328
Recreation Facilities	22	-
Plant and Equipment	1,390	1,177
Corporate and IT	20	-
Road Network	1,993	1,235
Water Network	137	125
Sewer Network	575	308
Waste / Landfill	96	-
<b>TOTAL DEPRECIATION</b>	<b>4,581</b>	<b>3,173</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 10. Capital Expenses

\$ '000	Notes	Council	
		Actual 2012	Actual 2011

#### (a) Provision for Restoration of Refuse Facilities

Discount Rate Adjustment to Restoration Provision	16	1	3
<b>Total Provision for the Restoration of Refuse Facilities</b>		<b>1</b>	<b>3</b>

The discount rate adjustment to the refuse rehabilitation liability was adjusted against expenses as there was an insufficient Asset Revaluation Surplus in the relevant asset class.

#### (b) Other Capital Expenses

Write-Off of Flood Damaged Road Assets	8,565	-
Write-Off of Shire Office	846	-
<b>Total Other Capital Expenses</b>	<b>9,411</b>	<b>-</b>

The loss on Write-Off of Assets was in relation to Shire Roads that were flood damaged in December of 2011. This assessment was made on a condition basis by GHD Asset Managers in consultation with Council's Project Engineer,

Council's Shire Office was scheduled to be demolished on 13th August 2012. At the 30 June 2012 Council was still conducting daily business operations from the Old Office. Council reassessed the remaining life of the building asset to nil which resulted in the building being fully written off at year end.

<b>TOTAL CAPITAL EXPENSES</b>	<b>9,412</b>	<b>3</b>
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# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 11. Cash and Cash Equivalents

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Cash and Cash Equivalents			
Cash at Bank and on Hand		1	620
Cash Equivalent Assets			
- Deposits at Call		8,480	2,626
- Term Deposits		2,193	2,050
TOTAL CASH AND CASH EQUIVALENTS		10,674	5,296

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash at Bank and on Hand		1	620
Deposits at Call and Term Deposits		10,673	4,676
Bank Overdraft	15	(408)	-
<b>BALANCE AS PER STATEMENT OF CASH FLOWS</b>		<b>10,266</b>	<b>5,296</b>

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent Government Operating Grants		751	378
Unspent Government Capital Grants - Sewerage		643	-
Unspent Government Capital Grants - RTR		429	-
<b>Total Unspent Restricted Cash</b>		<b>1,823</b>	<b>378</b>

Unspent Government Operating Grants represent the total amount of grants held in cash not yet used. Government Capital Grants are retained as they are required to be spent on specific purpose projects.

Cash and term deposits are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

Deposits at call are held with Queensland Treasury Corporation in a capital guarantee cash fund.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 12. Trade and Other Receivables

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Current</b>		
Rateable Revenue and Utility Charges	226	130
Less: Impairment	(29)	(54)
Other Debtors	4,682	6,933
GST Recoverable	493	(73)
Prepayments	198	74
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>5,570</b>	<b>7,010</b>

#### Non-current

Other Debtors	1	2
Loans and Advances to Community Organisations	-	30
<b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>1</b>	<b>32</b>

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.

Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 13. Inventories

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Current Inventories</b>		
<b>(a) Inventories Held for Sale</b>		
Miscellaneous Saleable Items	38	41
<b>(b) Inventories Held for Distribution</b>		
Plant and Equipment Stores	199	195
<b>(c) Land Purchased for Development and Sale</b>		
	23	23
<b>TOTAL CURRENT INVENTORIES</b>	<b>260</b>	<b>259</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2012

Note 14. Property, Plant and Equipment

30-June-2012	as at 1/7/2011							Asset Movements during the Reporting Period						as at 30/6/2012				as at 30/6/2012
								Cost/FV Reclassification	Acc. Deprec. Reclassification	Carrying Value Reclassification	Asset Additions	WDV of Asset Disposals (Note 5)	Depreciation Expense (Note 9)					
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	At Cost	At Fair Value	Acc. Deprec.							Carrying Value	Residual Value			
\$'000																		
Capital Work in Progress	582	-	-	582	-	-	-	15,562	-	-	(10,390)	-	-	5,754	-	-	5,754	-
Land and Land Improvements	-	4,056	-	4,056	-	-	-	-	-	-	57	-	-	-	4,113	-	4,113	-
Buildings and Other Structures	-	30,967	5,031	25,936	(3,855)	(1,607)	(2,248)	-	-	(348)	200	(846)	-	-	26,473	3,779	22,694	12,291
Recreation Facilities	-	-	-	-	750	56	694	-	-	(22)	-	-	-	-	750	78	672	32
Plant and Equipment	11,469	-	5,052	6,417	(215)	(157)	(58)	-	(463)	(1,390)	1,881	-	-	11,976	-	5,589	6,387	10
Corporate and IT	-	-	-	-	320	161	159	-	-	(20)	-	-	-	320	-	181	139	-
Road Network	-	93,376	28,506	64,870	3,000	1,547	1,453	-	-	(1,993)	7,624	(8,565)	28,258	-	132,092	40,445	91,647	31,363
Water Network	-	7,410	3,571	3,839	-	-	-	-	-	(137)	-	-	-	-	9,527	5,825	3,702	-
Sewer Network	-	15,819	2,568	13,251	-	-	-	-	-	(575)	-	-	-	-	15,819	3,143	12,676	-
Waste / Landfill	-	-	-	-	-	-	-	-	-	(96)	628	-	-	-	628	96	532	-
Total Property, Plant and Equipment	12,051	151,628	44,728	118,951	-	-	-	15,562	(463)	(4,581)	-	(9,411)	28,258	18,050	189,402	59,136	148,316	43,696

30-June-2011	as at 1/7/2010							Asset Movements during the Reporting Period						as at 30/6/2011				as at 30/6/2011
								Cost/FV Reclassification	Acc. Deprec. Reclassification	Carrying Value Reclassification	Asset Additions	WDV of Asset Disposals (Note 5)	Depreciation Expense (Note 9)					
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	At Cost	At Fair Value	Acc. Deprec.							Carrying Value	Residual Value			
\$'000																		
Capital Work in Progress	880	-	-	880	-	-	-	9,039	-	-	(9,337)	-	-	582	-	-	582	-
Land and Land Improvements	-	1,293	-	1,293	-	-	-	-	(23)	-	-	-	2,786	-	4,056	-	4,056	1
Buildings and Other Structures	-	26,752	7,743	19,009	-	-	-	-	(88)	(328)	709	-	6,634	-	30,967	5,031	25,936	12,573
Plant and Equipment	9,564	-	4,249	5,315	-	-	-	-	(228)	(1,177)	2,507	-	-	11,469	-	5,052	6,417	10
Road Network	-	56,856	13,466	43,390	-	-	-	-	-	(1,235)	6,095	-	16,620	-	93,376	28,506	64,870	31,102
Water Network	-	6,028	2,690	3,338	-	-	-	-	-	(125)	2	-	624	-	7,410	3,571	3,839	-
Sewer Network	-	14,693	2,081	12,612	-	-	-	-	-	(308)	24	-	923	-	15,819	2,568	13,251	-
Total Property, Plant and Equipment	10,444	105,622	30,229	85,837	-	-	-	9,039	(339)	(3,173)	-	-	27,587	12,051	151,628	44,728	118,951	43,686

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 14. Property, Plant and Equipment (continued)

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In 2012 Council has added three new classes of assets, Recreation Facilities, Corporate and IT and Waste / Landfill as Council believes these better represent the classes of assets it controls.

##### Land and Land Improvements

Land and Land Improvements have been included at current market value as at 30 June 2011 as determined by APV Valuers & Asset Management, Registered Valuers. In their methodology APV determined that an analysis of available market evidence indicated that the direct comparison approach to the land valuations was the most appropriate method. Specific considerations were given to land where the land was not representative of surrounding land uses. For example zonings or contaminated sites.

No index was applied for the year ended 30 June 2012 to Land and Land Improvements as the movement in recent land sales has not resulted in an increase in land values.

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

##### Buildings and Other Structures

Buildings and Other Structures were valued by APV Valuers & Asset Management, Registered Valuers as at 30 June 2011. The valuation of the buildings, structural improvements and site services includes those items which form part of the building services installation. The value was derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Construction Handbook and APV's internal market research and costings.

##### Recreation Facilities

Recreation Facilities were valued by APV Valuers & Asset Management, Registered Valuers as at 30 June 2011. The value was derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Construction Handbook and APV's internal market research and costings.

##### Plant and Equipment

Plant and Equipment is measured at original cost less accumulated depreciation

##### Corporate and IT

Corporate and IT (Information Technology) is measured at original cost less accumulated depreciation.

##### Road Network

Road Network assets have been revalued at the 30 June 2012 as determined by Mr Harold Lancaster, GHD, Asset Management, Building & Structures and Water, Gympie. GHD were commissioned by Council to revise and update the valuation rates for its road network.

In their methodology GHD determined the unit rates through the research of various sources including Flinders Shire Council unit rates for existing capital works, GHD unit rates developed for Local Government Infrastructure Services (LGIS) flood affected restoration works across Queensland, Queensland Reconstruction Authority (QRA) benchmarked unit rates and Rawlinsons Construction Handbook.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 14. Property, Plant and Equipment (continued)

##### Road Network (continued)

The unit rates adopted for the revaluation of Flinders Shire Council's road network were predominantly from QRA. Where unit rates were not available from QRA, the rates developed for the LGIS flood restoration works were used. Condition assessments were also determined by GHD identifying defects and quantifying the defects and their location. The condition matrix below was applied.

Score	Terminology	Description
1	Excellent	Asset has no defects. Condition and appearance as new.
2	Good	Asset exhibits superficial wear and tear, minor defects and minor signs of deterioration but does not require any major maintenance. No major defects exist and there is no backlog of maintenance work.
3	Average	Asset is in average condition. Services are functional, but require attention A backlog of maintenance work exists, which will be addressed through scheduled maintenance activities.
4	Poor	Asset has deteriorated badly, serious structural problems, general appearance is poor, elements are defective, services frequently failing. A significant number of major defects exist and/or safety compromised.
5	Very Poor	Asset has or will fail, is not operational and/or is unfit for normal use and/or safety compromised. Immediate Replacement or Renewal is required.

The average unit rates used in the valuation are shown in the table below.

Description	Unit Rate	Unit
Formation	\$29.71	m3
Pavement	\$61.68	m3
Bitumen Seal	\$12.63	m2
Concrete Floodway	\$458.77	m2
Bridge	\$1,407.37	lm

##### Water and Sewer Network

Water and Sewer Network was revalued by Council's Project Engineer as at 30 June 2011. The unit rates for this valuation were determined from Council's existing capital works. In 2012 after reviewing the ABS Construction Index, Council's engineers decided not to apply the index to water and sewer assets as the index movement was not considered material.

##### Waste / Landfill

Waste / Landfill is measured at original cost less accumulated depreciation.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 15. Trade and Other Payables

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Current</b>		
Creditors and Accruals	1,080	1,747
Bank Overdraft	408	-
Annual Leave	355	346
Goods Received not yet Invoiced	66	-
Other Employee Entitlements	24	22
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>	<b>1,933</b>	<b>2,115</b>
<b>Non-current</b>		
Annual Leave	211	208
<b>TOTAL NON-CURRENT TRADE AND OTHER PAYABLES</b>	<b>211</b>	<b>208</b>

Council does not have a bank overdraft facility. The bank overdraft has resulted from payments to suppliers and employees that were unrepresented at 30 June 2012.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 16. Provisions

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Current</b>		
Long Service Leave	123	121
Refuse Restoration	83	-
<b>TOTAL CURRENT PROVISIONS</b>	<b>206</b>	<b>121</b>
<b>Non-current</b>		
Long Service Leave	462	497
Refuse Restoration	-	82
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>462</b>	<b>579</b>

#### Details of Movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2011	Additional Provision	Decrease due to Payments	Remeasur e -ment due to Discounting	Unused Amounts Reversed	Closing Balance as at 30/06/2012
Long Service Leave	618	29	(12)	(30)	(20)	585
Refuse Restoration	82	1	-	-	-	83
<b>Total Movement</b>	<b>700</b>	<b>30</b>	<b>(12)</b>	<b>(30)</b>	<b>(20)</b>	<b>668</b>

#### Refuse Restoration

This is the present value of the estimated cost of restoring the refuse disposal site to a rehabilitated state. The projected cost is \$82,795 and this cost is expected to be incurred in 2013 after closing the site in 2011 and allowing a period for settlement.

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 17. Asset Revaluation Surplus

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Movements in the Asset Revaluation Surplus:</b>		
Balance at Beginning of Financial Year	59,139	31,552
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>		
Land and Land Improvements	-	2,786
Buildings and Other Structures	-	6,634
Road Network	28,258	16,620
Water Network	-	624
Sewer Network	-	923
<b>BALANCE AT END OF FINANCIAL YEAR</b>	<b>87,397</b>	<b>59,139</b>

#### Asset Revaluation Surplus Analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land and Land Improvements	2,786	2,786
Buildings and Other Structures	20,048	20,048
Road Network	60,841	32,583
Water Network	1,827	1,827
Sewer Network	1,895	1,895
<b>Balance at the end of the Financial Year</b>	<b>87,397</b>	<b>59,139</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 18. Retained Surplus/(Deficiency)

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Movements in the Retained Surplus:			
Retained Surplus at Beginning of Financial Year		2,012	1,150
Net Result Attributable to Council		5,226	6,763
Transfers (to)/ from Capital Reserves for Future Capital Project Funding, or from Reserves Funds:			
	20		
Unspent Capital Grants Reserve		35	3
Community Facilities Reserve		534	(46)
Water Infrastructure Reserve		40	(10)
Shire Capital	19	66,422	(8,697)
Transfers (to)/ from Recurrent Reserves for Future Project Funding, or from Reserves funds:			
	20		
Recurrent Expenditure Reserve		343	2,699
Plant Replacement Reserve		-	150
RETAINED SURPLUS AT END OF FINANCIAL YEAR		74,612	2,012

### Note 19. Shire Capital

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Capital Account Opening Balance		66,422	57,725
Transfer to/(from) Retained Surplus		(66,422)	8,697
<b>TOTAL SHIRE CAPITAL</b>		<b>-</b>	<b>66,422</b>

Council has decided to combine Shire Capital previously disclosed separately with Retained Surplus in the Financial Statements as Council believe this presents users with more meaningful information as outlined in Note 1X.

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 20. Reserves

\$ '000	Council	
	Actual 2012	Actual 2011

#### Reserves held for Funding Future Capital Expenditure:

Unspent Capital Grants Reserve	-	35
Community Facilities Reserve	-	534
Water Infrastructure Reserve	-	40
<b>Total Reserves for Future Capital Expenditure</b>	-	<b>609</b>

#### Reserves Held for Funding Future Recurrent Expenditure:

<b>Total Reserves for Future Recurrent Expenditure</b>	-	<b>343</b>
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<b>TOTAL RESERVES</b>	-	<b>952</b>
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#### Movements in Reserves 2012:

	Opening Balance as at 01/07/2011	Tfr from Retained Surplus	Tfr to Retained Surplus	Funds Expended	Closing Balance as at 30/06/2012
<b>Capital Reserves</b>					
Unspent Capital Grants Reserve	35	-	(35)	-	-
Community Facilities Reserve	534	-	(534)	-	-
Water Infrastructure Reserve	40	-	(40)	-	-
<b>Total Capital Reserves</b>	<b>609</b>	-	<b>(609)</b>	-	-
<b>Recurrent Reserves</b>					
Future Recurrent Expenditure Reserve	343	-	(343)	-	-
<b>Total Recurrent Reserves</b>	<b>343</b>	-	<b>(343)</b>	-	-
<b>Total</b>	<b>952</b>	-	<b>(952)</b>	-	-

#### Movements in Reserves 2011:

	Opening Balance as at 01/07/2010	Tfr from Retained Surplus	Tfr to Retained Surplus	Funds Expended	Closing Balance as at 30/06/2011
<b>Capital Reserves</b>					
Unspent Capital Grants Reserve	38	30	-	(33)	35
Community Facilities Reserve	488	46	-	-	534
Water Infrastructure Reserve	30	10	-	-	40
Plant Replacement Reserve	150	-	-	(150)	-
<b>Total Capital Reserves</b>	<b>706</b>	<b>86</b>	-	<b>(183)</b>	<b>609</b>
<b>Recurrent Reserves</b>					
Future Recurrent Expenditure Reserve	3,042	827	(3,526)	-	343
<b>Total Recurrent Reserves</b>	<b>3,042</b>	<b>827</b>	<b>(3,526)</b>	-	<b>343</b>
<b>Total</b>	<b>3,748</b>	<b>913</b>	<b>(3,526)</b>	<b>(183)</b>	<b>952</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 21. Commitments for Expenditure

\$ '000	Council	
	Actual 2012	Actual 2011
<b>(a) Operating Leases (Non Cancellable)</b>		
<b>Minimum lease payments in relation to non-cancellable operating leases are as follows:</b>		
Within one year	2	2
One to five years	4	4
<b>TOTAL OPERATING LEASES</b>	<b>6</b>	<b>6</b>
<b>(b) Contractual Commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Contracts for Grading Shire Roads	269	222
Civica Software Implementation and Licenses	74	145
Other Commitments	609	1,211
Shire Office	2,335	-
Hughenden Centre for the Aged	4,959	-
Contract and Recoverable Works	795	-
Road Construction	383	-
North Hughenden Sewerage	643	-
<b>TOTAL CONTRACTUAL COMMITMENTS</b>	<b>10,067</b>	<b>1,578</b>

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 22. Contingent Liabilities

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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 it is 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 to 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 worker's 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 \$218,540.57.

##### Details and estimates of maximum amounts are as follows:

A claim for damages in the sum of \$1,000,000 has been lodged in relation to a motorcycle accident against Council. The amount of this claim is not expected to exceed \$100,000.

A claim has been lodged in relation to a workplace incident that occurred on the 4th July 2002. The amount claimed is \$1,231,395.31. The claim is not expected to succeed, at this level. Stephen McCartney (CEO) and Leanne Rogers (Director Corporate Services) met with David Perrin from Liability Adjusters on 7th September 2010 to discuss this claim. Stephen McCartney returned the requested documentation to David Perrin from the Liability Adjusters on the 9th February 2012. Law investigations are continuing.

A claim has been lodged in relation to an accident at a shop front location. The claim is expected to be less than \$10,000. Jardine Lloyd Thompson are investigating the claim and have requested further information on the 4th July 2012. Council is in the process of providing this information to Jardine Lloyd Thompson.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 23. Superannuation

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.

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	6	675	516

# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 24. Trust Funds

\$ '000	Council	
	Actual 2012	Actual 2011
<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	28	23
Security Deposits	12	12
<b>TOTAL TRUST FUNDS HELD FOR OUTSIDE PARTIES</b>	<b>40</b>	<b>35</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.

### Note 25. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

\$ '000	Council	
	Actual 2012	Actual 2011
<b>Net Result</b>	<b>5,226</b>	<b>6,763</b>
Adjust for Non-cash items:		
Depreciation	4,581	3,172
Write Off of Property, Plant and Equipment	9,411	-
<b>Investing and Development Activities Non Current</b>		
Net Losses/(Gains) on Disposal of Assets	(48)	(1)
Capital Grants and Contributions	(10,046)	(6,436)
<b>Changes in Operating Assets and Liabilities:</b>		
(Increase)/Decrease in Receivables	1,471	3,432
(Increase)/Decrease in Inventories	(1)	(65)
Increase/(Decrease) in Payables and Accruals	(587)	(2,564)
Increase/(Decrease) in Employee Leave Entitlements	(33)	130
Increase/(Decrease) in Other Provisions	1	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>9,975</b>	<b>4,431</b>

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 26. Events Occurring After Balance Sheet Date

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Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Events that occur after the Reporting Date represent one of two types:

##### **(i) Events that have provided evidence of conditions that existed at the Reporting Date**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

There were no material adjusting events after reporting date.

##### **(ii) Events that have provided evidence of conditions that arose after the Reporting Date**

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

In 2011 the Australian Government introduced a Clean Energy Legislation package. One aspect of this legislation package, which will impact upon Council directly and indirectly, is the introduction of a pricing mechanism for the greenhouse gas emissions in the Australian economy.

The pricing mechanism commences on 1 July 2012 and sets a fixed price path for the first three years (\$23 per tonne of CO<sub>2</sub>-equivalent emissions adjusted in real terms by 2.5% per annum) before moving to a flexible price mechanism from 1 July 2015. It proposes a framework for setting a cap on greenhouse gas emissions by capping the number of carbon units available once the flexible price period commences, which can be adjusted over time to ensure that the government's reduction targets are met.

Council anticipates increases in costs to arise as a result of the carbon pricing mechanism. The most significant of these will be electricity and fuel.

In it's modelling Council has allowed for a 10% increase in fuel and electricity costs in the coming year, with a further 5% increase per year over the next 10 years.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Instruments

Council's activities expose it to a variety of financial risks including; **(i)** credit risk, **(ii)** liquidity risk, and **(iii)** interest rate 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. 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.

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

Risk exposure	Measurement method
Credit Risk	Ageing analysis
Liquidity Risk	Maturity analysis
Interest Rate Risk	Sensitivity analysis

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

\$ '000	Notes	Carrying Value		Fair Value	
		2012	2011	2012	2011
<b>Financial Assets</b>					
Cash and Cash Equivalents	11	10,674	5,296	10,674	5,296
Receivables	12	5,571	7,042	5,571	7,042
<b>Total Financial Assets</b>		16,245	12,338	16,245	12,338
<b>Financial Liabilities</b>					
Payables	15	1,170	1,769	1,170	1,769
Bank Overdraft	15	408	-	408	-
<b>Total Financial Liabilities</b>		1,578	1,769	1,578	1,769

Fair Value is determined as follows:

- **Cash and Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates fair value.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Instruments (continued)

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##### 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 banks or other 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 and whilst not capital guaranteed, the likelihood of a 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 grazing, there is also a concentration in the grazing 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.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Instruments (continued)

\$ '000	Notes	Council	
		Actual 2012	Actual 2011
Council's maximum exposure to credit risk is as follows:			
Financial Assets			
Cash and Cash Equivalents	11	10,674	5,296
Receivables - Rates	12	226	130
Receivables - Other	12	4,653	6,879
Subtotal Financial Assets		15,553	12,305
Other Credit Exposures			
Guarantee	22	219	189
Total Other Credit Exposures		219	189
TOTAL		15,772	12,494

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:

#### Receivables

Past due:

- Less than 30 days overdue	4,719	6,236
- 30 to 60 days overdue	102	709
- 61 to 90 days overdue	29	9
- Impaired	29	54
<b>Total</b>	<b>4,879</b>	<b>7,008</b>

#### Movement in Provision for Impairment of Receivables

Balance at the beginning of the year	54	29
Additional Impairments recognised during the year	-	25
Impairments reversed	(25)	-
<b>Balance at the end of the year</b>	<b>29</b>	<b>54</b>

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Instruments (continued)

##### 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 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:

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
<b>2012</b>					
Trade and Other Payables	1,170	-	-	1,170	1,170
Bank Overdraft	408	-	-	408	408
	<b>1,578</b>	<b>-</b>	<b>-</b>	<b>1,578</b>	<b>1,578</b>
<b>2011</b>					
Trade and Other Payables	1,769	-	-	1,769	2,323
	<b>1,769</b>	<b>-</b>	<b>-</b>	<b>1,769</b>	<b>2,323</b>

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.

## Flinders Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Instruments (continued)

##### Interest Rate Risk

The Council is exposed to interest rate risk through its investments held with financial institutions.

Council currently has no borrowings.

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.

\$ '000	Council	
	2012	2011
<b>Financial Assets</b>		
Net Carrying Amount	-	-
Profit	108	53
Equity	108	53
<b>Net Assets</b>		
Net Carrying Amount	-	-
Profit	108	53
Equity	108	53

## Flinders Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 28. National Competition Policy

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##### **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 its self. Excluded activities are
  - (a) library services; and
  - (b) an activity or part thereof prescribed by legislation.

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

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred primary objective of the activities was 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.

Council has determined the following Business Activities:

Roads	Water	Sewerage
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# Flinders Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 28. National Competition Policy (continued)

#### Financial Performance of Business Activities Subject to Competition Reforms:

	Roads	Water	Sewerage
\$ '000	2012	2012	2012
Revenue for services provided to the Council	-	69	59
Revenue for services provided to external clients	11,245	657	1,187
Community service obligations	-	183	101
	11,245	909	1,347
Less : Expenditure	(11,594)	(803)	(983)
Surplus/(deficiency)	(349)	106	364

#### Description of CSO's Provided to Business Activities:

\$ '000		
Activities	CSO Description	Actual
Water Activities	Providing free services to public areas	183
Sewerage Activities	Providing free services to public areas	101

	Roads	Water	Sewerage
\$ '000	2011	2011	2011
Revenue for services provided to the Council	-	68	53
Revenue for services provided to external clients	8,414	632	509
Community service obligations	-	183	101
	8,414	883	663
Less : Expenditure	(9,325)	(636)	(737)
Surplus/(deficiency)	(911)	247	(74)

#### Description of CSO's Provided to Business Activities:

\$ '000		
Activities	CSO Description	Actual
Water Activities	Providing free services to public areas	183
Sewerage Activities	Providing free services to public areas	101

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Flinders Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Flinders 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 Chief Executive Officer and the Mayor.

#### *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 Flinders 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 Flinders Shire Council for the year ended 30 June 2012. Where the financial report is included on Flinders Shire Council's website the Council is responsible for the integrity of Flinders Shire Council's website and I have not been engaged to report on the integrity of Flinders 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.



John Zabala FCA  
(as Delegate of the Auditor-General of Queensland)

19 November 2012

Townsville