

Kingaroy Shire Council



2006/2007

Annual Report

Kingaroy - A Vibrant Shire, Regional Partner a Quality Lifestyle

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Message from the Mayor & Chief Executive Officer

2006/2007 has been a year of dramatic change for the Kingaroy Shire. Steady growth has continued in urban and business development. Unfortunately negative rural returns as a result of the continuing drought have severely affected many in the Shire as well as constraining rural development.

The continuing drought has had a considerable impact on the community and necessitated the dedication of Council's limited staff resources in planning and ensuring that adequate water supplies are available for the towns of the Shire. The dismal rural returns have had a major impact on the rural community and numerous assistance programs have been made available from various resources for those in extreme need.

Kingaroy continues to be recognised for its growth and economic stability. The area continues to attract interest from developers, major retailers, manufacturers, investors, and the "tree change" retirees, seeking a hassle free, safe, relaxed lifestyle with all of the services of a major centre being readily available.

Development of residential and rural residential land has continued with over 500 lots currently approved or under development. Residential land parcels continue to be snapped up as soon as they come onto the market, and record building activity is still being recorded.

A continued focus on "*building social capital*", through the provision of facilities and encouragement as well as assistance to local organisations and events has ensured an ever increasing depth of community.

The Peanut Festival and the annual Wine and Food in the Park were again notable successes. Our area continues to attract major sporting events, conferences and cultural events with positive feedback from visiting delegates and participants, resulting in return visits in many cases.

The Tourism Industry continues to grow and support the economy of the region. Greater emphasis has been placed this year on the development of the many South Burnett food products that are available ensuring the sustainability of this industry.

2006/2007 again saw a number of Council initiatives and projects commenced and/or completed and we briefly comment on the major ones as follows:-

Kingaroy Airport Interest in the airport continues to grow. Dean Wilson Aviation has seen the first Australian and overseas sales of its Whitney Boomerang aircraft. Development of the airport as an Australian Centre of Excellence for UAV testing and research has continued during the year albeit more slowly than anticipated. Planning for the first international UAV Challenge held in September 2007 was completed with considerable interest in the event from both Australian and overseas High Schools and Universities. The possibility of basing an international pilot training facility at the airport has also received further investigation with discussions being held with a number of possible partners as well as the Queensland Government. The Kingaroy Airport is one of the developing areas in the Shire that promises considerable employment opportunities

and career path options for local students over the next few years. Discussions regarding this are continuing with educational establishments and the Queensland Government.

Waste Management Implementation of the Shires Waste Management Strategy has continued in 2006/2007 with the completion of the Kingaroy Waste Disposal Facility and preparations for the Kumbia Waste Transfer Station project.

Town Planning Scheme Council participated in the Wide Bay Regional Planning Advisory Committee (RPAC) and its various projects throughout the year. This led to the approval by the Minister of the Wide Bay Regional Plan. Although not being statutory in nature, this document will guide the future of not only the South Burnett, but the Wide Bay region.

Environmental Programs The environment, and particularly community awareness of the environment has meant rapid growth in the programs being undertaken by Council. These programs will ensure that our natural environment is protected, enhanced and where necessary rehabilitated. Council again allocated additional resources to this vital area to ensure the sustainability of our Shire for future generations.

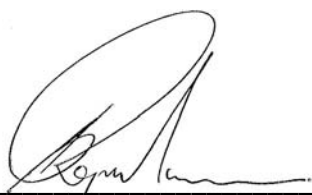
Size, Shape & Sustainability In January 2006 the six (6) South Burnett Councils signed a Memorandum of Understanding to conduct a review of the operations of the Councils in the area. By December 2006 the second phase of the project had been completed with plans to look at the possible merger of Councils as well as resource sharing and joint purchasing between Councils. However in April 2007 the Government axed the Size, Shape and Sustainability process and commenced a Local Government Reform process which will see amalgamations of Councils in many parts of Queensland.

South Burnett Programs Council has continued to cooperate with its neighbouring Councils in the delivery of programs and services for the benefit of the South Burnett community. Programs have continued in Tourism, Natural Resource Management, Town Planning, and Sport and Recreation. The strength of the South Burnett has always been the willingness of Councils to work together to meet the needs of our community.

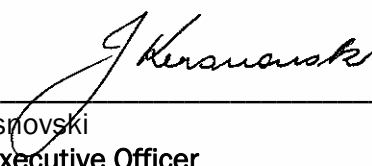
Further details of Council's activities are included later in this report and we would encourage community members to provide feedback on any issue they consider important.

In concluding may we acknowledge the many community members and organisations who continue to contribute to the quality of life that we in Kingaroy enjoy. The strength of our community is the community itself. We look forward to the continual strengthening of our community and increased participation in our many community events and organisations.

We urge you to let us know how we can improve our current services plan and implement new services for the future.



K R Nunn
Mayor



J J Kersnovski
Chief Executive Officer

Shire Profile

It is widely believed that 'Kingaroy' originated from the aboriginal name for the "Little Red Ant" which abounds in the area. The Red Ant appears at the top of the Shire's Coat of Arms.

Location

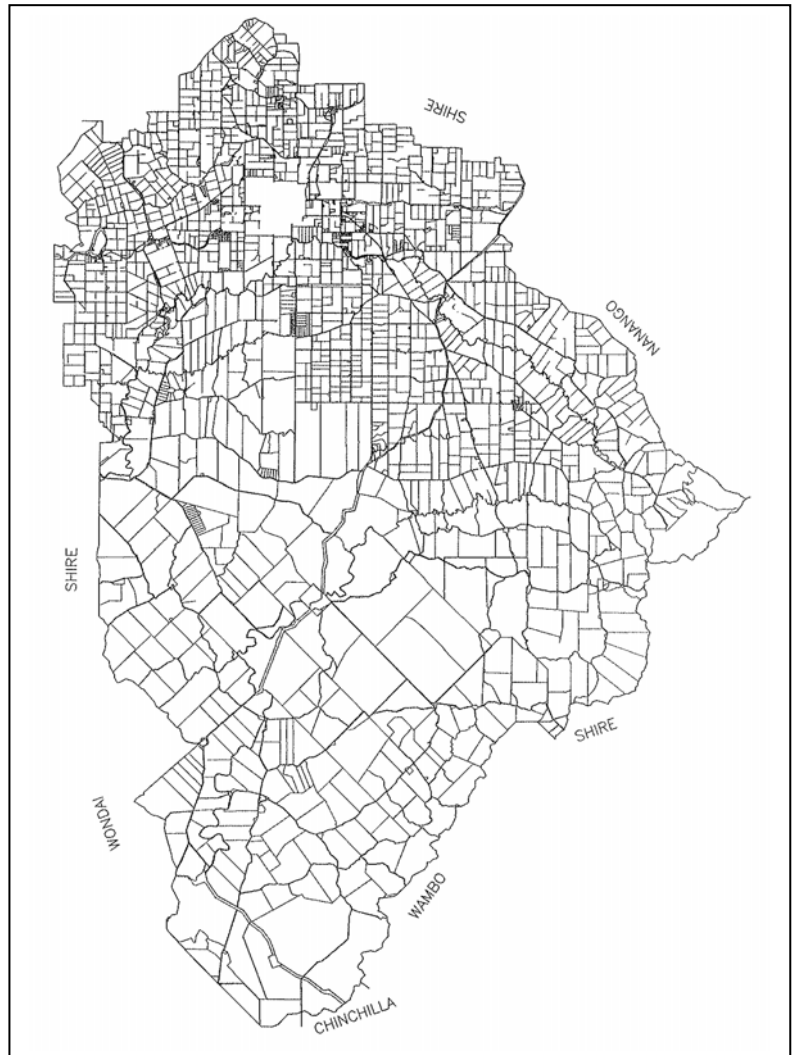
Kingaroy, the regional centre of Queensland's rich South Burnett district, is located some 220 kilometres by road, north-west of Brisbane. Kingaroy Shire, with an area of 2,422 km², lies along the eastern edge of the Great Dividing Range where lies the source of the Boyne and Stuart Rivers, which flow through the Shire, northwards into the Burnett River. Gordonbrook Dam is constructed across the Stuart River and this provides the domestic water supply for Kingaroy.

Population

The major population centre of the Shire is Kingaroy with approximately 8,480 residents, with a total Shire population of 13,583. There are small developed townships at Kumbia (approximately 180 people) and at Wooroolin (approximately 100 people). There are also a number of villages, each with a very small number of residential buildings including Coolabunia, Taabinga Village, Crawford and Memerambi.

History

The first settlement of Kingaroy area occurred in the 1840's when the British demand for Australian wool led to Australia's first wool boom. The history of the district began with two grazing runs, the Haly Brothers "Taabinga" run, and "Burrandowan", established by Henry Stuart Russell.



The Haly Brothers settled at Taabinga taking up some 305 square miles. They were quick to develop their property, and became widely known among pastoralists of their time.

Henry Stuart Russell, explorer, squatter, author, was one of the early squatters of the Darling Downs before his investigations for sheep land took him up the Queensland coast and inland to the Burnett, where he eventually settled "Burrandowan" in what also was to become part of the Kingaroy Shire.

Economic Profile

The Shire's wealth is based on beef, pigs and a variety of agricultural crops including peanuts, maize, sorghum, navy beans, soya beans, dubosia, olives and stone fruit and to a lesser degree wheat, barley, oats and sunflowers. Wine and aquaculture industries are now contributing to the local economy and are expanding. Smaller secondary industries include agricultural machinery, the processing of dubosia and cold pressed oils. Tourism continues to be a growth industry.



Workforce Profile

Total labour force figures obtained from 2006
Census Data published by the Australian Bureau of Statistics

| | |
|---|--------------|
| Agriculture, Forestry & Fishing | 529 |
| Mining | 219 |
| Manufacturing | 666 |
| Electricity, Gas & Water Supply | 211 |
| Construction | 406 |
| Wholesale Trade | 158 |
| Retail Trade | 726 |
| Accommodation & Food Services | 316 |
| Transport, Postal & Warehousing | 164 |
| Information Media & Telecommunications | 39 |
| Finance & Insurance Services | 97 |
| Rental, Hiring & Real Estate Services | 60 |
| Professional, Scientific & Technical Services | 143 |
| Administrative & Support Services | 114 |
| Public Administration & Safety | 245 |
| Education & Training | 451 |
| Health Care & Social Assistance | 556 |
| Arts & Recreation Services | 11 |
| Other Services | 189 |
| Not stated | 106 |
| Total | 5,406 |

Corporate & Operational Plans

In 2006 Council published its latest Corporate Plan (2006 – 2010). The plan builds on the achievements from previous plans and includes many successful strategies as well as new initiatives.

Mission Statement

| | |
|--------------------|--|
| Our Vision | Kingaroy – A Vibrant Shire, Regional Partner and a Quality Lifestyle |
| Our Mission | To be a well governed sustainable and diverse community that is a safe and rewarding place in which to live and work and to encourage enterprise and investment in Kingaroy Shire. |

Our Corporate Values

We are committed to:

| | |
|-------------------------------|--|
| Leadership | Visionary and ethical leadership pursuing excellence in corporate governance using transparent processes and focussing on the delivery of positive outcomes for our community. |
| Quality Service | The provision of efficient and effective service in a courteous and fair manner. |
| Continuous Improvement | Being creative and innovative in delivery of our services. |
| Caring | Providing a caring environment in which to live and work. |
| Consultation | Encouraging a high level of co-operation and consultation between Elected Members, Council Staff and the Community. |

Adopted Programmes

- **Corporate Governance**
To provide quality organisational management and leadership through transparent and accountable policies and procedures
- **Economic Development, Tourism**
To encourage sustainable development that strengthens the local and regional economy and enhances employment opportunities
- **Planning and Development Services**
To ensure that the Shire develops in a responsible and sustainable manner to enhance the lifestyle of existing and future residents
- **Administration, Finance**
To efficiently, effectively and economically manage Council's resources in a way that achieves maximum community benefit
- **Cultural Development, Youth, Welfare**
To provide and maintain facilities and encourage the development of cultural, youth and social activities which improve the lifestyle of the community
- **Rural Services, Natural Resource Management**
To implement programs and initiatives to minimise the impact of pest plants and animals and to effectively and ecologically manage the Shires natural resources (water, land and vegetation) to ensure that the Shire develops in a responsible and sustainable manner to enhance the lifestyle of existing and future residents
- **Recreation, Sport**
To provide and maintain sporting and recreational facilities and encourage sporting and community groups to develop facilities, events and programs which improve the lifestyle of the community
- **Water, Sewerage**
To provide public water supplies for Kingaroy, Kumbia and Wooroolin of adequate and reliable quantity and quality and a sewerage Scheme for Kingaroy which meets all Environmental Standards
- **Roads, Drainage, Transport Services**
To develop and maintain the Shire's road and transport infrastructure to enhance the lifestyle of existing and future residents
- **Engineering Management Services**
To efficiently, effectively and economically manage Engineering assets and infrastructure through planned and documented processes
- **Environmental Health Services**
To maintain and improve the quality of life through appropriate standards of public health and environmental measures

The Council

Elected Members



Cr KR (Roger) Nunn – Mayor
Corporate & Community Services



Cr MA (Max) Lehmann –
Deputy Mayor
Financial Services



Cr KM (Keith) Campbell
Engineering Services



Cr B J (Bernie) Carroll
Rural Community &
Environmental Services



Cr RC (Bob) Coleman
Sport, Recreation, Youth,
Education



Cr CD (Cheryl) Dalton
Water & Sewerage
Services



Cr TW (Terry) Fleischfresser
Health Services



Cr WD (Bill) Moss
Welfare, Aged Services &
Community Safety



Cr MG (Marie) Shaw
Social, Cultural



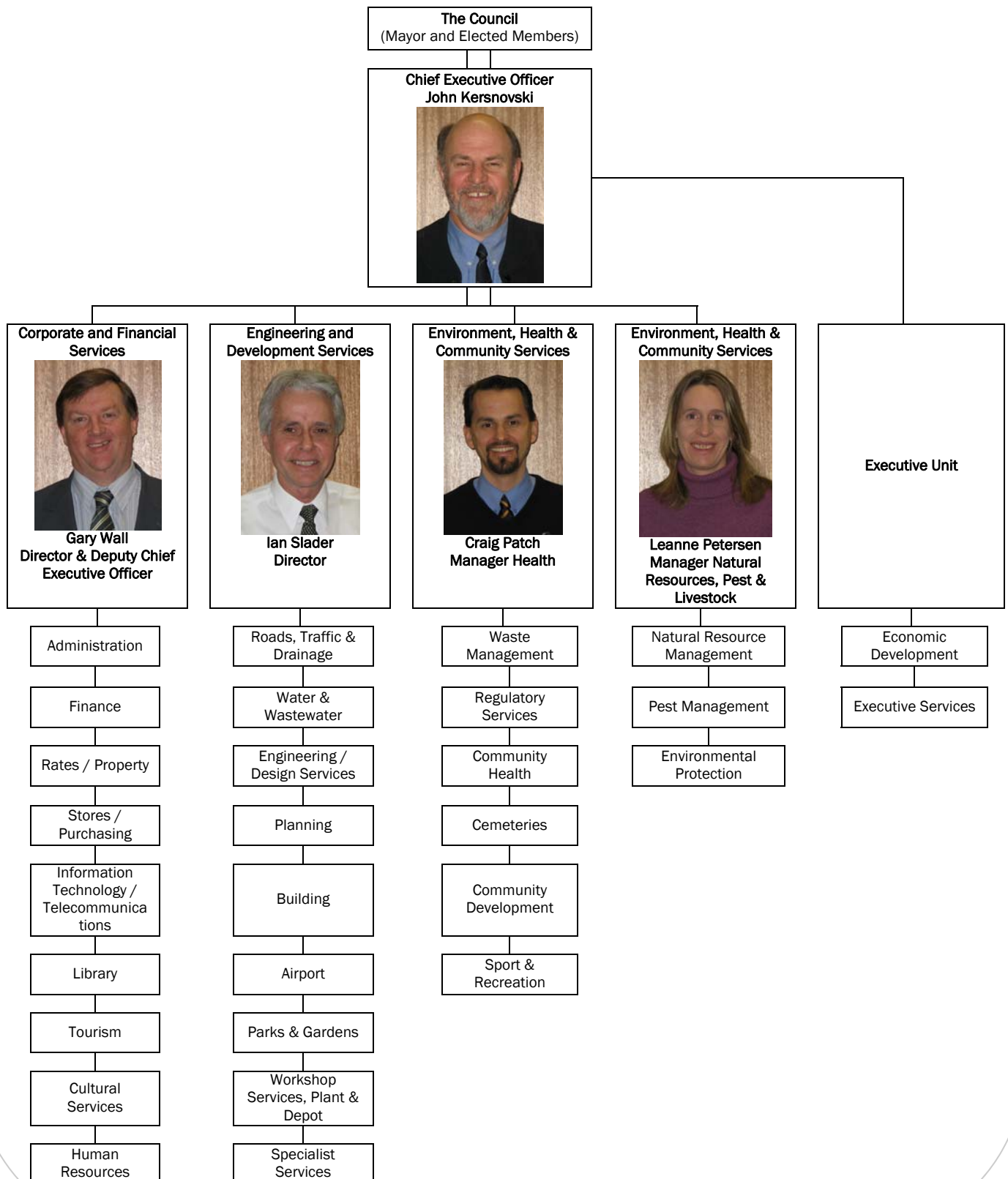
Cr LJ (Lesley) Trout
Planning & Development
Services



Cr KFJ (KEV) Woods
Administrative Services

The Council

Organisation Structure



Review of 2006/07 Activity



The 2006/07 year has been another period of growth and consolidation for the Kingaroy Shire. After a period of community consultation, the 2006-2010 Corporate Plan was finalised and its implementation commenced with policies that ensure the economic, environmental, social and sustainable growth of our community.

Comment is made on the following matters addressed in 2006/07.

Corporate Governance

Aims to provide quality organisational management & effective leadership through transparent & accountable policies & procedures

Council has met throughout the year on a monthly basis with special meetings being held as required. A total of twelve (12) general meetings and two (2) special meetings were held during the year.

Successful functions conducted during the year included Australia Day Celebrations, Anzac Day Commemoration, one Meet and Greet in O'Neill Square and the Endeavour Christmas Lights function.



Our internet site is regularly updated with information on current and upcoming Council events and Council's Meeting Minutes. Anyone can visit us on www.kingaroy.qld.gov.au.

The Council has continued its focus of attempting to consult with and inform the community on its programs and activities. Consultation methods include community consultation meetings, Council newsletters, Council's website, Community News in the local newspaper, contributions to the fortnightly Kingaroy Mail newspaper, letterbox drops and meetings with community groups. Council also continued its representation on local groups and organisations.

The Kingaroy and Kumbia State Emergency Service Units and Kingaroy Shire State Emergency Service Cadet Units continued to function during the year providing valuable support in emergency situations and community functions. The Local Disaster Management Committee meets six (6) monthly and is awaiting the new South Burnett Local Disaster Management Plan, which is being prepared by consultants. The plan will include provisions to deal with incidents of terrorism and pandemics.

Economic Development, Tourism

Aims to encourage sustainable development that strengthens the local & regional economy & enhances employment opportunities

Council's Economic Development Strategy focuses on eight objectives -

1. To ensure physical infrastructure is in place to sustain development.
2. To ensure soft infrastructure development (aged care, youth, medical, health, emergency services, social services).
3. To facilitate partnerships for economic development.
4. To establish Kingaroy as a leading education centre.
5. To maintain focus on Kingaroy as a regional centre.
6. To develop an investment attraction strategy.
7. To assist with development of trade and export.
8. To promote enabling technologies for industry development.

Many of these have been acted upon however much more is required.

Council has again provided support for the South Burnett Enterprise Centre which continues to operate under the management of South Burnett CTC.

The Health Services Committee continues to monitor the provision of medical services to our community and oversee the operation of the Kingaroy South Burnett Medical Workforce Strategy. A review of this strategy is underway to ensure it continues to meet the needs of the Kingaroy and South Burnett community.

The South Burnett Community Private Hospital continued its strong growth during the year. Preparations for the leasing of the hospital to Community Private Health Care Pty Ltd have commenced.

Services provided by the hospital include:

- o Acute Medical, Surgical, Palliative Care
- o 28 licensed Inpatient Beds
- o 4 chair step-down recovery for day surgery
- o Operating theatre
- o 8 active admitting local GPs
- o GP medical after hours service
- o Visiting specialists
- o 2 General Surgeons
- o Gynaecologist
- o 2 Ophthalmologists
- o Cardiologist
- o Paediatrician
- o Urologist
- o Vascular Surgeon
- o Palliative Care Specialist
- o Cardiac Stress Testing & Holter Monitoring
- o Pre-operative Clinic
- o Post-operative phone call follow up
- o Respite
- o Short term palliative care for uninsured clients

Utilisation during the year was –

| | |
|----------------------|--------|
| Total Operations | 702 |
| Total Bed Days | 4,925 |
| Average Daily Census | 13.49% |
| Occupancy | 48.19% |

The hospital provides full time/ part time/ casual jobs for 51 employees.

Funding was again provided to the Kingaroy Chamber of Commerce and Industry (KCCI) to assist with the operations of the Chamber as well as assisting with the continuation of an Events and Conferencing desk.

Other major events supported during the year include Wine and Food in the Park, the annual Peanut Festival and the Heritage Kingaroy Business Awards.

Participation in numerous regional programmes such as the South Burnett Tourism Development Project continued, and memberships of the Wide Bay Burnett Regional Organisation of Councils, South Burnett Local Government Association, and various regional tourism bodies ie Fraser Coast South Burnett Regional Tourism Board, South Burnett Tourism Association and Country Way were maintained.

Promoting and encouraging aviation related industries at the Sir Joh Bjelke-Petersen Airport has continued throughout the year. Council participated in the preparation of the Wide Bay Aviation Investment Strategy which culminated in the formation of Aviation Wide Bay Burnett and which will see a coordinated approach to developing aviation industries in the region. This year this included involvement in the Queensland Government stand at the Australian International Aviation Expo and preparations for attendance at the (Bundaberg) Queensland International Airshow in August 2007. In addition, Council continues to cooperate with the Department of State Development in establishing the airport as an Australian Unmanned Aerial Vehicles Centre of Excellence for Flight Testing and Research Centre.

Visitor Information Centre

The South Burnett Visitor Information Centre – Kingaroy has continued its accreditation with Tourism Queensland, providing statistical information on visitor numbers and origin. The Centre, as apart of the Kingaroy Information Art and Heritage Precinct has undertaken a visitor survey, where additional statistical information was obtained from visitors, with is information used in strategically planning marketing and promotional activities.

In excess of 24,000 people visited the Centre during the year. This figure indicates a 30% increase in visitation numbers from 2005/2006, further highlighting the positive impact of the Kingaroy Information Art and Heritage Precinct.

The Centre is developing a best practice approach where it is renown as a quality facility within the Queensland Visitor Information Centre network. The Centre was successful at the Fraser Coast South Burnett Tourism Awards 2006 in the General Tourism Services category which was a competitive commercial section within the awards.



'The Centre would not function without the high calibre of Volunteers, with in excess of 50 volunteers contributing to the success of the Centre over the 12 month period. The composition of the volunteer base was at June 2007 – 22 community volunteers, 2 high school volunteers under an Active Citizen Program, 4 Duke of Ed Award, 6 Work for the Dole participants and 5 Mutual Obligation participants.

Promotional activity during the year included paid advertising in the South East Queensland Country Touring Guide, Fraser Coast South Burnett Regional Visitors Guide, a call-point at the Hervey Bay Airport, Brisbane Valley/Sunshine Coast/South Burnett promotions and representation at conferences, local and consumer travel shows.

Promotion of the Regional identity has been focused on in an holistic approach relating to all marketing and promotional projects, which has in turned flowed through to the volunteers at the front counter ensuring regional visitor information is available and conveyed.

In 2006, funding was obtained through Skill Centred Queensland for supporting Work for the Dole Participants within the region, with the Centre being one of a few facilities available to supervise participants, within the South Burnett. Additional funding was obtained through CTC Employment services for a simular project.

The Visitor Information Centre was successful in obtaining a Tarong Mine Community Development Grant for the South Burnett Visitor Information Centres and managed the project to ensure maximum benefit to the regions volunteers, associated with the Visitor Information Centres.

Tourism Strategy

The South Burnett Tourism Development Strategy is currently in its fifth year of implementation thanks to the continued support from Tarong Mine Community Development Fund, South Burnett Tourism Association and all South Burnett Councils.

The major focus of the project officer has been to strengthen the food industry ensuring that it complements the growing wine industry and the numerous events and festivals of the region. A number of initiatives have resulted including a Food Producers Forum with a nationally recognised facilitator, a masterclass and dinner at the Bell Tower Restaurant featuring Mr Peter Howard as the MC and special guest speakers and a media lunch held at Restaurant 2 in Brisbane with Alison Alexander and Jason Ford. The culmination of this project will be the production of the new South Burnett Food and Wine Trail, which is due for release in December 2007.

The Great Bunya Drive Project reached its final stage during the year, with the final signage, and further wine signage installed in the South Burnett, as well as the printing of the 2nd edition Great Bunya Drive Brochure. Federal Minister, Ian McFarlane officially launched the Great Bunya Drive in Toowoomba and an industry launch was held in the Bunyas on the 16th November 2006.

Extensive work has been undertaken to map out and research historical buildings, sites and museums of the South Burnett with the aim to create a saleable historical / museum publication. This work has been in conjunction with representatives from all shires of the region with a steering committee being formed to drive this project. As a result of the uniqueness of this project, securing funding proved difficult with the first application submitted being unsuccessful. This remains an important task for future years.

Rio Tinto (Tarong Coal) again was a major contributor to the programme during the year with \$30,000 in funding provided for the Tourism Project Managers position. This considerable funding has ensured the success of the program and is most appreciated by the South Burnett community. We wish to record our sincere thanks for this assistance from our very considerate Corporate Citizen.

The Burrandowan Picnic Race Club also contributed to the continuation of the Tourism Project during the year. Assistance was provided to the Club in the way of planning and implementation of new strategies to increase patron numbers and community sponsorship. All outcomes were achieved with a significant increase in patronage, sponsors and overall money raised for their chosen charity. The Club now has policies and procedures to help guide the event into the future.

Research has an integral role in our future direction to ensure we are utilising our resources to our best advantage. The accredited Visitor Information Centres of the South Burnett need to collect statistics from visitors who utilise their services and then to report this back to Tourism Queensland. The process each centre uses is different and therefore the data obtained is difficult to consolidate. The need for a software program suitable for this work was identified. A program was created during the year and rolled out to each VIC and after a short trial period each centre now utilises this daily.

Attracting Coach Tours to our region is a long-term goal and as a result 25 itineraries have been written and distributed through each South Burnett Visitor Information Centre. These will also be combined into the South Burnett Coach Booklet being released in December 2007.

As relevant tourism strategies continue to be written and implemented, the South Burnett will continue to increase its competitive advantage and be seen as an essential destination to visit!

Administration & Finance

*Aims to efficiently, effectively & economically
manage Council's resources in a way that achieves maximum community benefit*

The increased activity in the Shire continues to generate additional administrative activity with around fifteen thousand (15,000) items of correspondence recorded through Council's Records Management System during the year.

Alternative payment options such as BPay, Australia Post and Bill Express continue to gain in popularity with more than 50% of ratepayers using these methods rather than coming to the Administration Office to pay their rates. Council continues to investigate various payment options to respond to community demands. Centrepay (deductions from Centrelink benefits to pay rates) has become popular. Rate capping is into its third year of adoption, and has reduced the impact of valuation fluctuations on rate payers' bills.

In 2001/2002 Council's rate arrears reached an unacceptable level of around 8%. Over the last five (5) years our focus has been on reducing this debt to around 3%. It is pleasing to note that outstanding rate arrears for 2006/2007 were again around 3%.

Council continues to maintain its Rural Property Numbering System and to levy and collect a Rural Fire Levy for those brigades requesting it.

The upgrade of our computer network and hardware continued in line with our five (5) year Information Technology Strategy to lift our information & telecommunications to current industry standards. The inclusion of the Heritage Art & Information Precinct, Waste Depot and Library into our Wide Area Network is a further step towards this goal.



The Learning Network Queensland - Kingaroy have continued to occupy the building (old bus terminal) in Glendon Street which was made available to them to work with Council in enhancing the lifelong learning opportunities of the community by operating a Learning Centre. The Kingaroy Eisteddfod Inc have also set up their office in a part of this building and base themselves from there.

Planning & Development Services

Aims to ensure that the Shire develops in an orderly & responsible manner to enhance the lifestyle of existing & future residents

Planning Services

A total of 86 development applications were processed for the year, excluding self-assessable developments.

Types of approvals included:-

- ✓ 12 Residential and unit developments
- ✓ 7 Industrial
- ✓ 22 Commercial and retail developments
- ✓ 1 Tourism development
- ✓ 4 Rural industry developments

470 new lots were approved for development, including:-

- ✓ 326 Urban Residential lots
- ✓ 142 Rural Residential lots
- ✓ 2 Rural lots

Building Services

The following building approvals were issued for the year from both Council and Private Certifiers-

| | Number | Amount \$ |
|-----------------------------------|--------|--------------|
| Dwellings - New | 104 | 23,033,064 |
| Re-located | 13 | 426,540 |
| Additions/Alterations /Repairs | 83 | 1,689,360 |
| Garages/Carports | 137 | 1,607,626 |
| Farm Buildings | 4 | 642,000 |
| Public Buildings | 10 | 1,262,344 |
| Business Premises | 30 | 8,671,448 |
| Outbuildings | 0 | 0 |
| Swimming Pools | 25 | 578,944 |
| Special Structures | 7 | 4,771 |
| Totals | 413 | 37,916,097 |

Culture, Development, Youth, Welfare

Aims to provide & maintain facilities & encourage the development of cultural, youth & social activities which improve the lifestyle of the community

The TJ O'Neill Memorial Library has continued to add new books to the collection while the removal of old book stocks is an ongoing process. A total of \$63,075 was spent on the purchase of new books and related material. The DVD collection has increased and the magazine collection now has a total of 87 titles available for loan. Loans and renewals for the year totalled around 72,500.

Total enrolments at 30 June were approx 7,000. The library continues to provide a valuable service to many residents and non-residents of our Shire. The usage of the public access internet computers continues to grow while the Special Access computer provides special software and hardware for those with a disability. Each month the Library puts on a display which is organised to focus attention on and highlight some part of the Library's collections.

In September 2005, the Kingaroy Shire Art Gallery relocated to the 1938 Council Building in the Kingaroy Information Art and Heritage Precinct. The Gallery continues its policy of featuring works by local South Burnett artists - with changing regional art displays each month. Over 55 artists/crafts persons provide the gallery with paintings, pottery, woodwork, needlecraft, sculpture and other arts forms. The annual visitation to the Art Gallery has increased substantially from 2005/2006, with the gallery open seven (7) days per week and welcoming over 24,000 visitors.

A total of twenty-six applications were funded from the Regional Arts Development Fund (RADF) during the year. This included attendance at professional development workshops, assistance in preparation for performances, workshops and exhibitions, skills development workshops in theatre skills, instruments (bagpipes, drums, guitar), wood working, exhibition creation and assistance in setting up a Print Making Group.

The major project in the **Town Hall** this year was the replacement of the glass in all the doors in the breezeway - both to the Reception Room and the Town Hall. For the **Town Common Hall**, the major project was the installation of curtains on the windows. **Both venues continue to be popular with the public for weddings, parties, fund raisers, meetings and conferences.**

The usual financial assistance was provided to cultural and welfare organisations including:-



- Senior Citizens Welfare Association,
- Blue Light Disco,
- Kingaroy Eisteddfod,
- Boy Scouts,
- Girl Guides,
- Meals on Wheels,
- Salvation Army and others

Council continues to provide assistance with the delivery of Meals on Wheels on a regular basis.

Council's involvement continued in the State Government "Breaking the Unemployment Cycle Initiative" through the "First Start Program" and the "Youth Training Incentives Program". A further six (6) trainees and three (3) school based trainees were employed in Council during the year. This takes Council's total to 83 trainees and apprentices which have now been provided with training and employment opportunities over the past eight (8) years. Council is continually pleased at the high success rate of our trainees, both in achieving their qualifications and in finding permanent employment once they have completed their traineeships.

Rural Services, Natural Resource Management

Aims to implement programs & initiatives to minimise the impact of pest plants & animals & to effectively & ecologically manage the Shires natural resources (water, land & vegetation) to ensure that the Shire develops in a responsible & sustainable manner to enhance the lifestyle of existing & future residents

Rural Services Pest & Livestock

Rural Services, including the control of straying livestock, issuing stock route agistment permits and the eradication of declared weeds, was carried out in accordance with Council's Pest Management Plan. Class 1 declared pest control programs included Honey Locust along the Stuart River and Salvinia on Gordonbrook Dam.

A total of 47 stock route agistment permits were issued for the year.

Further improvements were completed at the Coolabunia Saleyards to satisfy Workplace Health & Safety requirements. Total yardings for the year were:

- o Sale Cattle – 6,378 head
- o Dipped Cattle – 24,372 head
- o Speciality Sales – two (2) Breeder Sale and three (3) Bull Sale
- o Natural Resource Management



Natural Resource Management

The Kingaroy Shire Council Environmental Levy contributes to the development and implementation of strategic Natural Resource Management and Environmental projects.

Council's Natural Resource Management section is comprised of two (2) staff who coordinate the development and implementation of on-ground projects. NRM officers also assist community groups, landholders and Council source additional funding through State and Federal Government Natural Resource Management and Environmental programs.

Strategic on-ground projects include:

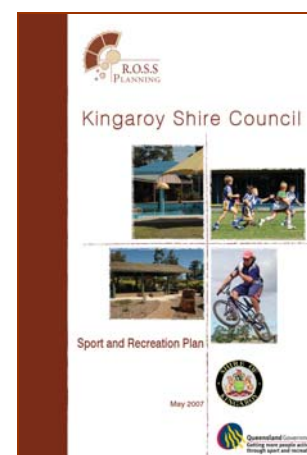
- ✓ Kingaroy Shire Council NRM Work Team – A team of two (2) people were employed for a period of 7 months to carry out integrated pest management works within Goodger Environmental Area, Mount Wooroolin, Kingaroy Heights and Carroll Nature Area.
- ✓ Conservation Volunteers Australia – Seven (7) volunteers from Korea, France, America and Brisbane participated in environmental projects throughout the shire for two (2) weeks. Teams were involved in activities such as tree planting and weed removal.
- ✓ Significant Environmental Area Signage Program – This program identifies areas of vegetation that contain rare and threatened plant species to raise awareness and assist Council staff and contractors with on-ground works in these areas.
- ✓ Fauna Management Activities – Installation and monitoring of nest boxes at Carroll Nature Area and Wooroolin Wetlands, specially designed for Pale Headed Rosellas, Brushtail Possums and Sugar Gliders.
- ✓ Interpretive Signage Program – To raise public awareness, signs have been developed for Gordonbrook Dam and Goodger Environmental Area detailing the natural history of these sites.
- ✓ Salinity Investigations – Installation and monitoring of groundwater and surface water in conjunction with Burnett Mary Regional Group and Department of Primary Industries.
- ✓ Fire and Biodiversity Management Program – Management plans have been developed for Goodger Environmental Area to manage fire without compromising the diversity of vegetation within our reserves.
- ✓ Goodger Environmental Area – Fire trails have been developed within the reserve to assist rural fire brigades when conducting prescribed burning activities. Fencing and gates have been erected to restrict vehicle access.
- ✓ Goodger Weed Management Program – 16 Landholders within a three kilometre radius of the Goodger Environmental Area received funding to assist with treatment of priority weed species.
- ✓ Environmental Pest Management – Integrated pest management activities have been carried out at Carroll Nature Area, Kingaroy Heights Environmental Area, Wooroolin Wetlands, Goodger Environmental Area and Mount Wooroolin.
- ✓ Assistance with funding applications – NRM staff have assisted community groups, landholders and Council with applications for funding through programs such as Community Water Grants, EnviroFund Drought Recovery, Bushfire Mitigation, BMRG Priority Action Plan, Green Corps and Wetland Care.

Recreation & Sport

Aims to provide & maintain sporting & recreational facilities & encourage sporting & community groups to develop facilities, events & programs which improve the lifestyle of the community

A major initiative in 2006/07 was the preparation of the Kingaroy Shire Sport and Recreation Plan. Council engaged ROSS Planning Pty Ltd and the plan was developed in consultation with the community and sporting organisations to outline the Shire's sport and recreation needs, including aquatic facility, open space and pedestrian/cycle paths provision for the next 10 years. The overall goals of the project were:

- ✓ To develop a strategic framework to guide sport and recreation planning, development, management and administration within the Kingaroy Shire
- ✓ To develop a plan that provides a coordinated and rational approach to the provision and development of infrastructure and opportunities for recreation and sport within the Kingaroy Shire
- ✓ To develop a sub-plan for future development of Kingaroy Indoor Recreation and Aquatic Centre based on community demand, primarily for the external area of the Centre



With the changing demographics in the Shire, it was imperative that this project be undertaken sooner than later. The ageing of the population will bring about significant implications for sport and recreation planning considering that by 2026, 52.3% of the Shire's population will be over 45 and one in four people in the Shire will be over 65.

The program of upgrading lighting to parks and recreation facilities (ie. electric barbeque, platform seats) at O'Neill Square, River Road, Earle Park and Somerset Street Park.

The cost of maintaining the Shire's parks and recreation areas was \$327,127. In addition, the cost of operating and maintaining the Swimming Pool was \$177,607. Patronage for the season was up on the previous year with figures as below:

| Year | 2005/06 | 2006/07 |
|--------------|---------------|----------------------|
| Adults | 16,635 | 21,849 + 316 seniors |
| Children | 30,700 | 38,765 |
| Total | 47,335 | 60,930 |

The park shade structure program continued throughout the year with structures at River Road Park, Memorial Park and Wooroolin being installed. This program will be continuing in the coming years.

The bikeway and footpath networks have been extended with a combined Bikeway and path constructed in Earle Park with 50% funding from Sport and Recreation Queensland under the Local Government Development Program. Bikeways were also extended along Fisher Street and Haly Streets around Rotary Park from Council funds and Mant Street and First Avenue from TIDS funding.

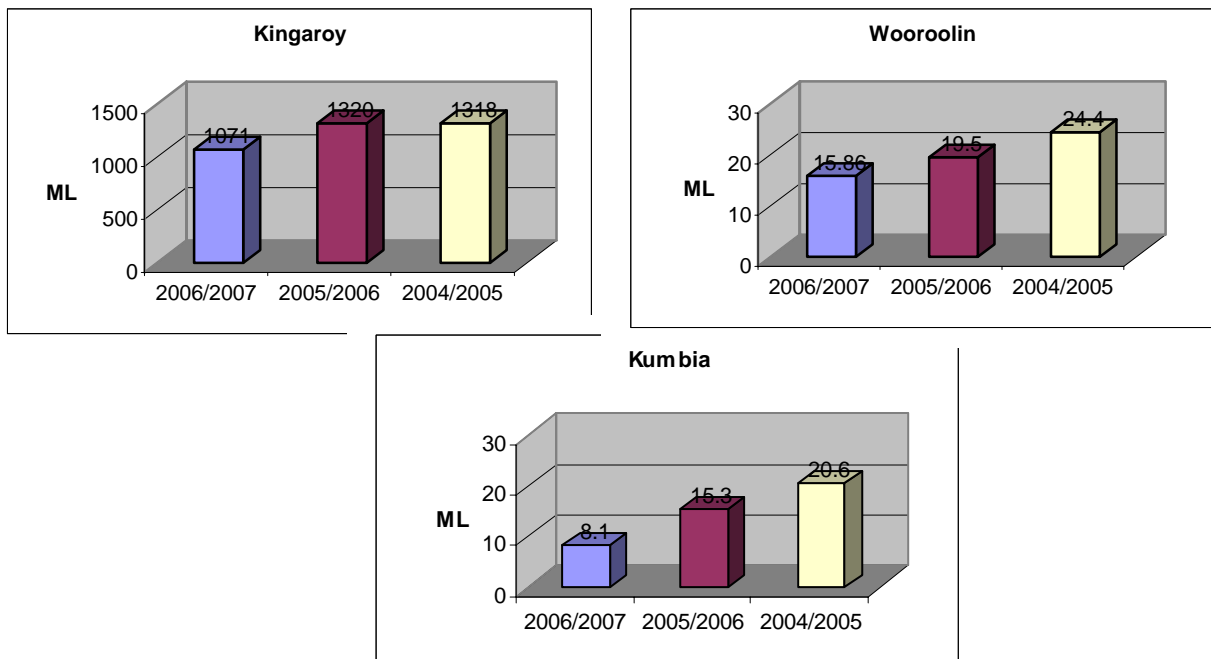
Council supported numerous other groups in various ways throughout the year and continues to do so via direct funding, letters of support and In-Kind works.

Water, Sewerage

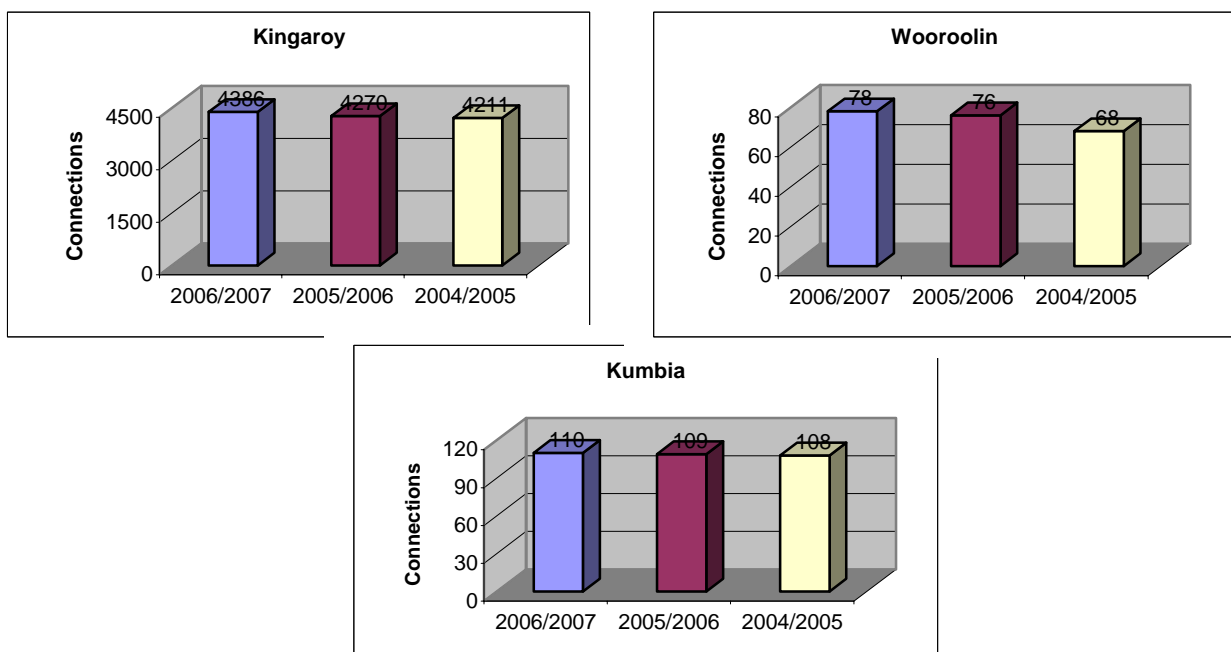
Aims to provide public water supplies for Kingaroy, Kumbia & Wooroolin of adequate & reliable quantity & quality & a sewerage Scheme for Kingaroy that meets all Environmental Standards

The Water Supply Schemes for Kingaroy, Kumbia and Wooroolin were operated and upgraded in accordance with the approved budget provisions. A comparison of water usage over the last three years is shown below and there was a noticeable reduction, particularly at Kumbia where water was trucked in for the last seven (7) months of the financial year.

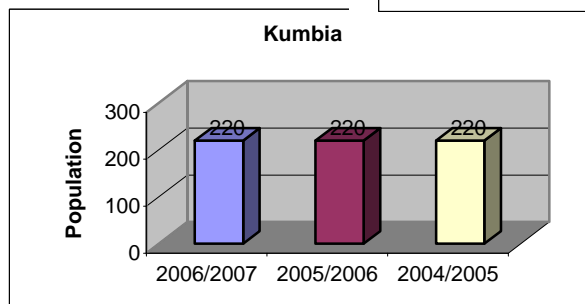
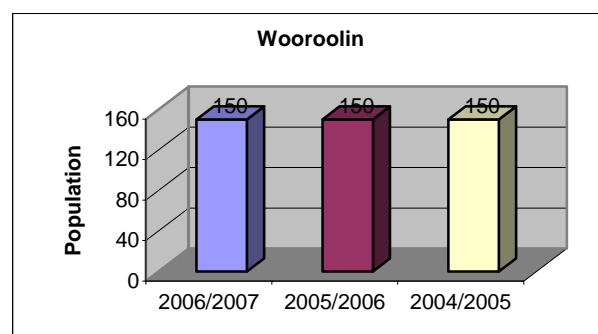
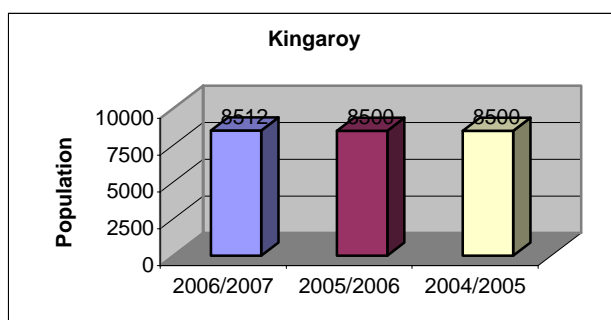
Water Consumption



Number of Water Connections



Communities Served



As part of the ten year planning process for Capital Works, planning for the upgrading of the Water Supply and Sewerage Systems in Kingaroy was undertaken. This will ensure the progressive upgrading of both Water and Sewage Treatment facilities and that the Gordonbrook Water Treatment Plant will include additional treatment to improve parameters such as hardness and taste.

Ongoing drought conditions caused water levels in the Gordonbrook Dam to decrease dramatically and Council imposed Level 6 Water Restrictions on 31 March 2007. Based on reduced consumption and allowing for no substantial inflow to the dam, it was estimated that the supply would be depleted by January 2008. Residents embraced Council's Drought Management Policies and by June 2007, the target consumption figure of 140 litres/person/day was being met.

Detailed planning of the emergency main from the Boondooma-Tarong pipeline was completed and this will enable Council to access water from Boondooma Dam. An application for funding assistance was also made to the State Government to assist with the cost of constructing this 5km trunk main. The Kumbia bore field on the Stuart River remained depleted and a new bore field on Reedy Creek was planned with drilling to commence as soon as a Drilling Contractor was available. Council carted water to Kumbia on a full time basis.

Capital works projects commenced/completed for the year included:

- Gordonbrook to Kingaroy Rising Main (section of the 375mm main replaced)
- Boondooma - Tarong Emergency Main Planning commenced
- Fisher Street Water Main completed
- Matilda St Main in Wooroolin completed
- New Kumbia Borefield planning commenced

The main focus on works in the next financial year will be the construction of the Boondooma - Tarong Main which will supply Kingaroy with emergency water as well as being part of the future water scheme. For Kumbia, the development of the Reedy Creek bore field will be undertaken to provide a water source for Kumbia's needs.

The Sewerage Scheme for Kingaroy was operated effectively with no major problems. The Kingaroy Sewerage Scheme had a total of 3,188 connections at 30 June 2007 compared to 3,108 at 30 June 2006.

Roads, Drainage, Transport Services

Aims to develop & maintain the Shire's road & transport infrastructure to enhance the lifestyle of existing & future residents

Road construction and maintenance continued to be a high priority for Council with a total expenditure of \$2,132,837 invested in road infrastructure as follows:

| | |
|---|--------------------|
| Road & Footpath Maintenance | \$1,415,372 |
| Construction of Roads | \$320,359 |
| Reseals | \$393,571 |
| Management of Traffic (including parking) | \$3,535 |
| Total | \$2,132,837 |

The above expenditure was carried out over the following road network:

| Type | Total (km) |
|--------------|--------------|
| Sealed | 468.7 |
| Gravelled | 454.8 |
| Formed | 27.3 |
| Total | 950.8 |

Council also maintained 217.45km of State Controlled roads under contract for the Department of Main Roads (under RMPC) as follows:

| Road Name | Length |
|------------------------------------|--------|
| Bunya Highway (Kingaroy – Dalby) | 47.59 |
| Bunya Highway (Kingaroy – Goomeri) | 20.46 |
| D'Aguilar Highway | 13.19 |
| Kingaroy Cooyar Road | 16.6 |
| Kingaroy Burrandowan Road | 64.39 |
| Bunya Mountains Road | 16.47 |
| Kingaroy Barkers Creek Road | 15.46 |
| Memerambi Gordonbrook Road | 23.29 |

Various private works jobs were carried out including major road construction for Tarong Energy.

Road / Drainage / Construction / Rehabilitation Projects commenced / completed during the year included:

- Curtis Road
- Corndale Road
- Barsbys Road (Reseal)
- Ironpot Road (Reseal)
- Haly Creek (Reseal)
- Denmark Road (Reseal)
- Mt Wooroolin Access Road (Reseal)
- Royles Road (Reseal)
- Transmitter Road (Reseal)

- Sommerfields Lane (Reseal)
- Dunfords Road (Reseal)
- William Street (Reseal)
- Duke Street (Reseal)
- Fisher Street
- Burnett Street
- Sonaree Drive (Reseal)
- Ellesmere Road
- Marie Street – Taabinga Village
- Holiday Street
- Jarail Road
- Markwell/Glendon Streets – concrete footpath
- Ivy Street – concrete footpath
- Bell Street – concrete footpath
- First Avenue – concrete footpath
- Flagstone Creek Bridge – Kumbia Brooklands Road



A Department of Main Roads rehabilitation initiative undertaken by Council, involved the installation new culverts at Memerambi and Crawford on the Bunya Highway.

Kingaroy Airport was provided with a 24 hr Fuel facility.



Engineering Management Services

Aims to efficiently, effectively & economically manage Engineering assets & infrastructure through planned & documented processes

The Engineering & Development Services Department continued to provide specialist services for use within the organisation, including design services, quality assurance systems, workplace health & safety, and NATA approved soil testing laboratory. Services are also provided to external clients.

Plant utilisation was maintained at a high level during the year with the following items of plant replaced:

- ✓ Three Point Roller
- ✓ Water Tank
- ✓ Utilities
- ✓ Mowers
- ✓ 4WD Wagon



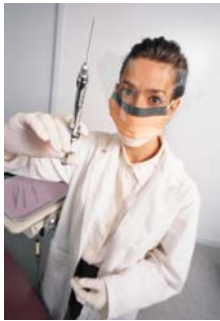
Headquarters of Council's Works Operations

This includes a "state of the art" Workshop facility to ensure that Council's extensive plant and equipment fleet is maintained for optimal efficiency; amenities for employees, NATA Materials Testing Laboratory, and Stores operations. This facility ensures that Council can provide quality services to the community!!

Environmental Health Services

Aims to maintain & improve the quality of life through appropriate standards of public health & environmental measures

Council continued to administer licensing requirements under various Acts for premises within the Shire. A total of three hundred and seventy-four (374) licences / permits / certificates were issued during the year. This is a substantial reduction from last financial year due to some administrative streamlining for a number of activities with multiple licences.



Council participated in six (6) School Based and Family Immunisation Clinics during the year.

The removal of the stockpile of tyres at the Kingaroy landfill continued. Approximately 27,000 tyres were removed during the year. It is estimated that there are 5,000 tyres yet to be removed.

Upgrade works to the Memerambi Transfer Station were completed and the facility operated under full supervision with restricted hours. Some drop off recycling facilities were provided by the Wooroolin Scouts.

Work continued on the upgrade to the Kingaroy landfill. It is now fully supervised with various drop off recycling facilities. Green waste is stockpiled then mulched. The four (4) bay transfer station is fully operational, providing for the disposal of domestic waste.

Council continues to operate a roll on roll off truck that has the capacity of transporting ten and twenty-seven cubic metre containers. These containers are used at the upgraded transfer stations and are also available for private hire.

On-going monitoring of the various groundwater-monitoring bores was undertaken at the operational and closed landfills. Results were forwarded to the Environmental Protection Agency for their information.

Various staff undertook environmental management training.

Burials at the Shire cemeteries totalled seventy-four (74) for the year.

Work continued on improvements to the Lawn Section of the Taabinga Cemetery, which includes the ongoing installation of concrete strips to the lawn cemetery.

The national chemical container collection program, known as drumMUSTER, was actively promoted with a good response from residents. A total of 2,026 containers were received under this program during the year.

In conjunction with Griffith University, work continued on the development of the Kingaroy Shire Sustainable Community Plan. This Plan will provide a “platform” whereby agencies, government and the community can bring their strategies and plans together to coordinate their program delivery and action.

The Council continued its partnership with the RSPCA in relation to managing impounded domestic animals on behalf of Council.

A total of three hundred and two (302) dogs and cats were impounded during the year. Of these, sixty (60) animals were reclaimed by their owners and one hundred and fifty-six (156)

animals had to be euthanised. The remaining numbers were transferred to the RSPCA for re-housing. A total of four hundred and thirty five (435) dogs and seven hundred and fifty six (756) cats were euthanised by the local RSPCA.



Many initiatives have been introduced or continued in the area of animal management. These include the maintenance of an off-leash area for dogs; the de-sexing policy for entire dogs and school visits in association with PetPEP (Pets & People Education Program), which is an initiative of the Australian veterinary Association, where responsible pet ownership was explained. A total of sixty-three (63) de-sexing vouchers were issued during the year.



Kingaroy Shire Council

Statutory Reporting Requirements



Revenue Policy

| | | |
|------------------------|---|------------|
| Department: | Administration and Finance | IR: 158514 |
| Section: | Rating & Property | |
| Date Adopted: | 28 June 2007 | |
| Minute Book No: | 15809 | |
| Head of Power: | Local Government Act 1993 – Chapter 7 Part 2A | |

Policy Objective: Identify in very broad terms, the principles and strategies that Council will use to raise revenue.

Policy Statement:

The Local Government Act 1993 requires that Council must adopt by resolution a revenue policy for each financial year. The revenue policy must be prepared and adopted before the start of the financial year for which it has been prepared. This is necessary in order to allow sufficient time for the preparation and adoption of a budget that is consistent with the policy. The revenue policy may be amended by resolution at any time during the financial year for which it was prepared.

The requirements of the Local Government Act 1993 and the Local Government Finance Standard make reference to the matters listed below. The purpose of this revenue policy is to clearly set out the principles that Council has applied in the 2007/2008 financial year for:

- ✓ The making of rates and charges;
- ✓ The levying of rates;
- ✓ The recovery of rates and charges;
- ✓ Concessions for rates and charges.

1. Principles used for the making of Rates and Charges

The general principle of user pays has been adopted by Council as a guide to determining rates and charges for the 2007/2008 financial year. The aim of this principle is to identify which of Council's services (normally utility charges) will be fully or substantially costed and charged to the consumer of the service. In this way, the cost of the service is spread across only those ratepayers who are using the service. Council recognises that it provides certain types of services where the user pays principle is not appropriate, or individual consumers of services cannot be readily identified. In this situation, Council will take a blanket approach and generate revenue by spreading the burden across all ratepayers.

Council will utilise a variety of rating mechanisms to generate the required level of revenue. Council will use a combination of user pays charges, separate rates and charges and differential rates based on the unimproved value of land to fairly and equitably distribute the rate burden across all sectors of the community.

When Council is making Rates and Charges for 2007/2008, consideration will be given to the following:

- (a) The objectives, strategies and actions outlined in Council's Corporate Plan and Operation Plan;
- (b) Council's legislative obligations;
- (c) The needs and expectations of the community as identified by consultation, public meetings and surveys;
- (d) The anticipated cost of providing services; and
- (e) Equity.

As part of this process, Council will also observe the following principles:

- ✓ Transparency of process;
- ✓ Simple and efficient administration;
- ✓ Flexibility to adapt to the state of the local economy.

2. Principles used for the Levying of Rates

In levying rates and charges, Council will apply the following principles:

- (a) Clearly identify what is the Council's responsibility, and what each ratepayer's responsibility is in relation to the rating system;
- (b) Make the levying process as simple and efficient to administer as possible;
- (c) To ensure the timely issuing of rate notices to take into account the financial cycle that ratepayers are accustomed to;
- (d) Equity through flexible payment arrangements for ratepayers who have a lower capacity to pay.

3. Principles used for the Recovery of Rates and Charges

To ensure Council continues to operate efficiently and effectively, payment of all rates and charges in full is required by the due date shown on rate notices. It is Council policy to diligently pursue the collection of overdue rates and charges. However, Council will take into account individual circumstances or the financial hardships faced by relevant ratepayers.

To cater for this, Council has established balanced administrative processes that allow flexibility in ratepayer payment options including payment by regular instalments. At the same time, these processes include a variety of options, including legal action, that allow the effective recovery of overdue rates, depending on the level of resistance experienced.

In the recovery of rates and charges, Council will be guided by the principles of:

- (a) Transparency by making clear to ratepayers their obligations, and the processes that Council uses to assist them in meeting their financial obligations;
- (b) Making the processes used to recover overdue rates and charges clear, simple to administer and cost effective;
- (c) Capacity to pay when determining appropriate rate arrangements;
- (d) Equity by providing the same treatment to ratepayers in similar circumstances;
- (e) Flexibility by responding as required to changes in the local economy.

4. Concessions for Rates and Charges

When Council is giving consideration to applying concessions to rates and charges, it will be guided by the following principles:

- (a) Equity with regard to the different levels of capacity to pay within the local community;
- (b) The same treatment to ratepayers in similar circumstances;
- (c) Transparency by making clear the requirements necessary to receive concessions;
- (d) Flexibility to enable Council to respond to local economic issues.

Council may consider granting a class concession in the event of all or part of Kingaroy Shire being declared a natural disaster area by the State Government.

Council grants a remission of general rates to organisations that perform a public service. This concession will take the form of an exemption from paying the minimum general rate levy. Instead, if rateable, these organisations will pay a valuation-based rate that will be less than the minimum general rate. Council reconsiders the schedule of approved public service organisations each year in association with the budget process.

Council grants a remission of general rates to ratepayers who hold Permits to Occupy for water facility purposes. These parcels of land are generally very small in size, are valued separately by the Department of Natural Resources and Mines and have very low valuations that inherently attract the minimum general rate. This concession will take the form of an exemption from paying the minimum general rate levy. Instead, if rateable, these ratepayers will pay a valuation-based rate that will be less than the minimum general rate.

Council grants a remission of rates to ratepayers who are pensioners. The remission is funded under the Queensland Governments Pensioner Rate Subsidy Scheme, but is administered by Council.

Council grants a remission of sewerage charges to community organisations that operate as non-licensed clubs on an intermittent basis. This concession will take the form of “capping” the amount of sewerage charges each year, regardless of the number of sewerage pedestals the community organisation has installed at its premises.

Borrowing Policy

Department: Corporate & Financial Services IR: 164281
Section: Finance
Date Adopted: 27 July 2006
Minute Book No: 15391
Head of Power: Local Government Act 1993 – Section 502 (1)
 Local Government Finance Standard 2005 – Part 2 Division 8

Policy Objective: To explain the planned borrowings for current year and the next four (4) financial years, the purpose of the new borrowings and the repayment terms.

Policy Statement:

1. New Borrowings planned for current financial year and next four (4) financial years.

| Purpose | Amount 2006/2007 \$ | Amount 2007/2008 \$ | Amount 2008/2009 \$ | Amount 2009/2010 \$ | Amount 2010/2011 \$ |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Administration: Office Extension | | 500,000 | 1,250,000 | | |
| Cultural Development: Town Hall Improvements Heritage Precinct | | | | 225,000 | 225,000 |
| Environmental Health Services: Waste Management | | 130,000 | | | |
| Recreation & Sport: Swimming Pool | | | | 120,000 | |
| Roads, Drainage & Transport: Aerodrome Off Street Parking Roads | 130,000 110,000 | 400,000 | 250,000 | 1,000,000 | 350,000 |
| Engineering Services: Plant | 560,000 | | | | |
| Rural Services: Saleyards | 125,000 | | | | |

| <i>Purpose</i> | <i>Amount 2006/2007</i> | <i>Amount 2007/2008</i> | <i>Amount 2008/2009</i> | <i>Amount 2009/2010</i> | <i>Amount 2010/2011</i> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Sewerage: Treatment Plant Augmentation | | | | | 600,000 |
| Water Supply: Allocation Purchase | | 1,200,000 | | | |
| Totals | \$925,000 | \$2,230,000 | \$1,500,000 | \$1,345,000 | \$1,175,000 |

2. The purpose of new borrowings.

{Refer to 1. above}

3. The term over which it is planned to repay existing and proposed borrowings.

| EXISTING BORROWING POOLS | <i>Remaining Loan Term</i> | <i>Expected Loan Term</i> |
|--|---------------------------------------|--------------------------------------|
| Floating Debt Pool (Computerisation 2002/2003) | 1.95 years | 0.91 years |
| 3 Year Debt Pool (Plant 2002/2003) | 2.95 years | 1.83 years |
| 3 Year Debt Pool (Plant 2004/2005) | 5.08 years | 3.98 years |
| 3 Year Debt Pool (Swickers Water Main) | 5.07 years | 4.02 years |
| 9 Year Debt Pool (South Burnett Community Hospital) | 10.73 years | 8.57 years |
| 9 Year Debt Pool (Since 01/07/1999) | 11.91 years | 9.96 years |
| 9 Year Debt Pool (Roadworks 2002/2003) | 11.95 years | 10.06 years |
| 15 Year Debt Pool (Depot 2002/2003) | 16.95 years | 14.72 years |
| 15 Year Debt Pool (Depot 2003/2004) | 18.07 years | 15.43 years |
| 15 Year Debt Pool (Cultural and Heritage Precinct) | 18.07 years | 15.43 years |
| 15 Year Debt Pool (Cultural & Heritage Precinct) | 19.08 years | 16.94 years |
| 15 Year Debt Pool (Cultural & Heritage Precinct) | 19.73 years | 17.59 years |
| 15 Year Debt Pool (South Burnett Community Hospital) | 19.73 years | 17.59 years |
| 15 Year Debt Pool (Library) | 19.08 years | 16.94 years |
| 15 Year Debt Pool (Town Hall) | 19.08 years | 16.94 years |
| 15 Year Debt Pool (Art Gallery) | 19.08 years | 16.94 years |
| 15 Year Debt Pool (Swimming Pool) | 19.08 years | 16.94 years |
| 15 Year Debt Pool (Swimming Pool) | 19.73 years | 17.59 years |
| 15 Year Debt Pool (Waste Management) | 19.73 years | 17.59 years |

4. The term proposed to repay new borrowings

- Plant 6 Years
- Buildings, Roads, Water Supply and Sewerage Works 20 Years

5. Repayment terms will be reviewed on an annual basis

Councillors' Remuneration

A resolution concerning remuneration to Councillors was passed on 27 May, 2004, reading:-

“That the basis for remuneration of Councillors be:-

A.

- General meeting of the Council - Daily allowance for each sitting day or part thereof
- Committee meeting over four hours - Daily allowance
- Committee and Agenda Group meeting under four hours -75% of daily allowance rounded to nearest dollar
- Authorised inspections:-
 - (1) Over four hours - daily allowance
 - (2) Under four hours - 75% of daily allowance rounded to nearest dollar
- Authorised Deputation or Conference (including travelling time) - daily allowance for each day or part thereof
- Council representative on Other Bodies:-
 - (1) Under four hours - 75% of daily allowance rounded to nearest dollar
 - (2) Over four hours - daily allowance
- Provided that where more than one meeting is attended on any day, the maximum allowance which a member shall be entitled to receive shall be one daily allowance

B. In addition to the daily allowance in (A) above, members shall be entitled to the following monthly allowances:-

- (1) Mayor - Fifteen times the daily allowance
- (2) Deputy Mayor - Five times the daily allowance
- (3) Councillor - Three times the daily allowance

C. Daily allowance - Payment for one day as per Level 6, Increment 3 of the Local Government Officers' Award, rounded to the nearest dollar

D. A Councillor who provides his own vehicle to attend a meeting, deputation or conference or to make an inspection shall be paid such allowance per kilometre as is prescribed in the Local Government Employees Award - State

E. A Councillor who attends a meeting, deputation or conference or makes an inspection mentioned herein shall be entitled to be paid expenses necessarily incurred by him in attending such meeting, deputation or conference or making such inspection

F. Superannuation is to be provided on the same basis as for local government employees, participation in the scheme to be by election of the Member.

G. A Council vehicle is to be provided for use of the Mayor on Council business.

Particulars of Payment

The total remuneration paid to Councillors and superannuation paid on their behalf, was as follows:-

| Councillor | Allowances \$ | Expenses \$ | Superannuation \$ |
|----------------------------|------------------|----------------|----------------------|
| Nunn, KR (Mayor) | 54,342.00 | - | 6,521.04 |
| Lehmann, MA (Deputy Mayor) | 22,081.00 | - | 2,649.72 |
| Campbell, KM | 13,754.00 | 766.00 | 1,650.48 |
| Carroll, BJ | 11,564.00 | - | 1,387.68 |
| Coleman, RC | 13,343.00 | - | 1,601.16 |
| Dalton, CD | 10,014.00 | - | 1,201.68 |
| Fleischfresser, TW | 12,202.00 | - | 1,464.24 |
| Moss, WD | 15,539.00 | - | 1,864.68 |
| Shaw, MG | 12,159.00 | - | 1,459.08 |
| Trout, LJ | 11,018.00 | - | 1,322.16 |
| Woods, KFJ | 11,748.00 | 4.00 | 1,409.76 |

Meetings Attended

Details of the number of meetings attended by each Councillor:-

| Councillor | General / Special / Enterprise Bargaining Meetings | Council Agenda Meetings | Meetings of Local Bodies |
|----------------------------|--|-------------------------|--------------------------|
| Nunn, KR (Mayor) | 22 | 19 | 93 |
| Lehmann, MA (Deputy Mayor) | 21 | 10 | 31 |
| Campbell, KM | 17 | 11 | 15 |
| Carroll, BJ | 14 | 12 | 6 |
| Coleman, RC | 14 | 12 | 23 |
| Dalton, CD | 12 | 7 | 3 |
| Fleischfresser, TW | 13 | 12 | 10 |
| Moss, WD | 13 | 11 | 37 |
| Shaw, MG | 15 | 12 | 10 |
| Trout, LJ | 14 | 12 | 3 |
| Woods, KFJ | 17 | 11 | 6 |

- Note: (i) All Councillors attend meetings and make inspections for which no payment is sought or made. These are not officially recorded and are not included in the above statement.
- (ii) Twelve (12) ordinary General Meetings and one (1) Special Meetings were held during the year.

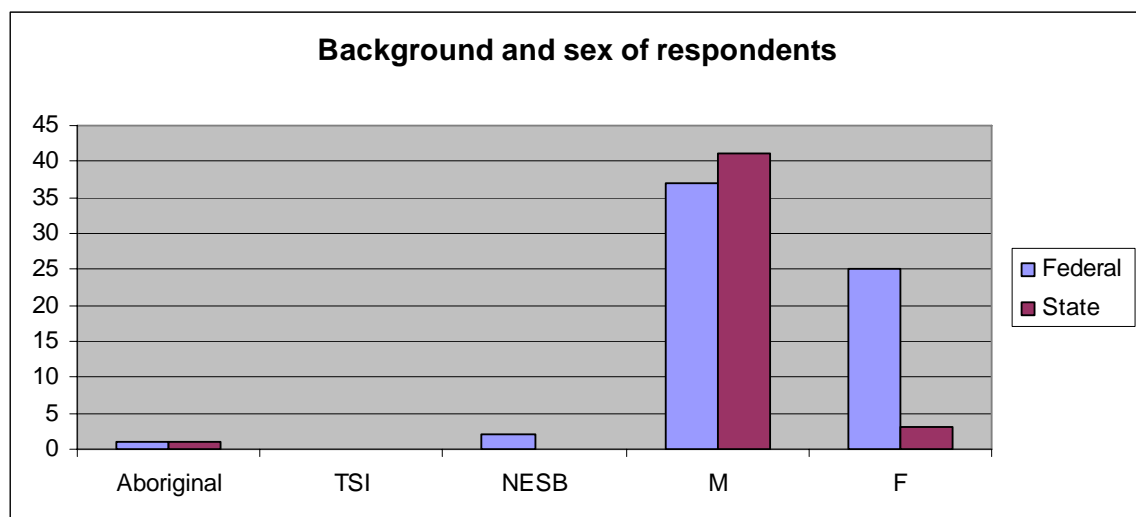
Local Government's Activities to Implement Equal Employment Opportunity Management Plan

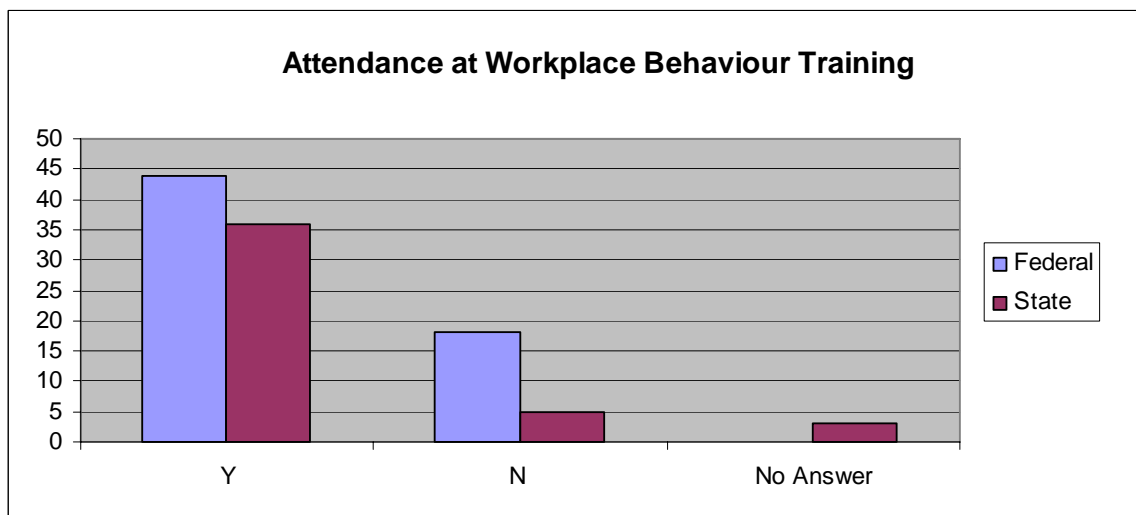
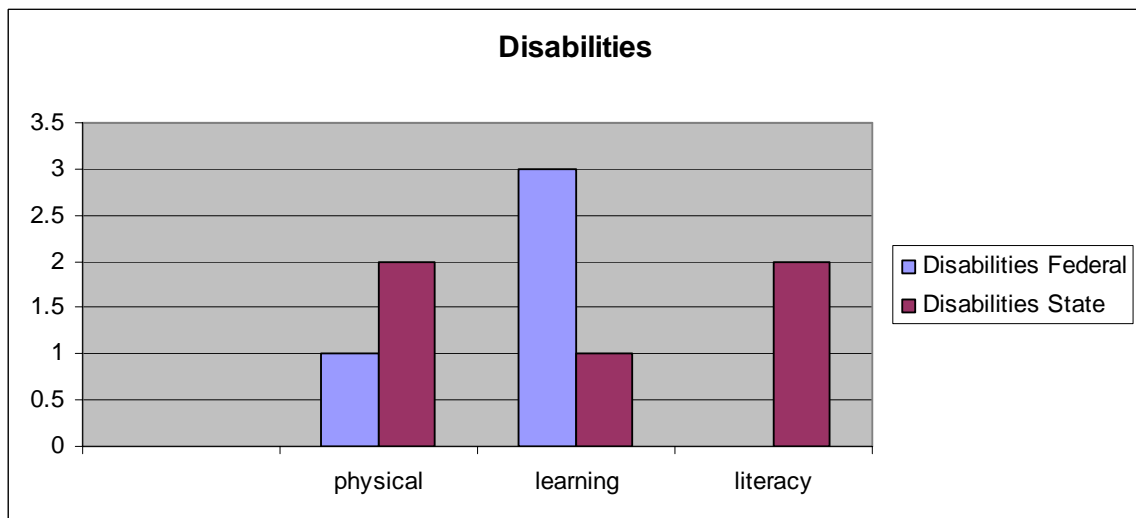
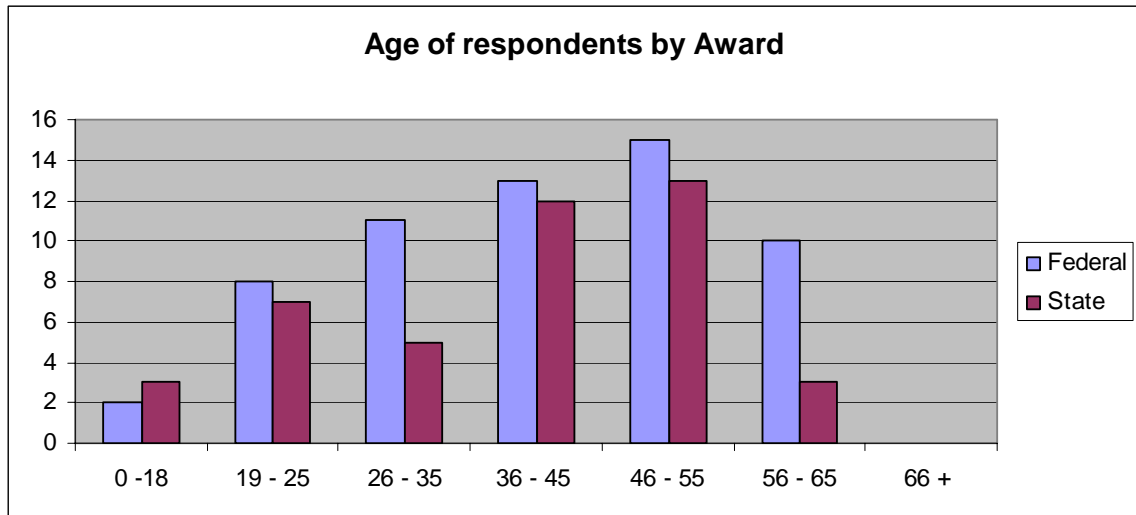
Council is committed to providing a workplace that is free from discrimination and encourages all employees to achieve their goals.

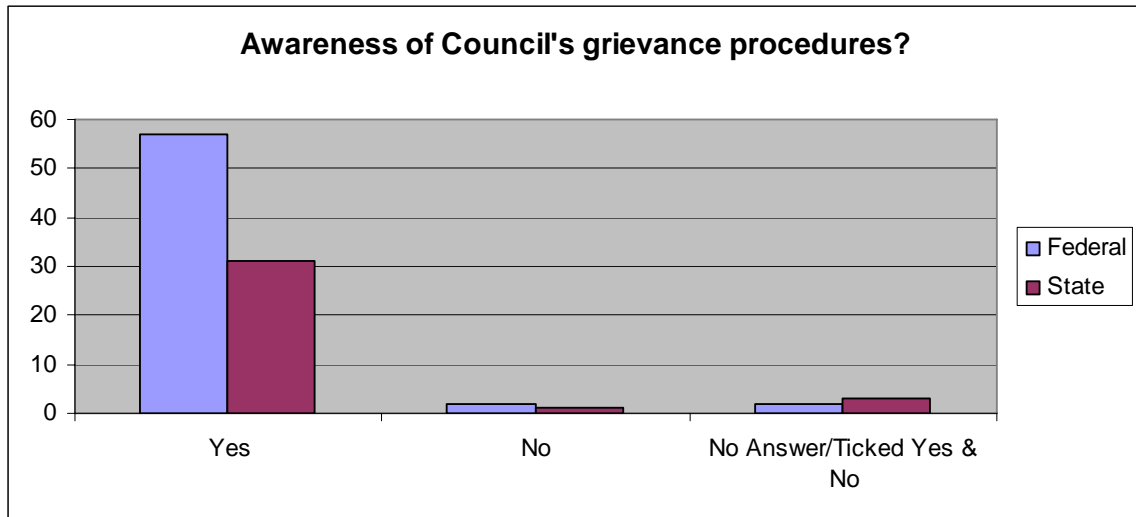
Council has undertaken the following projects this financial year to meet the objectives outlined in the Equal Employment Opportunity Management Plan.

- Review of all position descriptions to eliminate direct and indirect discrimination.
- workplace behaviour training that identifies the requirements of the EEO Act and outlines the principles of the EEO management plan.
- implementation of grievance officers and processes throughout the organisation
- the development of an online human resources management system that allows all employees access to important information
- the development and implementation of an EEO employee survey to gauge levels of understanding and identify target group statistics

The following information has been gathered from the Equal Employment Opportunity Employee Survey. A total of 74% of the staff completed the survey.







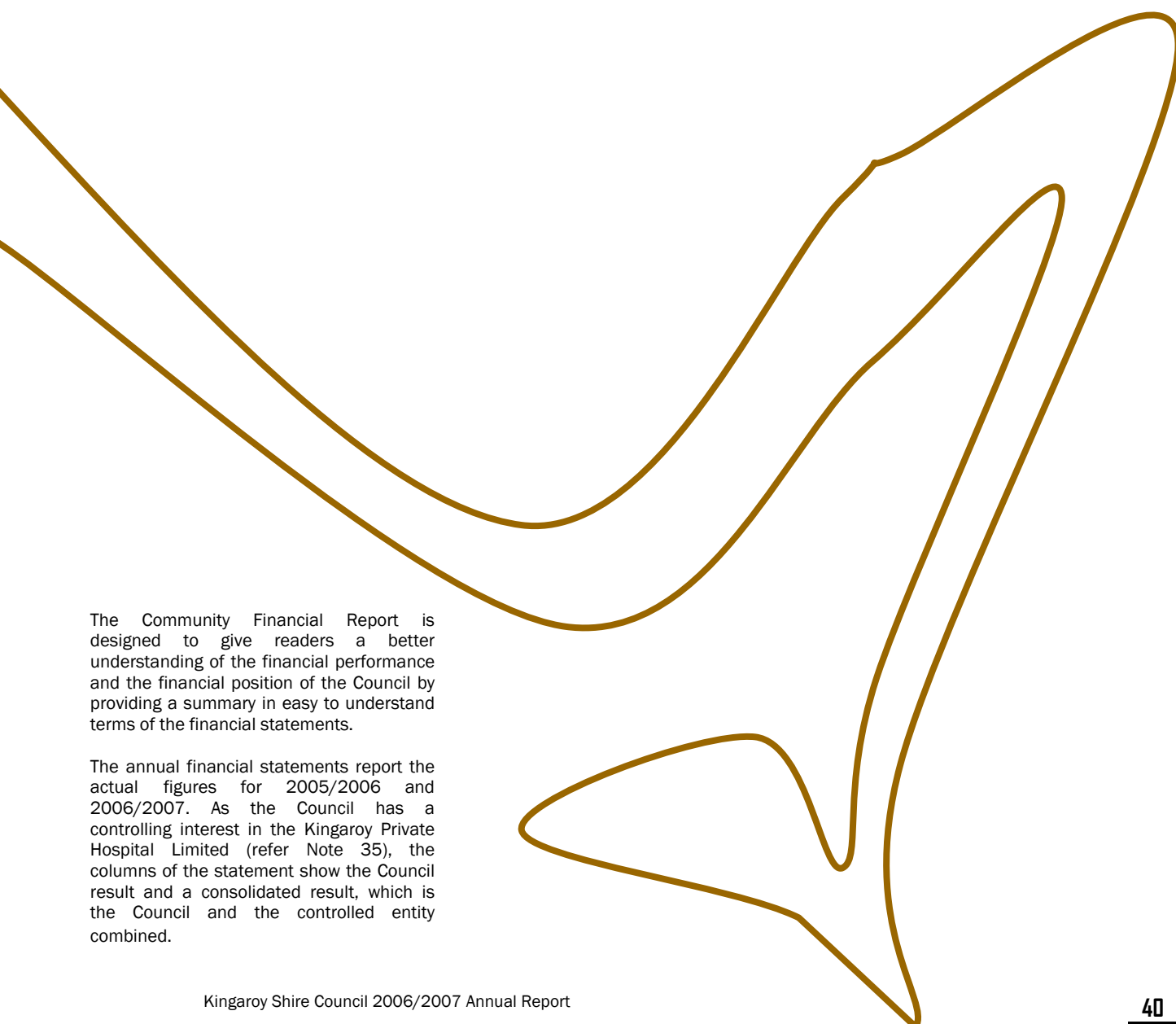
The previous three year statistics have not been collected, however, a data analysis program has been implemented for future analysis and collation.

Forward programs will include:

- Development and implementation of a comprehensive induction program
- Refresher workplace behaviour programs

Kingaroy Shire Council

Community Financial Report 2006/2007



The Community Financial Report is designed to give readers a better understanding of the financial performance and the financial position of the Council by providing a summary in easy to understand terms of the financial statements.

The annual financial statements report the actual figures for 2005/2006 and 2006/2007. As the Council has a controlling interest in the Kingaroy Private Hospital Limited (refer Note 35), the columns of the statement show the Council result and a consolidated result, which is the Council and the controlled entity combined.

Summary of Annual Financial Statements

Income Statement

This statement is a summary of Council's income and expenditure for the year.

Balance Sheet

This statement is divided into Assets, Liabilities and Equity. Assets are what the Council owns. Liabilities are what the Council owes to external creditors and suppliers. Equity is what remains after the Liabilities have been subtracted from the Assets.

Statement of Changes in Equity

This statement supplements the Balance Sheet, showing the changes that have occurred in each element of equity.

Cash Flow Statement

This statement tells us where Council obtained cash for the year and where it was applied.

Notes to the Financial Statements

The number shown in the column to the left of the balances column of the above reports is the number of the note relative to that line in the report. Further details of the balances appearing in the above reports can be obtained by referring to the particular note.

This section also provides an explanation of the various accounting policies of Council.

Independent Audit Report

This is a report prepared by the independent auditors stating their audit opinion on the Financial Statements of Council.

COMMENTS ON THE FINANCIAL STATEMENTS

Community Equity (Balance Sheet)

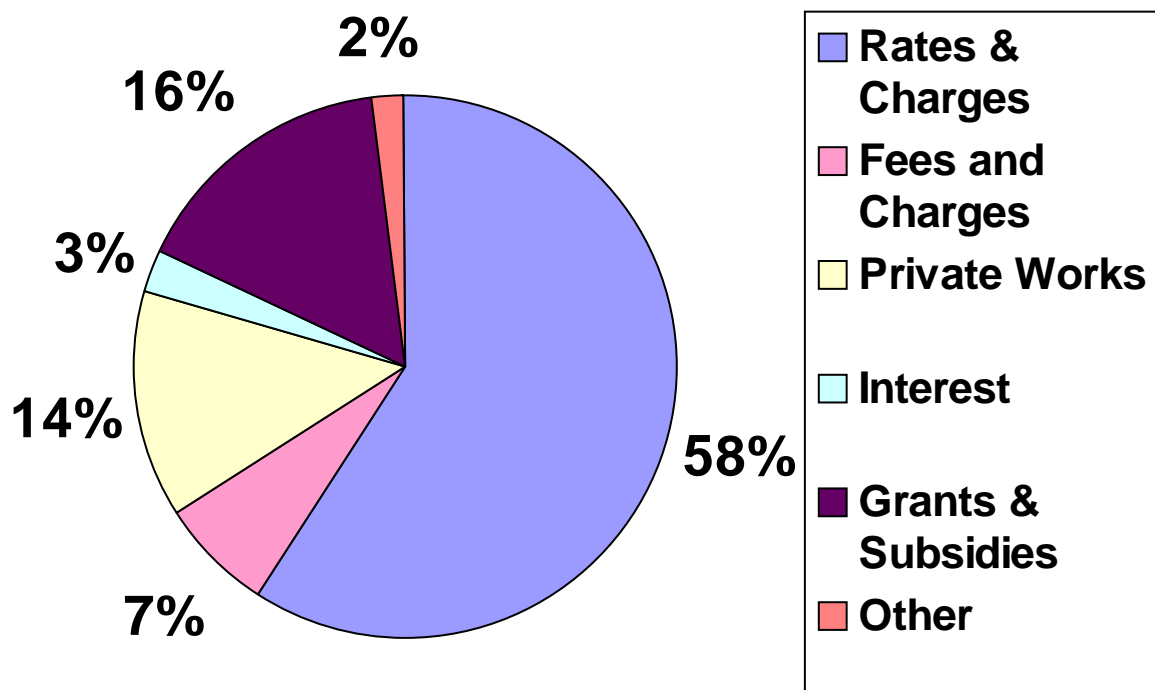
Community equity increased this year by \$4,665,690. This was mainly due to a revaluation of Council's Property, Plant, Equipment and Road assets (Refer Note 18).

Cash at End of Reporting Period (Statement of Cash Flows)

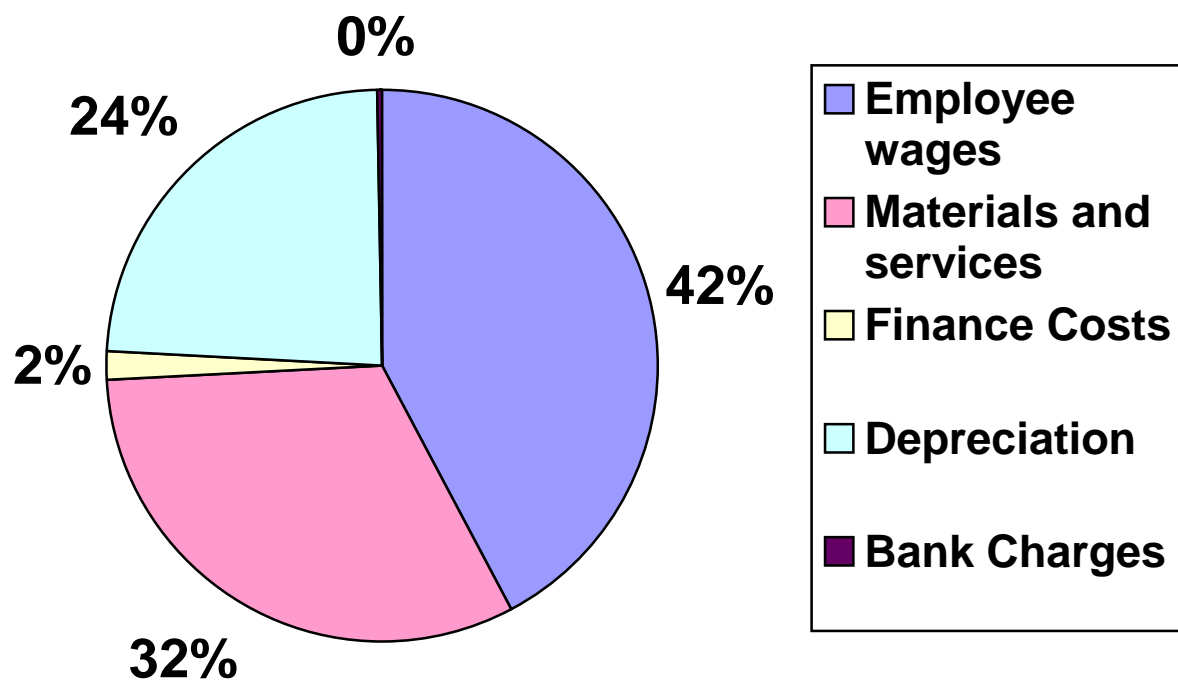
Cash held increased by \$1,718,314 to \$7,665,053, this amount includes unspent loan monies received in the year as follows:

| | |
|-------------------------|-----------------|
| Hospital Refurbishment | \$ 54,315 |
| Library Renovation | \$ 200,000 |
| Heritage Precinct | \$ 63,983 |
| Art Gallery | \$ 4,476 |
| Plant | \$ 19,911 |
| Aerodrome Fuel Facility | <u>\$ 6,961</u> |
| | \$ 349,646 |

View of Council's Operating Revenue (Revenue Statement)

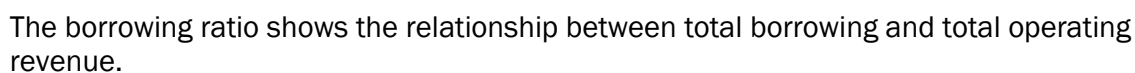


View of Council's Operating Expenditure (Revenue Statement)



To reduce interest and maximise the principal repayment, Council's annual principal and interest repayments have been made in bulk in September instead of in four quarterly repayments.

The debt servicing ratio shows the percentage of Operating Income used to service debt.



Revenue

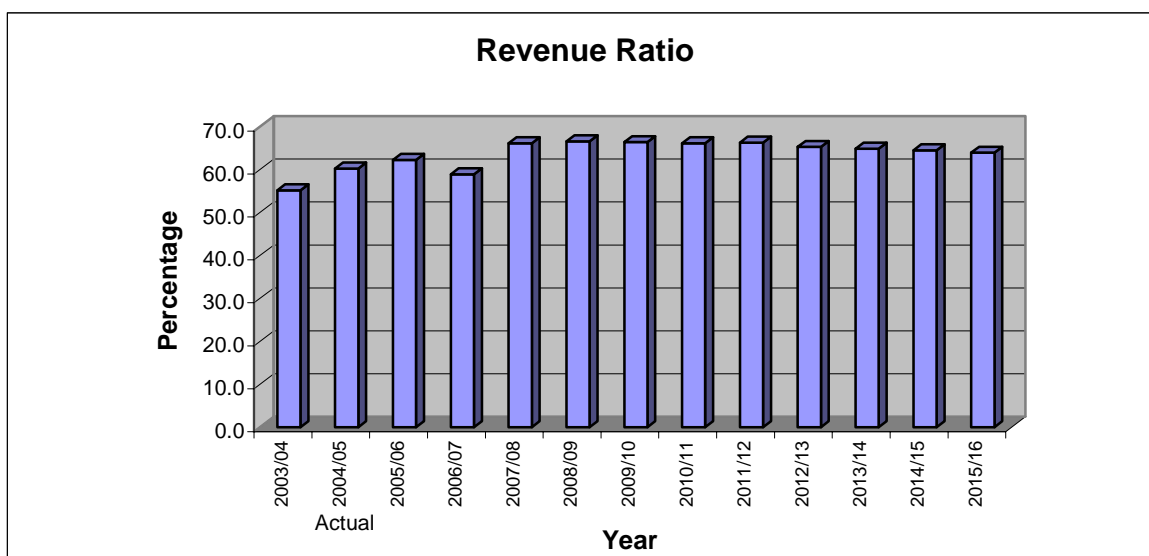
The Revenue Ratio shows the percentage of a council's total operating income (excluding items like capital grants) that is derived from rates and charges.

The formula used is:

$$\frac{\text{Net Rates \& Utilities Charges Income}}{\text{Total Operating Income}}$$

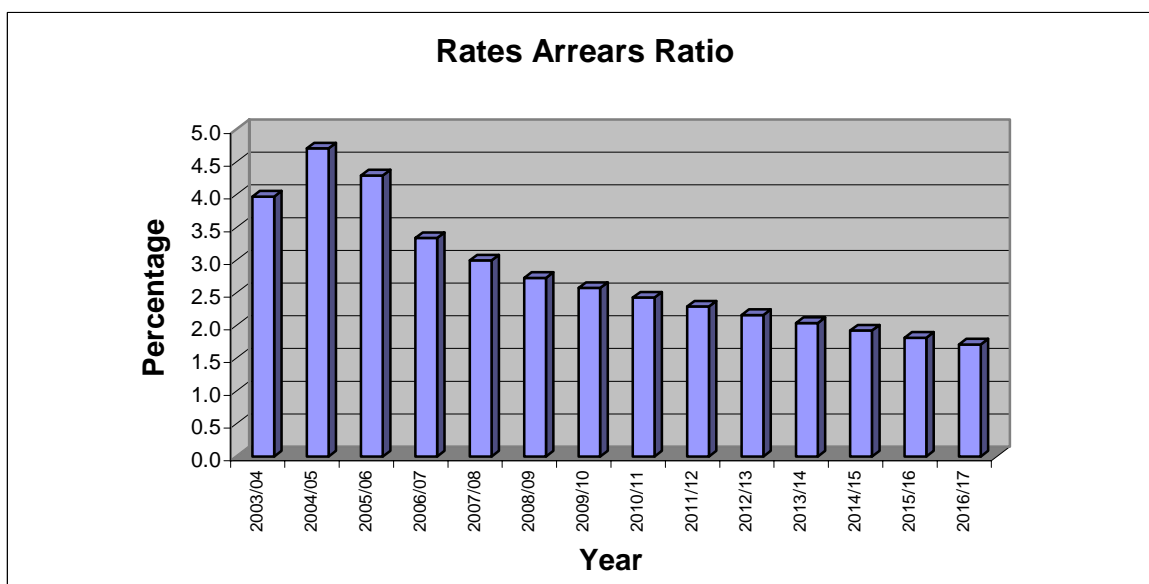
This demonstrates a council's reliance on rate and charges revenue compared with other sources of revenue such as government grants and subsidies or private works.

For councils with a large area and a small population this percentage can be quite small as these councils generally receive relatively high levels of grants and subsidies. For urban councils this percentage can be much higher.



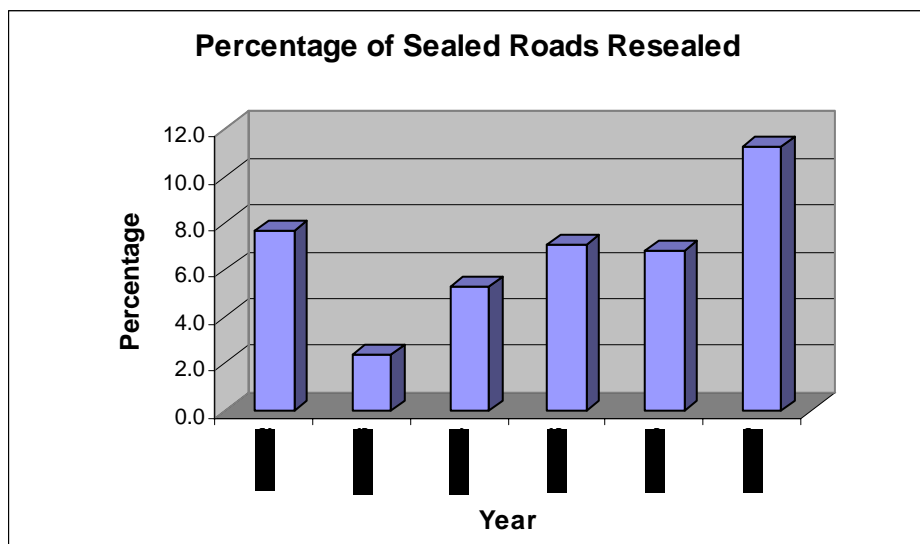
Rates Arrears

The Rates Arrears Ratio shows the percentage of rates outstanding and consequently the effectiveness of Council's collection of rates and charges.



Road Works

This ratio is used to measure the rate at which sealed roads are being resealed. It is generally accepted that, to maintain the sealed network, a ratio of ten percent (10%) per annum is desirable.



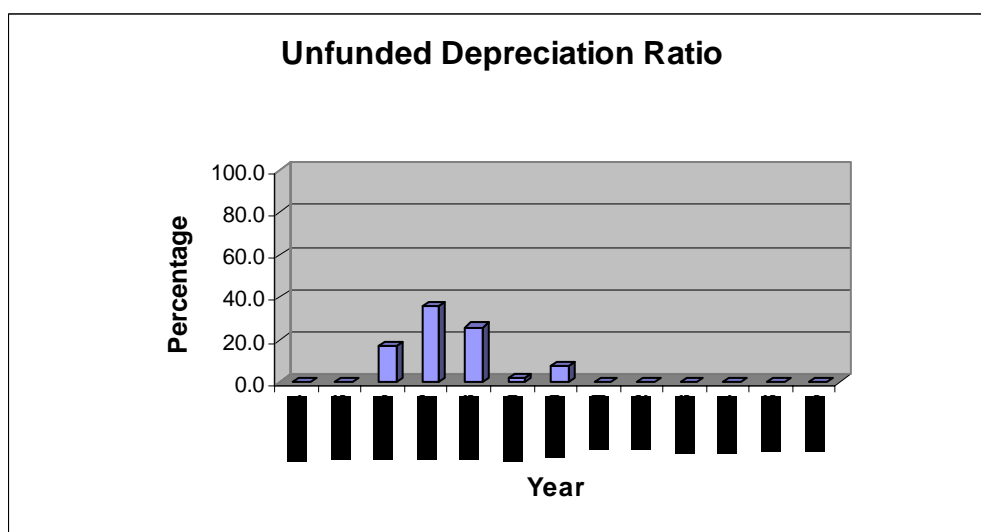
Depreciation

Council's total depreciation expense for the year was \$4,091,241 (Note 10) of which \$1,483,766 was unfunded.

The "funding" of depreciation creates a pool of cash available for spending on loan redemption, asset purchase and replacement. Council endeavours to fully fund the annual depreciation expense.

This is the percentage of Council's annual depreciation not funded from current revenue. The formula used is:

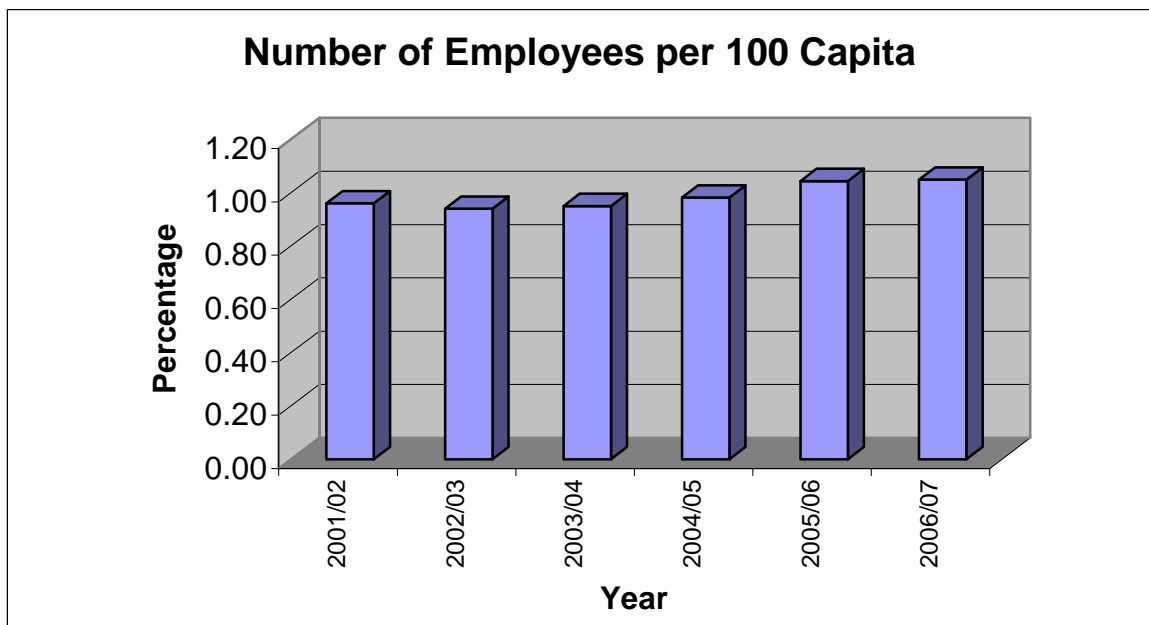
$$\frac{\text{Unfunded Depreciation}}{\text{Depreciation Expense}}$$



Employment

This ratio is used to measure the level of staff servicing relative to population size.

A “*rule of thumb*” for Councils of Kingaroy’s size is one (1) employee per one hundred (100) population.



Major Projects Planned for 2007/2008



Corporate Services

Local Government elections and amalgamation of Kingaroy, Murgon, Nanango and Wondai Shires into the South Burnett Regional Council in March 2008.

Cultural Development, Youth & Welfare Services

Modify access to and expansion of library.

Natural Resource Management, Pest & Livestock Services

Protection and enhancement of the Goodger Environmental Area

Kingaroy Water Supply

Purchase water allocation to supplement future supply.

Construct a pipeline from the Boondooma-Tarong pipeline to Gordonbrook treatment plant.

Kumbia Water Supply

Construct a pipeline from the Reedy Creek borefield.

Roads, Drainage and Transport Services

Major upgrade to the Kingaroy-Barkers Creek Road and Tessmann's Road intersection.

Install traffic lights at the Kingaroy Street and Avoca Street Intersection.

Engineering Management Services

Commence decontamination of old depot site.

Waste Management Services

Improve waste management facilities at the Kumbia land fill site

Kingaroy Shire Council

Financial Matters *Annual Financial Statements* *2006/2007*



KINGAROY SHIRE COUNCIL

Financial Report

For the year ended 30 June 2007

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KINGAROY SHIRE COUNCIL

Income Statement

For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|--------|---------------------|---------------------|---------------------|---------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| Income | | | | | |
| Revenue | | | | | |
| Recurrent Revenue | | | | | |
| Rates and levies | 3 (a) | 9,621,737 | 8,604,769 | 9,621,737 | 8,604,769 |
| Fees and charges | | 3,236,805 | 2,528,086 | 1,115,137 | 911,829 |
| Interest received | 3 (b) | 428,232 | 287,832 | 428,232 | 287,832 |
| Sales, contract and recoverable works | 3 (c) | 2,232,172 | 1,314,388 | 2,232,172 | 1,314,388 |
| Other recurrent income | 3 (d) | 255,949 | 314,023 | 297,427 | 278,916 |
| Grants, subsidies, contributions and donations | 4 (i) | 2,648,291 | 2,447,019 | 2,646,887 | 2,429,073 |
| Total recurrent revenue | | <u>18,423,186</u> | <u>15,496,117</u> | <u>16,341,592</u> | <u>13,826,807</u> |
| Capital revenue | | | | | |
| Grants, subsidies, contributions and donations | 4 (ii) | 2,228,355 | 2,715,632 | 1,375,280 | 2,430,082 |
| | | <u>2,228,355</u> | <u>2,715,632</u> | <u>1,375,280</u> | <u>2,430,082</u> |
| Total revenue | | <u>20,651,541</u> | <u>18,211,749</u> | <u>17,716,872</u> | <u>16,256,889</u> |
| Capital income | 5 | - | 8,268,977 | - | 8,268,977 |
| Total income | | <u>20,651,541</u> | <u>26,480,726</u> | <u>17,716,872</u> | <u>24,525,866</u> |
| Expenses | | | | | |
| Recurrent expenses | | | | | |
| Employee benefits | 7 | (8,435,010) | (7,275,663) | (7,172,972) | (6,183,093) |
| Materials and services | 8 | (6,034,109) | (5,079,000) | (5,450,862) | (4,562,079) |
| Finance costs | 9 | (347,187) | (315,595) | (327,355) | (293,719) |
| Depreciation | 10 | (4,278,489) | (3,517,856) | (4,091,241) | (3,428,366) |
| Total recurrent expenses | | <u>(19,094,795)</u> | <u>(16,188,114)</u> | <u>(17,042,430)</u> | <u>(14,467,257)</u> |
| Capital expenses | 11 | (523,115) | (324,254) | (523,115) | (324,254) |
| Total expenses | | <u>(19,617,910)</u> | <u>(16,512,368)</u> | <u>(17,565,545)</u> | <u>(14,791,511)</u> |
| Net result attributable to council | | <u>1,033,631</u> | <u>9,968,358</u> | <u>151,327</u> | <u>9,734,355</u> |

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

KINGAROY SHIRE COUNCIL

Balance Sheet

As at the 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--------------------------------------|--------|--------------------|--------------------|--------------------|--------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 13 | 7,665,053 | 5,946,739 | 7,844,323 | 6,023,129 |
| Trade and other receivables | 14 (a) | 1,659,493 | 1,288,504 | 1,402,650 | 1,074,053 |
| Inventories | 15 | 464,297 | 454,305 | 379,190 | 397,896 |
| Other financial assets | 16 | 255,275 | 193,194 | 151,549 | 138,032 |
| Total Current Assets | | 10,044,118 | 7,882,742 | 9,777,712 | 7,633,110 |
| Non-current Assets | | | | | |
| Trade and other receivables | 14 (b) | 11,960 | 13,455 | 11,960 | 13,455 |
| Investment property | 17 | - | 313,800 | - | 313,800 |
| Property, plant and equipment | 18 | 144,658,325 | 141,202,540 | 143,291,295 | 140,381,271 |
| Capital works in progress | 19 | 781,584 | 1,182,489 | 781,584 | 1,182,489 |
| Intangible assets | 20 | 185,193 | 185,193 | 185,193 | 185,193 |
| Total Non-current Assets | | 145,637,062 | 142,897,477 | 144,270,032 | 142,076,208 |
| TOTAL ASSETS | | 155,681,180 | 150,780,219 | 154,047,744 | 149,709,318 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Trade and other payables | 21 | 1,801,678 | 2,941,705 | 1,499,889 | 2,459,620 |
| Borrowings | 22 | 561,381 | 427,799 | 561,381 | 427,799 |
| Other | 23 | 59,921 | 191,367 | 59,921 | 38,708 |
| Total Current Liabilities | | 2,422,980 | 3,560,871 | 2,121,191 | 2,926,127 |
| Non-current Liabilities | | | | | |
| Trade and other payables | 21 | 1,453,371 | 460,918 | 1,440,185 | 460,918 |
| Borrowings | 22 | 5,415,285 | 5,034,576 | 5,415,285 | 5,034,576 |
| Total Non-Current Liabilities | | 6,868,656 | 5,495,494 | 6,855,470 | 5,495,494 |
| TOTAL LIABILITIES | | 9,291,636 | 9,056,365 | 8,976,661 | 8,421,621 |
| NET COMMUNITY ASSETS | | 146,389,544 | 141,723,854 | 145,071,083 | 141,287,697 |
| Community Equity | | | | | |
| Shire Capital | 24 | 96,990,394 | 98,395,664 | 95,623,364 | 97,574,395 |
| Capital cash reserves | 25 | 1,822,179 | 1,189,972 | 1,822,179 | 1,189,972 |
| Asset revaluation reserve | 26 | 42,800,863 | 39,168,804 | 42,800,863 | 39,168,804 |
| Retained surplus/(deficiency) | 27 | (2,046,669) | (1,618,846) | (859,474) | (948,183) |
| Other reserves | 28 | 6,822,776 | 4,588,259 | 5,684,151 | 4,302,709 |
| TOTAL COMMUNITY EQUITY | | 146,389,544 | 141,723,854 | 145,071,083 | 141,287,697 |

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

KINGAROY SHIRE COUNCIL

Cash Flow Statement

For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | Note | \$ | \$ | \$ | \$ |
| Cash flows from operating activities : | | | | | |
| Receipts | | | | | |
| General rates and utility charges | | 9,670,026 | 8,541,320 | 9,670,026 | 8,541,320 |
| Rental and levies, fees and charges | | 2,803,375 | 2,235,254 | 724,099 | 650,684 |
| Grants, subsidies and contributions | | 2,495,632 | 2,599,678 | 2,646,887 | 2,429,073 |
| Interest received | | 429,892 | 280,951 | 429,892 | 280,951 |
| Other income | | 2,509,334 | 1,544,886 | 2,550,812 | 1,509,779 |
| GST received | | 824,112 | 1,029,113 | 824,112 | 1,029,113 |
| Payments | | | | | |
| Payments to suppliers | | (6,530,737) | (4,950,128) | (5,682,387) | (4,633,382) |
| Payment to employees | | (8,207,269) | (6,968,673) | (6,960,760) | (5,887,521) |
| Interest expense | | (304,583) | (284,934) | (289,953) | (267,797) |
| GST paid | | (804,984) | (881,411) | (804,984) | (881,411) |
| Net cash inflow (outflow) from operating activities | 34 | 2,884,798 | 3,146,056 | 3,107,744 | 2,770,809 |
| Cash flows from investing activities: | | | | | |
| Payments for property, plant and equipment | | (3,855,717) | (5,695,983) | (3,122,708) | (5,198,510) |
| Proceeds from sale of property plant and equipment | 6 | 133,392 | 694,038 | 133,392 | 694,038 |
| Net movement in loans and advances | | 1,495 | (12,411) | 1,495 | (12,411) |
| Net cash inflow (outflow) from investing activities | | (3,720,830) | (5,014,356) | (2,987,821) | (4,516,883) |
| Cash flows from financing activities: | | | | | |
| Grants, subsidies, contributions and donations | 4 | | | | |
| State Government subsidies & grants | | 1,290,570 | 1,577,546 | 437,495 | 1,291,996 |
| Capital contributions | | 749,485 | 1,138,086 | 749,485 | 1,138,086 |
| Proceeds from borrowings | 22 | 925,000 | 1,280,000 | 925,000 | 1,280,000 |
| Repayment of borrowings | 22 | (410,709) | (939,569) | (410,709) | (939,569) |
| Net cash inflow (outflow) from financing activities | | 2,554,346 | 3,056,063 | 1,701,271 | 2,770,513 |
| Net increase (decrease) in cash held | | 1,718,314 | 1,187,763 | 1,821,194 | 1,024,439 |
| Cash at beginning of reporting period | | 5,946,739 | 4,758,976 | 6,023,129 | 4,998,690 |
| Cash at end of reporting period | 13 | 7,665,053 | 5,946,739 | 7,844,323 | 6,023,129 |

KINGAROY SHIRE COUNCIL

Statement of Changes in Equity
For the year ended 30 June 2007

| Council | Total | | Retained surplus (deficit) | | Other reserves | | Restricted capital cash reserves | | Asset revaluation reserve | | Shire Capital | |
|-------------------------------------|-------------|-------------|----------------------------|-------------|----------------|-------------|----------------------------------|-----------|---------------------------|------------|---------------|------------|
| | | | | | | | | | | | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2006 | 141,287,697 | 101,952,446 | (948,183) | (33,735) | 4,302,709 | 2,681,289 | 1,189,972 | 842,989 | 39,168,804 | 9,567,908 | 97,574,395 | 88,893,998 |
| Surplus/(deficiency) for the period | 151,327 | 9,734,355 | 151,327 | 9,734,355 | - | - | - | - | - | - | - | - |
| Transfers to capital | - | - | - | (7,933,927) | - | - | - | - | - | - | - | 7,933,927 |
| Transfers to general reserves | - | - | (2,046,454) | (2,796,930) | 2,046,454 | 2,796,930 | - | - | - | - | - | - |
| Transfer of funds expended | - | - | - | - | (499,757) | (1,093,453) | (244,430) | - | - | - | 744,187 | 1,093,453 |
| Transfers from capital | - | - | 1,819,551 | - | - | - | 876,637 | 346,993 | - | - | (2,695,218) | (346,993) |
| Transfers from general reserves | - | - | 165,255 | 82,057 | (165,255) | (82,057) | - | - | - | - | - | - |
| Asset revaluation adjustments: | - | - | - | - | - | - | - | - | - | - | - | - |
| Revaluations and impairments | 3,632,059 | 29,600,896 | - | - | - | - | - | - | 3,632,059 | 29,600,896 | - | - |
| Balance at 30 June 2007 | 145,071,083 | 141,287,697 | (859,474) | (948,183) | 5,684,151 | 4,302,709 | 1,822,179 | 1,189,972 | 42,800,863 | 39,168,804 | 95,623,364 | 97,574,395 |

Statement of Changes in Equity

For the year ended 30 June 2007

| Consolidated | Total | | Retained surplus (deficit) | | Other reserves | | Restricted capital cash reserves | | Asset revaluation reserve | | Council Capital | |
|--------------------------------|-------------|-------------|----------------------------|--------------|----------------|-----------|----------------------------------|-----------|---------------------------|------------|-----------------|------------|
| | | | | | | | | | | | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2006 | 141,723,854 | 102,154,800 | (1,618,846) | (244,870) | 4,889,259 | 2,681,289 | 1,189,972 | 842,989 | 39,168,804 | 9,567,908 | 98,395,654 | 89,307,293 |
| Net result for the period | 1,033,631 | 9,988,358 | 1,033,631 | 9,988,358 | - | - | - | - | - | - | - | - |
| Revaluations and impairments | 3,632,059 | 29,600,896 | - | - | - | - | - | - | 3,632,059 | 29,600,896 | - | - |
| Transfers to capital | - | - | (1,461,454) | (11,342,334) | 2,234,517 | 1,905,970 | 832,207 | 346,983 | - | - | (1,405,270) | 9,088,381 |
| Balance at 30 June 2007 | 146,389,544 | 141,723,854 | (2,046,669) | (1,618,846) | 6,822,776 | 4,588,259 | 1,822,179 | 1,189,972 | 42,800,863 | 39,168,804 | 96,990,384 | 98,395,654 |

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

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

1 Summary of Significant Accounting Policies

1.A Basis of Preparation

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

1.B Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

1.C Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Kingaroy Shire Council (Council) as at 30 June 2007 and the results of all controlled entities for the year then ended. The Council and its controlled entities together form the economic entity which is referred to in this financial report as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with entities controlled by the Council have been eliminated.

1.D Early adoption of new Accounting Standards.

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

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

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

1.E Currency

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

1.F Constitution

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

1.G Date of authorisation

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

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

1.H Changes to Accounting Policies

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

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

1.I Rates, Grants and Other Revenue

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

(i) Rates

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

(ii) Grants and Subsidies

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

(iii) Non-Cash Contributions

Non-cash contributions in excess of the recognition thresholds set out in note 1.Q, in value, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

(iv) Other Revenue Including Contributions

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

1.J Cash and Cash Equivalents

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

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

1.K Receivables

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

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

Loans and advances are recognised at cost. Security is not normally obtained.

1.L Other Financial Assets

Other Financial Assets are recognised at cost.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

1.M Inventories

Stores and raw materials are valued at cost 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.

1.N Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets except where it is anticipated that the land will not be sold within 12 months. Land held beyond 12 months is reported as non-current inventory.

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

1.O Investments

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

Interest and dividend revenues are recognised on an accrual basis.

The controlled entity is accounted for at cost in the Council's separate financial statements

1.P Investment Property

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

1.Q Property, Plant and Equipment

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

(i) Major Plant

The Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to the Council. There are no items which meet this criteria.

(ii) Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

(iii) **Capital and operating expenditure**

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

(iv) **Valuation**

Land, buildings, major plant and equipment, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with *AASB116 Property, Plant and Equipment* and the *Local Government Finance Standard 2005*. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 18 (c).

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

(v) **Depreciation**

Land is not depreciated as it has an unlimited useful life. Depreciation on land improvements and other property, plant and equipment is based on the pattern in which the asset's future economic benefits are expected to be consumed. This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 18 (b).

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

(vi) **Unfunded Depreciation**

The Council has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works unless insufficient revenue sources are available to meet these funding requirements. In this case the council recognises that the unfunded the depreciation reflects a more serious decline the council's capital.

1.R Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in AASB138.57

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

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

1.S Capital Work in Progress

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

1.T Biological Assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Councils general operations as they are incurred.

1.U Payables

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

1.V Liabilities - Employee Benefits

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

(i) **Salaries and Wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is treated as a payable and not as a provision.

(ii) **Annual Leave**

A liability for annual leave is recognised. The current portion is and based on current wage and salary levels and includes related employee on-costs. The non current portion is based on projected future wage and salary levels and related employee on-costs. This liability is treated as a payable and not as a provision.

(iii) **Sick Leave**

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

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

(iv) **Superannuation**

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 31.

(v) **Long Service Leave**

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability is treated as a payable and not as a provision.

1.W Borrowings

Loans payable are measured at amortised cost. Interest is recognised as it accrues. Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

1.X Shire capital

Shire capital is the carrying value of the council's capital assets less the amount of capital debt at the reporting date. It represents the net investment of the council funds in assets purchased to deliver future services to the community. Where the council has accumulated unspent depreciation for the purchase of future assets, this forms part of the capital account. It represents capital cash held pending investment into physical assets.

1.Y Asset Revaluation Reserve

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

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

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

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

1.Z Reserves

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

(i) Constrained works reserve

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

(ii) Asset Replacement reserve

This reserve represents funds that are accumulated within Council to meet anticipated future capital asset needs.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

(iii) Carryover income reserve

This reserve is a cash backed reserve and represents grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific operational expenditure.

1.AA Retained surplus

The retained surplus represents that part of the Council's net funds that are not required to meet specific future funding needs. The balance of this account at the end of each financial year represents the accumulative amount available to Council that may be used to offset against expenditure in the following year or, if a deficit, the additional amount of revenue required to be raised to achieve a balanced funding position. In accordance with the Queensland Local Government Finance Standards all Councils must demonstrate the ability to recover retained deficits in future years through the budget process.

1.AB National Competition Policy

The Council has reviewed its activities and has identified 3 activities that are business activities. Details of these activities can be found in note 36.

1.AC Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero.

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

1.AD Financial Risk Management

The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

The Council does not invest in derivatives or other risky investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation.

Details of financial instruments and the associated risks are shown at note 35.

1.AE 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, security deposits lodged to guarantee performance, unclaimed monies, and deposits for the hire of miscellaneous equipment 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.

1.AF 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.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2007

2 Analysis of results by function

(a) Revenue, expenses and assets have been attributed to the following functions :

| Functions | Income | | Total income | Total expenses | Net result for period | Assets |
|---------------------------------------|------------------|-------------------|-------------------|-------------------|-----------------------|--------------------|
| | Grants | Other | | | | |
| | 2007 \$ | 2007 \$ | | | | |
| Corporate Services | 3,740 | 872 | 4,612 | 587,719 | (583,107) | 433,174 |
| Economic Development & Tourism | 500 | 225,458 | 225,958 | 657,846 | (431,888) | 3,262,433 |
| Planning & Building Services | - | 189,464 | 189,464 | 524,226 | (334,762) | 903 |
| Administration and Finance | 1,308,278 | 6,436,084 | 7,744,362 | 2,441,507 | 5,302,855 | 8,080,556 |
| Cultural Development, Youth & Welfare | 248,767 | 90,398 | 339,165 | 1,118,131 | (778,966) | 6,453,018 |
| Roads, Drainage & Transport Services | 1,006,747 | 1,634,223 | 2,640,970 | 5,199,026 | (2,558,056) | 89,960,030 |
| Water Services | 40,554 | 2,718,693 | 2,759,247 | 2,291,664 | 467,583 | 18,710,289 |
| Environmental Health Services | 12,678 | 192,321 | 204,999 | 754,989 | (549,990) | 2,279,716 |
| Waste Management Services | - | 1,331,067 | 1,331,067 | 1,298,775 | 32,292 | 189,000 |
| Engineering Management Services | 65,759 | 120,122 | 185,881 | 464,142 | (278,261) | 10,293,045 |
| Recreation & Sport | 14,500 | 252,265 | 266,765 | 591,087 | (324,322) | 6,930,293 |
| Sewerage Services | - | 1,315,153 | 1,315,153 | 981,235 | 333,918 | 6,669,896 |
| Natural Resources & Rural Services | 83,000 | 426,229 | 509,229 | 655,198 | (145,969) | 785,391 |
| Total Council | 2,784,523 | 14,932,349 | 17,716,872 | 17,565,545 | 151,327 | 154,047,744 |
| Controlled entity net of eliminations | 853,075 | 2,081,594 | 2,934,669 | 2,052,365 | 882,304 | 1,633,436 |
| Total consolidated | 3,637,598 | 17,013,943 | 20,651,541 | 19,617,910 | 1,033,631 | 155,681,181 |

(b) Prior Year

| Functions | Income | | Total income | Total expenses | Net result for period | Assets |
|---------------------------------------|------------------|-------------------|-------------------|-------------------|-----------------------|--------------------|
| | Grants | Other | | | | |
| | 2006 \$ | 2006 \$ | | | | |
| Corporate Services | 22,138 | 3,097 | 25,235 | 608,242 | (583,007) | 484,826 |
| Economic Development & Tourism | 400 | 386,380 | 386,780 | 617,068 | (230,288) | 3,200,215 |
| Planning & Building Services | - | 339,706 | 339,706 | 281,200 | 58,506 | 1,734 |
| Administration and Finance | 1,311,210 | 5,848,527 | 6,959,737 | 2,030,883 | 4,928,854 | 7,290,954 |
| Cultural Development, Youth & Welfare | 510,092 | 43,018 | 553,110 | 943,686 | (390,576) | 6,461,430 |
| Roads, Drainage & Transport Services | 1,629,458 | 9,111,884 | 10,741,342 | 3,811,693 | 6,929,649 | 87,158,506 |
| Water Services | - | 2,681,496 | 2,681,496 | 2,017,814 | 663,682 | 18,238,224 |
| Environmental Health Services | 23,255 | 1,072,799 | 1,096,054 | 1,666,549 | (570,495) | 2,437,922 |
| Waste Management Services | - | 56,170 | 56,170 | 66,125 | (9,955) | 24,688 |
| Engineering Management Services | - | 189,811 | 189,811 | 772,808 | (582,997) | 10,460,374 |
| Recreation & Sport | 29,246 | 61,679 | 90,925 | 563,440 | (472,515) | 6,854,931 |
| Sewerage Services | - | 1,329,215 | 1,329,215 | 840,821 | 488,394 | 6,335,978 |
| Natural Resources & Rural Services | 3,313 | 72,972 | 76,285 | 571,182 | (494,897) | 759,536 |
| Total Council | 3,529,112 | 20,996,754 | 24,525,866 | 14,791,511 | 9,734,355 | 149,709,318 |
| Controlled entity net of eliminations | 285,550 | 1,669,310 | 1,954,860 | 1,720,857 | 234,003 | 1,070,901 |
| Total consolidated | 3,814,662 | 22,666,064 | 26,480,726 | 16,512,368 | 9,968,358 | 150,780,219 |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

2 (c) Components of council functions

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

Corporate Services

To provide leadership and efficiently manage the policy functions and community consultation processes of the Council.

Economic Development & Tourism

To encourage new business and industry to the Shire, to encourage expansion of existing business and to promote tourism, which in turn will provide greater employment opportunities within the Shire.

Planning & Building Services

To ensure that the Shire develops in an orderly, responsible and sustainable manner which will enhance the lifestyle of present and future residents and to ensure that all building and structures are in accordance with current legislation.

Administration and Finance

To efficiently effectively and economically manage Council's resources in a way that achieves maximum community benefit.

Cultural Development, Youth & Welfare

To provide and or maintain facilities and encourage the development of recreational, cultural and social activities which improve the lifestyle of the community.

Roads, Drainage & Transport Services

To develop and maintain the Shire's road and street network and other infrastructure, including the aerodrome and swimming pool.

Water Services

To provide public water supplies for Kingaroy, Kumbia and Wooroolin of adequate and reliable quantity and quality,

Environmental Health Services

To maintain and improve the quality of life within the Shire through appropriate standards of public health and environmental control.

Waste Management Services

To provide an efficient and sustainable program for control and disposal of waste.

Engineering Management Services

To efficiently, effectively and economically manage engineering assets and infrastructure.

Recreation & Sport

To provide and maintain sporting and recreational facilities and to encourage sporting and community groups to develop facilities, events and programs which improve the lifestyle of the community.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

Sewerage Services

To provide an efficient and effective sewerage scheme for Kingaroy which meets all environmental standards.

Natural Resources & Rural Services

To provide services to manage the effect of plant and animal pests, to maintain a livestock selling facility and through consultation with the community and liason with governments to manage the Shire's natural resources.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|-----------|--------------|--------------|------------|-----------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 3 Revenue analysis | | | | | |
| (a) Rates and levies | 1.1 (i) | | | | |
| General rates | | 5,753,548 | 5,174,444 | 5,753,548 | 5,174,444 |
| Separate rates | | 7,984 | 8,785 | 7,984 | 8,785 |
| Environment Levy | | 144,987 | 140,098 | 144,987 | 140,098 |
| Water | | 927,344 | 778,416 | 927,344 | 778,416 |
| Water consumption, rental and sundries | | 1,484,200 | 1,364,413 | 1,484,200 | 1,364,413 |
| Sewerage | | 1,050,579 | 944,860 | 1,050,579 | 944,860 |
| Garbage charges | | 1,050,738 | 894,187 | 1,050,738 | 894,187 |
| Rates and utility charge revenue | | 10,419,380 | 9,305,203 | 10,419,380 | 9,305,203 |
| Less: Discounts | | (797,643) | (700,434) | (797,643) | (700,434) |
| Net rates and utility charges | | 9,621,737 | 8,604,769 | 9,621,737 | 8,604,769 |
| (b) Interest received | | | | | |
| Investments | | 407,531 | 263,826 | 407,531 | 263,826 |
| Over due rates and utility charges | | 20,701 | 24,006 | 20,701 | 24,006 |
| | | 428,232 | 287,832 | 428,232 | 287,832 |
| (c) Sales, contract and recoverable works | | | | | |
| Revenue | | 2,232,172 | 1,314,388 | 2,232,172 | 1,314,388 |
| | | 2,232,172 | 1,314,388 | 2,232,172 | 1,314,388 |
| The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period. | | | | | |
| There are no contracts in progress at the year end. | | | | | |
| The contract work carried out is not subject to retentions. | | | | | |
| (d) Other recurrent income | | | | | |
| Other Income | | 255,949 | 314,023 | 297,427 | 278,916 |
| | | 255,949 | 314,023 | 297,427 | 278,916 |
| 4 Grants, subsidies, contributions and donations | 1.1 (ii) | | | | |
| (i) Recurrent - grants and subsidies, other contributions and donations are analysed as follows: | | | | | |
| General purpose grants | | 1,896,208 | 1,880,611 | 1,896,208 | 1,880,611 |
| State Government subsidies & grants | | 450,820 | 356,505 | 450,820 | 356,505 |
| | | 1,404 | 17,946 | - | - |
| Contributions | | 299,859 | 191,957 | 299,859 | 191,957 |
| Total recurrent revenue | | 2,648,291 | 2,447,019 | 2,646,887 | 2,429,073 |
| (ii) Capital - grants and subsidies, and other contributions are analysed as follows: | | | | | |
| (a) Monetary revenue designated for capital funding purposes: | | | | | |
| State Government subsidies & grants | | 1,290,570 | 1,577,546 | 437,495 | 1,291,996 |
| Contributions | | 749,485 | 1,130,006 | 749,485 | 1,130,006 |
| | | 2,040,055 | 2,715,632 | 1,186,980 | 2,430,082 |
| (b) Non-monetary revenue received is analysed | 1.1 (iii) | | | | |
| Other physical asset contributed by developers at fair | | 188,300 | - | 188,300 | - |
| | | 188,300 | - | 188,300 | - |
| Total capital revenue | | 2,228,355 | 2,715,632 | 1,375,280 | 2,430,082 |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|---|--------|--------------|--------------|-----------|-----------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 5 Capital income | | | | | |
| Gain on the sale of capital assets | 6 | - | 239,143 | - | 239,143 |
| Recovery of revaluation down of property, plant and e | 18 | - | 8,029,834 | - | 8,029,834 |
| | | - | 8,268,977 | - | 8,268,977 |
| 6 Gain (loss) on the disposal of capital assets | | | | | |
| (a) Proceeds from the sale of property, plant and equipment | | 78,392 | 320,809 | 78,392 | 320,809 |
| Less: Book value of property, plant and equipment sold | | (599,007) | (313,495) | (599,007) | (313,495) |
| | | (520,615) | 7,314 | (520,615) | 7,314 |
| (b) Proceeds from the sale of land and improvements | | 55,000 | 373,229 | 55,000 | 373,229 |
| Less: Book value of land and improvements sold | | (57,500) | (83,000) | (57,500) | (83,000) |
| | | (2,500) | 290,229 | (2,500) | 290,229 |
| (a) Proceeds from the sale of investment property | | - | - | - | - |
| Less: Book value of investment property sold | | - | (58,400) | - | (58,400) |
| | | - | (58,400) | - | (58,400) |
| Total gain (loss) on the disposal of capital assets | 5 & 11 | (523,115) | 239,143 | (523,115) | 239,143 |
| 7 Employee benefits | | | | | |
| Total staff wages and salaries | | 7,187,407 | 5,376,235 | 6,150,265 | 4,480,479 |
| Annual, sick and long service leave entitlements | | 183,422 | 161,950 | 183,422 | 161,950 |
| Superannuation | 31 | 996,880 | 828,063 | 886,224 | 733,782 |
| | | 745,485 | 670,487 | 656,745 | 588,869 |
| Other employee related expenses | | 9,115,194 | 7,036,735 | 7,876,656 | 5,965,090 |
| | | 254,834 | 238,928 | 231,434 | 218,013 |
| | | 9,370,128 | 7,275,663 | 8,108,090 | 6,183,093 |
| Less: Capitalised employee expenses | | (935,118) | - | (935,118) | - |
| | | 8,435,010 | 7,275,663 | 7,172,972 | 6,183,093 |
| Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties. | | | | | |
| Total Council employees at 30 June : | | 2007 | 2006 | 2007 | 2006 |
| Elected members | | 11 | 11 | 11 | 11 |
| Administration staff | | 79 | 40 | 54 | 27 |
| Depot and outdoors staff | | 77 | 75 | 77 | 75 |
| Total full time equivalent employees | | 167 | 126 | 142 | 113 |
| 8 Materials and services | | | | | |
| Audit services | | 40,555 | 37,120 | 31,411 | 30,140 |
| Investment property expenses (property not generating income) | | - | 6,980 | - | - |
| Donations paid | | 83,691 | 27,294 | 83,691 | 27,294 |
| Legal fees | | - | 31,522 | - | 31,522 |
| Insurance | | - | 80,952 | - | 88,952 |
| Material and services | | 5,909,863 | 4,887,132 | 5,335,760 | 4,384,171 |
| | | 6,034,109 | 5,079,000 | 5,450,862 | 4,562,079 |
| 9 Finance costs | | | | | |
| Finance costs charged by the Queensland Treasury Corporation | | 289,953 | 267,797 | 289,953 | 267,797 |
| Finance costs relating to other bank loans | | 14,830 | 17,137 | - | - |
| Bank charges | | 42,604 | 30,661 | 37,402 | 25,922 |
| | | 347,187 | 315,595 | 327,355 | 293,719 |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|---|---------|------------------|------------------|------------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 10 Depreciation | 1.Q (v) | | | | |
| Depreciation of non-current assets | | | | | |
| Buildings | | 907,457 | 381,530 | 907,457 | 381,530 |
| Plant and equipment at cost | | 972,330 | 673,449 | 785,082 | 583,959 |
| Road and Bridge Network | | 1,306,548 | 1,379,306 | 1,306,548 | 1,379,306 |
| Water | | 671,122 | 661,273 | 671,122 | 661,273 |
| Sewerage | | 360,641 | 360,642 | 360,641 | 360,642 |
| Drainage | | 60,391 | 61,656 | 60,391 | 61,656 |
| | | <u>4,278,489</u> | <u>3,517,856</u> | <u>4,091,241</u> | <u>3,428,366</u> |

Unfunded Depreciation

1.Q (vi)

The gross un-funded depreciation across all assets for the period is \$1,483,766 (2006 - \$592,131)

The net adjusted un-funded depreciation across all assets for the period is \$0 (2006 - \$0)

The net adjusted un-funded depreciation is the council's assessment of a future funding shortfall that may arise on the assets future replacement.

Net adjusted un-funded depreciation is calculated by taking the gross un-funded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.

11 Capital expenses

| | | | | | |
|---|----|----------------|----------------|----------------|----------------|
| Loss on the sale of capital assets | 6 | 523,115 | - | 523,115 | - |
| Loss on write-off of non-current assets | 12 | - | 324,254 | - | 324,254 |
| Total capital expenses | | <u>523,115</u> | <u>324,254</u> | <u>523,115</u> | <u>324,254</u> |

12 Write off of capital assets

| | | | | | |
|--------------------------------------|----|----------|----------------|----------|----------------|
| Land for development and future sale | 17 | - | 64,500 | - | 64,500 |
| Land and improvements | | - | 33,400 | - | 33,400 |
| Buildings | | - | 73,922 | - | 73,922 |
| Plant and equipment at cost | | - | 92,840 | - | 92,840 |
| Water | | - | 50,887 | - | 50,887 |
| Sewerage | | - | 8,705 | - | 8,705 |
| | | <u>-</u> | <u>324,254</u> | <u>-</u> | <u>324,254</u> |

13 Cash and cash equivalents

1.J

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Cash in operating bank account | 7,662,753 | 5,944,839 | 7,842,423 | 6,021,429 |
| Cash in other banks and on hand | 2,300 | 1,900 | 1,900 | 1,700 |
| Deposits and investments at variable interest rates | - | - | - | - |
| Balance per cash flow statement | <u>7,665,053</u> | <u>5,946,739</u> | <u>7,844,323</u> | <u>6,023,129</u> |

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

| | | | | | |
|--|---------|------------------|------------------|------------------|------------------|
| Unspent government grants and subsidies | 28 (i) | 1,469,918 | 679,105 | 331,293 | 393,555 |
| Unspent developer contributions | 28 (i) | 2,672,712 | 1,923,227 | 2,672,712 | 1,923,227 |
| Unspent loan monies | 25 (ii) | 349,646 | 594,076 | 349,646 | 594,076 |
| Total unspent restricted cash for capital projects | | <u>4,492,276</u> | <u>3,196,408</u> | <u>3,353,651</u> | <u>2,910,858</u> |

Cash and deposits at call are held in the ANZ bank in normal savings and business accounts. These deposits are bearing floating interest rates

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|----------|------------------|------------------|------------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | | \$ | \$ | \$ | \$ |
| 14 Trade and other receivables | Note 1,K | | | | |
| (a) Current | | | | | |
| Rateable revenue and utility charges | | 321,273 | 369,562 | 321,273 | 369,562 |
| Fees and charges | | 1,257,026 | 812,809 | 988,775 | 597,737 |
| GST recoverable | | 84,461 | 96,953 | 84,461 | 96,953 |
| Other debtors | | 16,101 | 17,761 | 16,101 | 17,761 |
| Less: impairment provision | | (20,863) | (10,076) | (9,455) | (9,455) |
| | | <u>1,657,998</u> | <u>1,287,009</u> | <u>1,401,155</u> | <u>1,072,558</u> |
| Loans and advances to community organisation | | 1,495 | 1,495 | 1,495 | 1,495 |
| | | <u>1,659,493</u> | <u>1,288,504</u> | <u>1,402,650</u> | <u>1,074,053</u> |
| (b) Non-current | | | | | |
| Loans and advances to community organisation | | 11,960 | 13,455 | 11,960 | 13,455 |
| | | <u>11,960</u> | <u>13,455</u> | <u>11,960</u> | <u>13,455</u> |
| 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. | | | | | |
| All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low. | | | | | |
| 15 Inventories | 1,M | | | | |
| Current | | | | | |
| Inventories for distribution: | | | | | |
| Stores Materials | | 355,834 | 367,202 | 355,834 | 367,202 |
| Gravel Stockpiles | | 6,765 | 3,732 | 6,765 | 3,732 |
| Plant Parts | | 16,591 | 26,962 | 16,591 | 26,962 |
| Hospital | | 85,107 | 56,409 | - | - |
| | | <u>464,297</u> | <u>454,305</u> | <u>379,190</u> | <u>397,896</u> |
| Inventory for distribution is valued at the lower of cost and replacement cost | | | | | |
| 16 Other financial assets | | | | | |
| Current | | | | | |
| Prepayments | | 255,275 | 193,194 | 151,549 | 138,032 |
| | | <u>255,275</u> | <u>193,194</u> | <u>151,549</u> | <u>138,032</u> |
| 17 Investment property | 1,P | | | | |
| Land for development and future sale | | - | 313,800 | - | 313,800 |
| Fair value at end of period | | - | 313,800 | - | 313,800 |
| Movement in assets during the reporting period: | | | | | |
| Land for development and future sale | | | | | |
| Opening balance | | 313,800 | 436,700 | 313,800 | 436,700 |
| Value of land sold in the period | | - | (58,400) | - | (58,400) |
| Write-off - value of asset written off in the period | | - | (64,500) | - | (64,500) |
| Internal transfers (to) from other asset categories | | (313,800) | - | (313,800) | - |
| | | <u>-</u> | <u>313,800</u> | <u>-</u> | <u>313,800</u> |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2007

18 (a) Consolidated property, plant and equipment

| | Land for development and future sale | Land and improvements | Buildings | Plant and equipment at cost | Road and Bridge Network | Water | Sewerage | Drainage | Total |
|-----------------------------------|--------------------------------------|-----------------------|---------------|-----------------------------|-------------------------|---------------|---------------|--------------|----------------|
| Asset Values | | | | | | | | | |
| Opening gross value | \$ 313,800 | \$ 14,143,037 | \$ 40,003,965 | \$ 14,373,965 | \$ 94,211,493 | \$ 37,464,578 | \$ 18,140,340 | \$ 4,927,919 | \$ 223,579,127 |
| Additions at cost | - | 84,201 | 912,378 | 1,567,218 | 879,987 | 812,838 | - | - | 4,256,622 |
| Contributed assets at valuation | - | - | 188,300 | - | - | - | - | - | 188,300 |
| Disposals | - | (57,500) | (176,182) | (391,301) | - | (144,495) | - | (392,836) | (1,162,314) |
| Revaluation adjustment to the ARR | - | - | (543,000) | 543,000 | 517,202 | - | - | 1,828,468 | 2,345,670 |
| Internal transfers | (313,800) | 313,800 | - | - | - | - | - | - | - |
| Closing gross value | - | 14,483,538 | 40,385,491 | 16,092,882 | 95,608,682 | 38,132,921 | 18,140,340 | 6,363,551 | 229,207,405 |

Accumulated depreciation and impairment

| | | | | | | | | | |
|---|---|------------|------------|-----------|-------------|------------|------------|-----------|-------------|
| Opening balance | - | - | 17,891,069 | 5,935,182 | 21,618,003 | 21,665,526 | 13,694,367 | 1,258,640 | 82,062,787 |
| Depreciation provided in period | - | - | 907,457 | 972,330 | 1,306,548 | 671,122 | 360,641 | 60,391 | 4,278,489 |
| Depreciation on disposals | - | - | (81,979) | (251,781) | - | (102,028) | - | (70,019) | (505,807) |
| Revaluation adjustment to the ARR | - | - | (8,208) | 99,560 | (1,459,955) | - | - | 80,214 | (1,286,389) |
| Closing accumulated depreciation and impairment balance | - | - | 18,710,339 | 6,755,291 | 21,464,596 | 22,234,620 | 14,055,008 | 1,329,226 | 84,549,080 |
| Consolidated net value 30 June 2007 | - | 14,483,538 | 21,675,152 | 9,337,591 | 74,144,086 | 15,898,301 | 4,085,332 | 5,034,325 | 144,658,325 |

Residual value

Range of estimated useful life in years

| | | | | | | | | | |
|-----------------|-----------------|-------|--------|--------|--------|-------|-----|---|------------|
| Not depreciated | Not depreciated | 10-80 | 4 - 65 | 15-200 | 10-150 | 15-80 | 100 | - | 81,193,533 |
|-----------------|-----------------|-------|--------|--------|--------|-------|-----|---|------------|

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

18 (a) Consolidated property, plant and equipment - prior year

| Asset Values | Land for development and future sale | Land and improvements | Buildings | Plant and equipment at cost | Road and Bridge Network | Water | Sewerage | Drainage | Total |
|--------------|--------------------------------------|-----------------------|------------|-----------------------------|-------------------------|------------|-----------|-------------|-------|
| 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 436,700 | 6,937,212 | 28,445,866 | 9,505,878 | 83,898,648 | 37,454,848 | 18,188,325 | 4,912,474 | 189,779,981 | |
| - | - | 1,476,269 | 2,768,528 | 1,371,149 | 154,973 | - | 15,445 | 5,766,384 | |
| (58,400) | 31,745 | - | - | (574,629) | - | - | - | 31,745 | |
| (64,500) | (83,000) | - | - | - | - | - | - | (716,029) | |
| - | (33,400) | (552,107) | (529,573) | - | (148,443) | (47,965) | - | (1,376,008) | |
| - | 7,290,480 | 10,633,917 | 3,207,761 | 8,941,696 | (800) | - | - | 30,073,054 | |
| - | - | - | (4,000) | - | - | - | - | - | |
| 313,800 | 14,143,037 | 40,003,965 | 14,373,965 | 94,211,493 | 37,464,578 | 18,140,340 | 4,927,919 | 223,579,127 | |

Accumulated depreciation and impairment

| | | | | | | | | | |
|---|---|---|------------|-----------|-------------|------------|------------|-----------|-------------|
| Opening balance | - | - | 17,073,451 | 3,719,344 | 30,952,578 | 21,100,133 | 13,373,005 | 1,196,984 | 87,415,495 |
| Depreciation provided in period | - | - | 381,530 | 673,449 | 1,379,306 | 661,273 | 360,642 | 61,656 | 3,517,856 |
| Depreciation on disposals | - | - | - | (261,134) | - | - | - | - | (261,134) |
| Depreciation on write-offs | - | - | (478,185) | (436,733) | - | (97,556) | (39,280) | - | (1,051,754) |
| Revaluation adjustment to the ARR | - | - | 914,273 | 2,243,456 | (2,684,047) | (1,524) | - | - | 472,158 |
| Revaluation adjustment to the Income | - | - | - | - | (8,029,834) | - | - | - | (8,029,834) |
| Closing accumulated depreciation and impairment balance | - | - | - | (3,200) | - | 3,200 | - | - | - |
| | - | - | 17,891,069 | 5,935,182 | 21,618,003 | 21,665,526 | 13,664,367 | 1,258,640 | 82,062,787 |

Consolidated net value at 30 June 2006

| | | | | | | | | |
|---------|------------|------------|-----------|------------|------------|-----------|-----------|-------------|
| 313,800 | 14,143,037 | 22,112,925 | 8,438,783 | 72,593,490 | 15,799,052 | 4,445,973 | 3,669,279 | 141,516,340 |
|---------|------------|------------|-----------|------------|------------|-----------|-----------|-------------|

Residual value

Range of estimated useful life in years

| | | | | | | | |
|-----------------|-----------------|-------|--------|--------|--------|-------|------|
| Not depreciated | Not depreciated | 10-80 | 4 - 65 | 15-200 | 10-150 | 15-80 | 6-48 |
|-----------------|-----------------|-------|--------|--------|--------|-------|------|

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

18 (b) Council property, plant and equipment

| Basis of measurement | Land for development and future sale | Land and improvements | Buildings | Plant and equipment at cost | Road and Bridge Network | Water | Sewerage | Drainage | Total |
|-----------------------------------|--------------------------------------|-----------------------|------------|-----------------------------|-------------------------|------------|------------|-----------|-------------|
| | Valuation | Valuation | Valuation | Valuation | Valuation | Valuation | Cost | Valuation | |
| | 2007 | 2007 | 2007 | 2007 | 2007 | 2007 | 2007 | 2007 | 2007 |
| Asset Values | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening gross value at valuation | 313,800 | 14,143,037 | 40,003,955 | 13,356,634 | 94,211,493 | 37,464,578 | 18,140,340 | 4,927,919 | 222,561,796 |
| Additions at cost | - | 84,201 | 912,378 | 834,209 | 879,987 | 812,838 | - | - | 3,523,613 |
| Contributed assets at valuation | - | - | 188,300 | - | - | - | - | - | - |
| Disposals | - | (57,500) | (176,182) | (391,301) | - | (144,495) | - | (392,836) | (1,182,314) |
| Revaluation adjustment to the ARR | - | - | (543,000) | 543,000 | 517,202 | - | - | 1,828,468 | 2,345,670 |
| Internal transfers | (313,800) | 313,800 | - | - | - | - | - | - | - |
| Closing gross value | - | 14,483,538 | 40,385,491 | 14,342,542 | 95,608,682 | 38,132,921 | 18,140,340 | 6,363,551 | 227,457,085 |

Accumulated depreciation and impairment

| | | | | | | | | | |
|---|---|---|------------|-----------|-------------|------------|------------|-----------|-------------|
| Opening balance | - | - | 17,891,069 | 5,739,120 | 21,618,003 | 21,665,526 | 13,894,367 | 1,258,640 | 81,866,725 |
| Correction to opening balance | - | - | - | - | - | - | - | - | - |
| Depreciation provided in period | - | - | 907,457 | 785,082 | 1,306,548 | 671,122 | 360,641 | 60,391 | 4,091,241 |
| Depreciation on disposals | - | - | (81,979) | (251,781) | - | (102,028) | - | (70,019) | (505,807) |
| Revaluation adjustment to the ARR | - | - | (6,203) | 99,560 | (1,459,955) | - | - | 80,214 | (1,286,389) |
| Closing accumulated depreciation and impairment balance | - | - | 18,710,339 | 6,371,981 | 21,464,596 | 22,234,620 | 14,055,008 | 1,329,226 | 84,165,770 |

Net value at 30 June 2007

| | | | | | | | | | |
|---|-----------------|-----------------|------------|-----------|------------|------------|-----------|-----------|-------------|
| Residual value | - | 14,483,538 | 21,675,152 | 7,970,561 | 74,144,086 | 15,898,301 | 4,085,332 | 5,034,325 | 143,291,295 |
| Range of estimated useful life in years | Not depreciated | Not depreciated | 10-80 | 4 - 65 | 15-200 | 10-150 | 15-80 | 100 | |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

18 (b) Council property, plant and equipment - prior year

| Basis of measurement | Land for development and future sale | Land and improvements | Buildings | Plant and equipment at cost | Road and Bridge Network | Water | Sewerage | Drainage | Total |
|-----------------------------------|--------------------------------------|-----------------------|---------------|-----------------------------|-------------------------|---------------|---------------|--------------|----------------|
| | Valuation | Valuation | Valuation | Valuation | Valuation | Valuation | Cost | Valuation | |
| Asset Values | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 |
| Opening gross value at valuation | \$ 438,700 | \$ 6,937,212 | \$ 28,445,896 | \$ 8,986,020 | \$ 83,898,648 | \$ 37,454,848 | \$ 18,188,325 | \$ 4,912,474 | \$ 189,260,123 |
| Additions at cost | | 31,745 | 1,476,289 | 2,271,055 | 1,371,149 | 154,973 | - | 15,445 | 5,320,658 |
| Disposals | (58,400) | (83,000) | - | (574,829) | - | - | - | - | (716,029) |
| Write-offs | (64,500) | (33,400) | (552,107) | (529,573) | - | (148,443) | (47,985) | - | (1,376,008) |
| Revaluation adjustment to the ARR | | 7,280,480 | 10,633,917 | 3,207,761 | 8,941,696 | (800) | - | - | 30,073,054 |
| Internal transfers | | - | - | (4,000) | - | 4,000 | - | - | - |
| Closing gross value | 313,800 | 14,143,037 | 40,003,965 | 13,356,834 | 94,211,493 | 37,464,578 | 18,140,340 | 4,927,919 | 222,561,796 |

Accumulated depreciation and impairment

| | | | | | | | | | |
|---|---|---|------------|-----------|-------------|------------|------------|-----------|-------------|
| Opening balance | - | - | 17,073,451 | 3,612,772 | 30,952,578 | 21,100,133 | 13,373,005 | 1,196,964 | 87,308,923 |
| Depreciation provided in period | - | - | 381,530 | 583,959 | 1,379,306 | 661,273 | 360,642 | 61,656 | 3,428,366 |
| Depreciation on disposals | - | - | - | (261,134) | - | - | - | - | (261,134) |
| Depreciation on write-offs | - | - | (478,185) | (436,733) | - | (97,556) | (39,280) | - | (1,051,754) |
| Revaluation adjustment to the ARR | - | - | 914,273 | 2,243,456 | (2,684,047) | (1,524) | - | - | 472,158 |
| Revaluation adjustment to the Income | - | - | - | - | (8,029,834) | - | - | - | (8,029,834) |
| Internal transfers | - | - | - | (3,200) | - | 3,200 | - | - | - |
| Closing accumulated depreciation and impairment balance | - | - | 17,891,069 | 5,739,120 | 21,618,003 | 21,665,526 | 13,694,367 | 1,258,640 | 81,866,725 |

Net value at 30 June 2006

| | | | | | | | | |
|---------|------------|------------|-----------|------------|------------|-----------|-----------|-------------|
| 313,800 | 14,143,037 | 22,112,925 | 7,617,514 | 72,593,490 | 15,799,052 | 4,445,973 | 3,669,279 | 140,695,071 |
|---------|------------|------------|-----------|------------|------------|-----------|-----------|-------------|

Residual value

Range of estimated useful life in years

| | | | | | | | | |
|-----------------|-----------------|-------|--------|--------|--------|-------|------|------------|
| Not depreciated | Not depreciated | 10-80 | 4 - 65 | 15-200 | 10-150 | 15-80 | 6-48 | 14,143,037 |
|-----------------|-----------------|-------|--------|--------|--------|-------|------|------------|

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|------|----------------|------------------|----------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 18 (c) Property, plant and equipment valuations were determined by reference to the following: | | | | | |
| Land | | | | | |
| Council valuation, which was undertaken in April 2006 by Australia Pacific Valuers Pty Ltd in accordance with Queensland Treasury guidelines. | | | | | |
| The Kingaroy Shire Council has control of: | | | | | |
| (a) Land under infrastructure - approximately 1,557km of roads (2001 - 1557km); and | | | | | |
| (b) 1,253ha (2001 - 1253ha) of reserve land that is a reserve under the Land Act 1994. | | | | | |
| Land under infrastructure and reserve land does not have a value for the purpose of these financial statements. | | | | | |
| Buildings | | | | | |
| Council valuation, which was undertaken in April 2006 by Australia Pacific Valuers Pty Ltd | | | | | |
| Plant and Equipment | | | | | |
| Council valuation of assets, provided by Australia Pacific Valuers Pty Ltd in April 2006. | | | | | |
| All plant and equipment in Council's asset register that was not purchased prior to the 2005-06 year was revalued at that time. | | | | | |
| Infrastructure | | | | | |
| Current replacement cost for all Water and Sewerage Assets has been provided by the independent valuer John Wilson and Partners Pty Ltd , Consulting Engineers in June 2004. | | | | | |
| Valuation of of Stormwater assets was determined in December 2006 by Council's Director of Engineering and Development Services, Mr Allen Christensen (B.E. Civil, R.P.E.Q., F.I.P.W.E.A.) | | | | | |
| Valuation of all other infrastructure assets, being the current replacement cost has been determined by Council's Director of Engineering and Development Services, Mr Allen Christensen (B.E.Civil, R.P.E.Q., F.I.P.W.E.A.) in June 2006. | | | | | |
| 19 Capital work in progress | 1.S | 781,584 | 1,182,489 | 781,584 | 1,182,489 |
| | | <u>781,584</u> | <u>1,182,489</u> | <u>781,584</u> | <u>1,182,489</u> |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--------------------------------------|------|--------------|--------------|---------|---------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 20 Intangible assets | 1.R | | | | |
| Water rights | | | | | |
| Opening gross carrying value | | 185,193 | 185,193 | 185,193 | 185,193 |
| Net carrying value at the period end | | 185,193 | 185,193 | 185,193 | 185,193 |

| | | | | | |
|------------------------------------|-----|-----------|-----------|-----------|-----------|
| 21 Trade and other payables | 1.U | | | | |
| Current | | | | | |
| Creditors and accruals | | 912,778 | 1,294,729 | 671,448 | 870,760 |
| GST payable | | 60,088 | 53,452 | 60,088 | 53,452 |
| Annual leave | | 615,229 | 572,527 | 554,770 | 514,411 |
| Long service leave | | 150,000 | 1,020,997 | 150,000 | 1,020,997 |
| Other entitlements | | 63,583 | - | 63,583 | - |
| | | 1,801,678 | 2,941,705 | 1,499,889 | 2,459,620 |
| Non Current | | | | | |
| Annual leave | | 355,546 | 292,296 | 355,546 | 292,296 |
| Long service leave | | 1,097,825 | 108,578 | 1,084,639 | 108,578 |
| Other entitlement | | - | 60,044 | - | 60,044 |
| | | 1,453,371 | 460,918 | 1,440,185 | 460,918 |

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

These estimates are then adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to the present value.

| | | | | | |
|--|-----|-----------|-----------|-----------|-----------|
| 22 Borrowings | 1.W | | | | |
| Current | | | | | |
| Queensland Treasury Corporation | | 561,381 | 427,799 | 561,381 | 427,799 |
| | | 561,381 | 427,799 | 561,381 | 427,799 |
| Non Current | | | | | |
| Queensland Treasury Corporation | | 5,415,285 | 5,034,576 | 5,415,285 | 5,034,576 |
| | | 5,415,285 | 5,034,576 | 5,415,285 | 5,034,576 |
| Details of movements in borrowings: | | | | | |
| Queensland Treasury Corporation | | | | | |
| Opening balance | | 5,462,375 | 5,121,944 | 5,462,375 | 5,121,944 |
| Loans raised | | 925,000 | 1,280,000 | 925,000 | 1,280,000 |
| Principal repayments | | (410,709) | (939,569) | (410,709) | (939,569) |
| Book value at period end | | 5,976,666 | 5,462,375 | 5,976,666 | 5,462,375 |
| Classified as : | | | | | |
| Current | | 561,381 | 427,799 | 561,381 | 427,799 |
| Non-current | | 5,415,285 | 5,034,576 | 5,415,285 | 5,034,576 |
| | | 5,976,666 | 5,462,375 | 5,976,666 | 5,462,375 |

The loan market value at the reporting date was \$5,733,563. This represents the value of the debt if the Council repaid it at that date. As it is the intention of the Council to hold the debt for its full term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. The interest rate on Queensland Treasury Corporation borrowings range from 3.96% to 6.66%. Based on the current level of repayments the expected term of total debt is 21 years (2006- 18 years). Borrowings

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|------|--------------------|-------------------|--------------------|-------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 23 Other liabilities | | | | | |
| Current | | | | | |
| Unearned revenue | | 59,921 | 38,708 | 59,921 | 38,708 |
| Grants and subsidies received in advance | | - | 152,659 | - | - |
| | | <u>59,921</u> | <u>191,367</u> | <u>59,921</u> | <u>38,708</u> |
| 24 Shire Capital | | | | | |
| (i) Calculation of capital value and retained surplus: | | | | | |
| Cash and cash equivalents | | 7,665,053 | 5,946,739 | 7,844,323 | 6,023,129 |
| Less restricted cash: | | | | | |
| Reserves (excluding the asset revaluation) | | (6,822,776) | (4,588,259) | (5,684,151) | (4,302,709) |
| Unspent depreciation capital fund reserve | | (1,472,533) | (595,896) | (1,472,533) | (595,896) |
| Unspent loan capital fund reserve | | (349,646) | (594,076) | (349,646) | (594,076) |
| Revenue received in advance | | (59,921) | (191,367) | (59,921) | (38,708) |
| Working capital cash at balance date (including employee entitlements) | | (1,006,846) | (1,595,987) | (1,137,546) | (1,439,923) |
| Retained surplus (deficit) available for distribution | 27 | (2,046,669) | (1,618,846) | (859,474) | (948,183) |
| Shire capital | (ii) | 96,990,394 | 98,395,664 | 95,623,364 | 97,574,395 |
| Total capital and retained surplus at end of period | | <u>94,943,726</u> | <u>96,776,819</u> | <u>94,763,890</u> | <u>96,626,212</u> |
| (ii) Movement in capital account | | | | | |
| Balance at beginning of period | | 98,395,664 | 89,307,283 | 97,574,395 | 88,893,998 |
| Adjustments from (to) retained surplus: | | | | | |
| Transfer from retained surplus capital income in the period | | - | 8,268,977 | - | 8,268,977 |
| Transfer to retained surplus capital expenses in the period | | (523,115) | (324,254) | (523,115) | (324,254) |
| Transfer from retained surplus non monetary capital revenue | | 188,300 | - | 188,300 | - |
| Transfer from the retained surplus revenue expended on capital assets | | 733,009 | 1,078,809 | - | 581,335 |
| Transfer (to) retained surplus for unfunded depreciation | | (1,671,014) | (681,621) | (1,483,766) | (592,131) |
| Total transfers (to) from retained surplus | | <u>(1,272,820)</u> | <u>8,341,911</u> | <u>(1,818,581)</u> | <u>7,933,927</u> |
| Transfer (to) from the (i) unspent depreciation fund reserve | | (876,637) | (277,341) | (876,637) | (277,341) |
| Transfer (to) from the unspent loan capital fund reserve | | 244,430 | (69,642) | 244,430 | (69,642) |
| Transfers from the constrained works reserve | | 499,757 | 1,093,453 | 499,757 | 1,093,453 |
| Total transfers (to) from reserves | | <u>(132,450)</u> | <u>746,470</u> | <u>(132,450)</u> | <u>746,470</u> |
| Balance at end of period | | <u>96,990,394</u> | <u>98,395,664</u> | <u>95,623,364</u> | <u>97,574,395</u> |

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | Consolidated | Consolidated | Council | Council |
|--|--------------|--------------|-------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| | Actual | Actual | Actual | Actual |
| Note | \$ | \$ | \$ | \$ |
| 25 Capital cash reserves | | | | |
| These reserves are part of shire capital and represent cash held at the reporting date restricted to the future funding of capital assets. | | | | |
| (i) Unspent depreciation fund reserve | | | | |
| Opening balance | 595,896 | 318,555 | 595,896 | 318,555 |
| Cash unspent (expended) in period | 876,637 | 277,341 | 876,637 | 277,341 |
| Balance at end of period | 1,472,533 | 595,896 | 1,472,533 | 595,896 |
| (ii) Unspent loan capital fund reserve | | | | |
| Opening balance | 594,076 | 524,434 | 594,076 | 524,434 |
| Cash unspent (expended) in period | (244,430) | 69,642 | (244,430) | 69,642 |
| Balance at end of period | 349,646 | 594,076 | 349,646 | 594,076 |
| Total capital cash reserves | 1,822,179 | 1,189,972 | 1,822,179 | 1,189,972 |
| 26 (i) Asset revaluation reserve | 1.2 | | | |
| Movements in the asset revaluation reserve were as follows: | | | | |
| Balance at beginning of period | 39,168,804 | 9,567,908 | 39,168,804 | 9,567,908 |
| Net adjustment to non-current assets at end of period to reflect a change in current fair value: | | | | |
| Land and improvements | - | 7,290,480 | - | 7,290,480 |
| Buildings | (536,792) | 9,719,644 | (536,792) | 9,719,644 |
| Plant and equipment at cost | 443,440 | 964,305 | 443,440 | 964,305 |
| Road and Bridge Network | 1,977,157 | 11,625,743 | 1,977,157 | 11,625,743 |
| Water | - | 724 | - | 724 |
| Drainage | 1,748,254 | - | 1,748,254 | - |
| Balance at end of the year | 42,800,863 | 39,168,804 | 42,800,863 | 39,168,804 |
| (ii) Asset revaluation reserve analysis | | | | |
| The closing balance of the asset revaluation reserve is comprised of the following asset categories: | | | | |
| Capital land for development and future sale | - | 61,700 | - | 61,700 |
| Land and improvements | 8,200,690 | 8,138,990 | 8,200,690 | 8,138,990 |
| Buildings | 13,565,995 | 14,102,787 | 13,565,995 | 14,102,787 |
| Plant and equipment at cost | 2,198,847 | 1,755,407 | 2,198,847 | 1,755,407 |
| Road and Bridge Network | 13,602,900 | 11,625,743 | 13,602,900 | 11,625,743 |
| Water | 3,484,177 | 3,484,177 | 3,484,177 | 3,484,177 |
| Drainage | 1,748,254 | - | 1,748,254 | - |
| | 42,800,863 | 39,168,804 | 42,800,863 | 39,168,804 |
| 27 Retained surplus | 1.AA | | | |
| Movement in retained surplus | | | | |
| Retained surplus (deficit) at the beginning of period | (1,618,846) | 168,416 | (948,183) | (33,738) |
| Net result attributable to council | 1,033,631 | 9,968,358 | 151,327 | 9,734,355 |
| Transfers (to) from capital account: | | | | |
| Transfer of capital income | - | (8,268,977) | - | (8,268,977) |
| Transfer of capital expenses | 523,115 | 324,254 | 523,115 | 324,254 |
| Non monetary capital revenue | (188,300) | - | (188,300) | - |
| General revenue used for capital funding purposes | (733,009) | (1,078,809) | - | (581,335) |
| Adjustment for unfunded depreciation | 1,671,014 | 681,621 | 1,483,766 | 592,131 |
| Net capital account transfers | 1,272,820 | (8,341,911) | 1,818,581 | (7,933,927) |
| Transfer from (to) the constrained works reserve | (2,040,055) | (2,715,632) | (1,186,980) | (2,430,082) |
| Retained surplus (deficiency) available for transfer to reserves | (1,352,450) | (1,334,055) | (165,255) | (663,392) |
| Transfers (to) from reserves for future capital funding purposes: | | | | |
| Asset Replacement reserve | (635,531) | - | (635,531) | - |
| Transfers (to) from reserves for future general funding purposes: | | | | |
| Carryover income reserve | (58,688) | (284,791) | (58,688) | (284,791) |
| Retained surplus/(deficit) at period end | (2,046,689) | (1,618,846) | (859,474) | (948,183) |

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|--|----------|------------------|------------------|------------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | | \$ | \$ | \$ | \$ |
| 28 Other reserves | Note 1.2 | | | | |
| (a) Summary of reserves held for funding future capital expenditure: | | | | | |
| (i) Constrained works reserve | | 4,142,630 | 2,602,332 | 3,004,005 | 2,316,782 |
| (ii) Asset Replacement reserve | | 2,254,610 | 1,619,079 | 2,254,610 | 1,619,079 |
| | | <u>6,397,240</u> | <u>4,221,411</u> | <u>5,258,615</u> | <u>3,935,861</u> |
| (b) Summary of reserves held for funding future recurrent expenditure: | | | | | |
| Carryover income reserve | | 425,536 | 366,848 | 425,536 | 366,848 |
| | | <u>425,536</u> | <u>366,848</u> | <u>425,536</u> | <u>366,848</u> |
| Total reserves | | <u>6,822,776</u> | <u>4,588,259</u> | <u>5,684,151</u> | <u>4,302,709</u> |
| Movements in capital reserves are analysed as follows: | | | | | |
| (i) Constrained works reserve | | | | | |
| Balance at the beginning of period | | 2,602,332 | 980,153 | 2,316,782 | 980,153 |
| Transfer from retained earnings grants, subsidies and contributions received in the period which restricted to specific capital projects | | 2,040,055 | 2,715,632 | 1,186,980 | 2,430,082 |
| Transfers to the capital account funds expended in the period | | (499,757) | (1,093,453) | (499,757) | (1,093,453) |
| Balance at end of period | | <u>4,142,630</u> | <u>2,602,332</u> | <u>3,004,005</u> | <u>2,316,782</u> |
| (ii) Asset Replacement reserve | | | | | |
| Balance at the beginning of period | | 1,619,079 | 1,619,079 | 1,619,079 | 1,619,079 |
| Transfer from retained earnings for future expenditure | | 635,531 | - | 635,531 | - |
| Balance at end of period | | <u>2,254,610</u> | <u>1,619,079</u> | <u>2,254,610</u> | <u>1,619,079</u> |
| (d) Movements in recurrent reserves are analysed as follows: | | | | | |
| Carryover income reserve | | | | | |
| Balance at the beginning of period | | 366,848 | 82,057 | 366,848 | 82,057 |
| Transfer from retained earnings for future expenditure | | 223,943 | 366,848 | 223,943 | 366,848 |
| Transfer to retained earnings | | (165,255) | (82,057) | (165,255) | (82,057) |
| Balance at end of period | | <u>425,536</u> | <u>366,848</u> | <u>425,536</u> | <u>366,848</u> |

29 Events after balance date

A major impact upon Council operations in the next year will be the Local Government Reform process where Kingaroy Shire Council will be merged with Murgon, Nanango and Wondai Shires to form the South Burnett Regional Council. This merger is planned to occur in March 2008 at the declaration of the poll for the Local Government elections.

The proposed amalgamation does not impact on the matters reported in this financial report, but may have an effect on the operations and financial positions of the constituent councils in the future.

The operational structure at the South Burnett Community Private Hospital will be altered early in the next year. Currently the controlled entity of Council, Kingaroy Private Hospital Ltd has engaged a manager to operate the hospital. This arrangement is to be altered where the manager will enter into a lease agreement to operate the hospital.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | Consolidated | Consolidated | Council | Council |
|------|--------------|--------------|---------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| | Actual | Actual | Actual | Actual |
| Note | \$ | \$ | \$ | \$ |

30 Contingent liabilities

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

The Kingaroy Shire Council has guaranteed the bank account of the Kingaroy Private Hospital Limited.

The amount of the guarantee is up to:

| | | | |
|---------|---------|---------|---------|
| 300,000 | 300,000 | 300,000 | 300,000 |
|---------|---------|---------|---------|

The Kingaroy Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided 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:

| | | | |
|---------|--------|---------|--------|
| 181,184 | 29,971 | 181,184 | 29,971 |
|---------|--------|---------|--------|

The Kingaroy Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or 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 June 2006 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

31 Superannuation

The Kingaroy Shire Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard *AASB119 Employee Benefits*. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the council.

Accordingly there is no recognition in the financial statements of any over- or under-funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2006 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.

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

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

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

| | | | |
|---------|---------|---------|---------|
| 711,716 | 641,858 | 622,976 | 560,240 |
|---------|---------|---------|---------|

The Kingaroy Shire Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:

| | | | |
|--------|--------|--------|--------|
| 33,769 | 28,629 | 33,769 | 28,629 |
|--------|--------|--------|--------|

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

| | | Consolidated | Consolidated | Council | Council |
|-------------------|------|----------------|----------------|----------------|----------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | Actual | Actual | Actual | Actual |
| | Note | \$ | \$ | \$ | \$ |
| 32 Trust funds | 1.AE | | | | |
| Security deposits | | 227,028 | 207,767 | 227,028 | 207,767 |
| | | <u>227,028</u> | <u>207,767</u> | <u>227,028</u> | <u>207,767</u> |

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

33 Reconciliation of net result attributable to Council to net cash flow from operating activities

| | | | | | |
|---|----|--------------------|--------------------|--------------------|--------------------|
| | | 1,033,631 | 9,968,358 | 151,327 | 9,734,355 |
| Non-cash operating items: | | | | | |
| Depreciation and amortisation | 10 | 4,278,489 | 3,517,856 | 4,091,241 | 3,428,366 |
| | | <u>4,278,489</u> | <u>3,517,856</u> | <u>4,091,241</u> | <u>3,428,366</u> |
| Investing and development activities: | | | | | |
| Capital income | 5 | - | (8,268,977) | - | (8,268,977) |
| Capital expenses | 11 | 523,115 | 324,254 | 523,115 | 324,254 |
| | | <u>523,115</u> | <u>(7,944,723)</u> | <u>523,115</u> | <u>(7,944,723)</u> |
| Financing activities: | | | | | |
| Capital grants, subsidies and contributions | 4 | (2,228,355) | (2,715,632) | (1,375,280) | (2,430,082) |
| | | <u>(2,228,355)</u> | <u>(2,715,632)</u> | <u>(1,375,280)</u> | <u>(2,430,082)</u> |
| Changes in operating assets and liabilities : | | | | | |
| (Increase) decrease in receivables | | (370,989) | (331,100) | (328,587) | (299,413) |
| (Increase) decrease in inventories (excluding land) | | (9,982) | 7,120 | 18,706 | (2,202) |
| (Increase) decrease in other operating assets | | (62,081) | (27,332) | (13,517) | (8,509) |
| Increase (decrease) in payables | | (147,574) | 602,375 | 19,536 | 376,542 |
| Increase (decrease) in other liabilities | | (131,446) | 69,134 | 21,213 | (83,525) |
| | | <u>(722,082)</u> | <u>320,197</u> | <u>(282,659)</u> | <u>(17,107)</u> |
| Net cash inflow from operating activities | | <u>2,884,798</u> | <u>3,146,056</u> | <u>3,107,744</u> | <u>2,770,809</u> |

34 Controlled Entity

Kingaroy Shire Council has a controlling interest in the Kingaroy Private Hospital Limited, a company limited by guarantee.

The constitution states that the membership will consist of permanent members and that the Council is the permanent member. The Council is responsible for the appointment of all directors thereby effecting ultimate control of the company's affairs.

The company commenced trading as the South Burnett Community Private Hospital in May 2002. The land and buildings used by the hospital were acquired by the Council in February 2002 and are leased to the company under a six year lease agreement.

The financial results of the company are consolidated into the Council's financial statements.

Represented by:

Assets

| | | |
|-------------|------------------|------------------|
| Current | 266,406 | 249,632 |
| Non Current | 1,367,030 | 821,269 |
| | <u>1,633,436</u> | <u>1,070,901</u> |

Liabilities

| | | |
|-------------|----------------|----------------|
| Current | 301,789 | 634,744 |
| Non Current | 13,186 | |
| | <u>314,975</u> | <u>634,744</u> |

Net Assets

| | | |
|--|------------------|----------------|
| | <u>1,318,461</u> | <u>436,157</u> |
|--|------------------|----------------|

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2007

35 Financial instruments

(a) Credit risk exposure

The credit risk on financial assets of the Council (consolidated) which have been recognised on the balance sheet other than investments in shares, is generally the carrying amount, net of provision for doubtful debts. The Council (consolidated) has no major concentration of credit risk to any single debtor or group of debtors.

(b) Interest rate risk

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

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

(c) Sensitivity

If market (floating) interest rates increased or decreased by 1% respect of cash assets and cash equivalents, held at balance date, the net result, attributable to the council, would be increased or decreased by \$76,628. (2006 - \$59,448)
Because of the structure of the QTC long term debt pool the impact of a change in market interest rates on the net result would not be material.

| Financial Instruments | Note | Floating interest rate | | Fixed interest rate | | Non-interest bearing | | Total | Total |
|--------------------------------|------|------------------------|-----------|---------------------|-------------|----------------------|-------------|-----------|-------------|
| | | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 13 | 7,662,753 | 5,944,839 | - | - | 2,300 | 1,900 | 7,665,053 | 5,946,739 |
| Trade and other receivables | 14 | - | - | 321,273 | 369,562 | 1,350,180 | 932,397 | 1,671,453 | 1,301,959 |
| Other financial assets: | 16 | - | - | - | - | 255,275 | 193,194 | 255,275 | 193,194 |
| | | 7,662,753 | 5,944,839 | 321,273 | 369,562 | 1,607,755 | 1,127,491 | 9,591,781 | 7,441,892 |
| Weighted average interest rate | | 6.0% | 5.5% | 11.0% | 11.0% | | | | |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | 21 | - | - | - | - | 3,255,049 | 3,402,623 | 3,255,049 | 3,402,623 |
| Loans - QTC* | 22 | 102,293 | 109,653 | 5,874,374 | 5,352,722 | - | - | 5,976,667 | 5,462,375 |
| | | 102,293 | 109,653 | 5,874,374 | 5,352,722 | 3,255,049 | 3,402,623 | 9,231,716 | 8,864,998 |
| Weighted average interest rate | | 4.2% | 4.4% | 5.9% | 5.7% | | | | |
| Net financial assets | | 7,560,460 | 5,835,186 | (5,553,101) | (4,983,160) | (1,647,294) | (2,275,132) | 360,065 | (1,423,106) |

* QTC - denotes Queensland Treasury Corporation

(d) Unused loan facility

The council has no unused loan facility.

(e) Net fair value of financial assets and liabilities

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

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

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

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2007

36 National Competition Policy

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

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

(a) Roads business activity:

- (i) the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- (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 if the activities primary objective 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. Notwithstanding CSO's, the council is committed to operating these activities as business activities in accordance with the CCC.

Water and Sewerage
Refuse Management
Other Roads

The following table summaries the financial results for these, including competitive neutrality adjustments if applicable. Full information is available for inspection at the council offices.

(b) Financial performance of activities subject to competition reforms:

| | Water and Sewerage | | Refuse Management | | Other Roads | |
|---|--------------------|-----------|-------------------|---------|-------------|-----------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue for services provided to the Council | | | | | 1,311,582 | 604,001 |
| Revenue for services provided to external clients | 3,555,896 | 3,144,872 | 1,337,067 | 920,174 | 3,257,725 | 3,000,813 |
| * Community service obligations | 194,580 | 180,683 | 81,381 | | | |
| | 3,750,476 | 3,325,555 | 1,418,448 | 920,174 | 4,569,307 | 3,604,814 |
| Less : Expenditure | 2,952,976 | 2,545,212 | 1,294,757 | 790,412 | 4,549,228 | 3,592,306 |
| Surplus (deficiency) | 797,500 | 780,343 | 123,691 | 129,762 | 20,078 | 12,508 |

(c) CSO's were paid during the reporting period to the following activities.

| Activities | CSO description | Actual |
|--------------------|---|---------|
| Water and Sewerage | Uneconomical service supply | 36,480 |
| | Provision of treated effluent to community facilities | 158,100 |
| | | 194,580 |
| Refuse Management | Public provision of dumping facilities | 81,381 |

KINGAROY SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2007

MANAGEMENT CERTIFICATE

For the year ended 30 June 2007

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

In accordance with Section 48 of the Standard we certify -

- (i) the requirements under the *Local Government Act 1993* for the keeping of the accounts have been complied with in all material respects; and
- (ii) the financial statements for the year ended 30 June 2007 and supporting notes presents the Council's operating results, cash flows and financial position as required by the *Local Government Act 1993*.



Mayor

Date: 5, 12, 07



Chief Executive Officer

Date: 5, 12, 7

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Kingaroy Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Kingaroy Shire Council, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer for the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

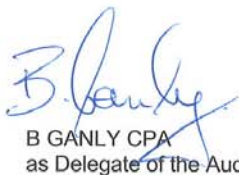
The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Kingaroy Shire Council and the consolidated entity for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.


B GANLY CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Kingaroy Shire Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

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

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

Report on the Financial Report

I have audited the accompanying financial report of Kingaroy Shire Council, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer for the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in

the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion —
 - (iii) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and
 - (iv) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Kingaroy Shire Council and the consolidated entity for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.


B GANLY CPA

as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

