

2012-2013

Annual Report

Diamantina Shire Council

Dreamtime Serpent Sculpture "Dust" 2012 Bedourie



SUSTAINABLY DEVELOPING THE OUTBACK

Welcome

This Diamantina Shire Council Annual Report is for the period July 1, 2012 to June 30, 2013.

The Annual Report profiles the Diamantina Shire and the Council and reports on Council's performance financially and operationally for the financial year.

It contains information on Councils' objectives, achievements, short and long-term challenges and demonstrates Council's commitment to reporting to the Diamantina community in an open, accurate and transparent manner.

This report meets Diamantina Shire Council's statutory obligations under the Local Government Act 2009 and the Local Government Regulation 2012.

Further copies of this publication can be obtained by contacting the Council Administration Centre on (07) 4746 1202 or by visiting Council's website at www.diamantina.qld.gov.au

We welcome your feedback on this report, which can be provided in writing to the address below.

DIAMANTINA SHIRE COUNCIL

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BEDOURIE QLD 4829
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One big happy family



Tree at Big Red

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5 Years at a Glance – A Financial Snapshot

2012-13	2011-12	2010-11	2009-10	2008-09	
\$736,162	\$642,858	\$603,151	\$548,774	\$543,983	Net Rate & Charges
\$59,948,958	\$42,853,538	\$39,484,739	\$38,262,800	\$26,326,782	Total Revenue
\$36,077,198	\$44,729,041	\$34,490,971	\$34,280,808	\$23,768,781	Total Expenses
\$23,871,759	(\$1,875,503)	\$4,993,768	\$3,956,531	\$2,363,692	Net Result
\$16,244,524	\$7,016,467	\$7,188,601	\$3,165,567	\$7,663,620	Capital Additions
\$313,649	\$300,539	\$224,072	\$214,180	\$88,834	Debt Repayment
\$1,418,426	\$1,732,075	\$2,032,614	\$1,756,686	\$1,970,866	Loan Balance
\$156,032,411	\$132,544,442	\$90,509,318	\$83,996,279	\$93,832,489	Total Assets
\$3,223,475	\$4,670,739	\$4,746,798	\$3,703,052	\$5,067,371	Total Liabilities
\$152,808,936	\$127,873,703	\$85,762,520	\$80,293,227	\$88,765,118	Total Equity
\$2,030,814	\$1,907,314	\$2,049,293	\$1,967,972	\$2,310,774	Reserves
\$3,201,463	\$2,810,874	\$2,190,525	\$2,000,300	\$2,889,022	Depreciation Expense

A Snapshot of Our Shire

Our Size: 94,869 square kilometres

National Parks: 17,082 square kilometres

Road Length: 1,684 km

Our Population: 322



The Mud Hut



Carcoory Ruins



Old Royal Hotel Birdsville



Covering over 94,000 square kilometres (bigger than Tasmania) Diamantina Shire lies within the region known as the Channel Country in far south-western Queensland. This area consists of a network of western rivers which vary greatly in dry seasons but hundreds of square kilometres are flooded after rain stretching out across the floodplains like fingers hence the name Channel Country. After rain this area is covered with wildflowers, and an abundance of birdlife.

As harsh as the country may seem, it is rated as having some of the best cattle fattening areas in Australia with a number of properties accredited with "Organic Beef Certification". Many of the 14 cattle stations in the Shire have descendants of the early settlers working them.

There are three towns within the Shire – Birdsville, Bedourie and Betoota.



Diamantina shares borders with the Northern Territory and South Australia.

There are 1,684 kilometres of roads, the majority of these are dirt or gravel with only 250 kilometres of bitumen road in the whole Shire. There are fourteen properties within the Shire, with an average size of 6,857 square kilometres.

One of the many sand dunes

Bedourie, the Shire's Administration Centre, boasts many modern amenities including a hotel, motel, roadhouse, caravan park, a desert golf course and a Community Centre which features an indoor tennis court and an Aquatic Centre with Artesian Spa. Bedourie, meaning "dust storm", was first established as a Cobb and Co. coach stop and watering point for drovers on the north south stock route. The town water supply is reticulated from what is believed to be Australia's best artesian bore.

Birdsville, lying about 12 kilometres inside the Queensland Border, was established as a customs collection point in 1873 for the stock routes and as a centre for the rich cattle country in the surrounding district. In its early years, before Federation, a toll was payable on stock and supplies entering South Australia. At this time Birdsville was a thriving community with three excise officers posted in the town. The town is situated between the sands on the Simpson Desert and the gibbers of Sturt's Stony Desert and is the starting point of the famous Birdsville Track. A billabong just out of town is of interest to naturalists. In a branch of the Diamantina River, it is a haven for many species of birds and wildlife against the arid backdrop of near desert.

Today Birdsville has only one hotel which offers cold beer with award winning meals and accommodation. The bar alone is worth a visit, if only to hear the old stories of the district. The first week in September is reserved for the celebrated Birdsville Races which attracts up to 7000 visitors from all over Australia. The races are part of the Simpson Desert Racing Carnival and there are many other unique events to experience including camel races, bronco branding and rodeos. About 15 kilometres north of Birdsville there is a patch of extremely rare Waddi Trees; there are only a few specimens of these trees throughout the world and each is up to 1,000 years old. Diamantina boasts many beautiful tourist attractions. There are massive natural sand hills, historical buildings and cattle stations, rare species of flora and fauna, two great inland river systems, historic stock routes, ancient and rare Waddi Trees, the amazing channel country and spectacular sunsets and starry night skies. Items of heritage include the route that explorers Burke and Wills trekked and the famous Kidman cattle stations. Visit the Diamantina Shire for a unique outback experience.

Our Council

OUR MISSION

Diamantina Shire Council's mission is to serve and advocate on behalf of the shire community and to provide residents and visitors with continually improving services and infrastructure, which is socially, economically and environmentally sustainable, in order to further enhance the quality of life.

OUR CORE VALUES

Innovation and Continuous Improvement

Council and staff seek to overcome challenges and take advantages of opportunities through a commitment to innovation. Through innovative thinking and constant review of our practices and approach we are continually improving our performance and service delivery.

Quality

Council is committed to ensuring quality output by providing the organisation with resources which facilitate excellence in performance, commitment and service delivery.

Accountability

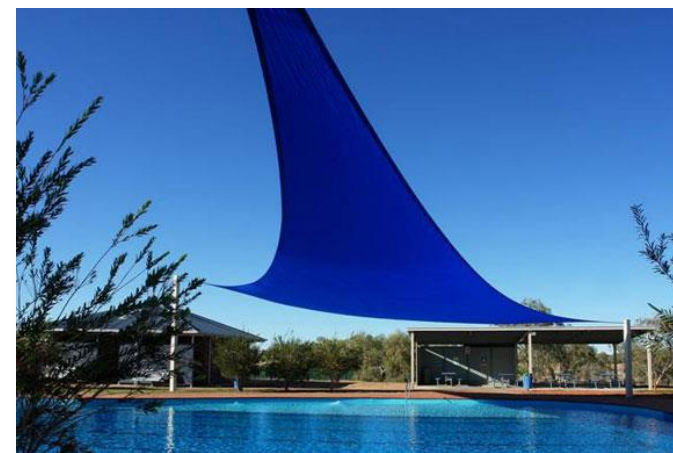
Council has a responsibility to the residents and ratepayers of the shire to be inclusive and responsive to their views and needs and to communicate effectively.

Teamwork

We recognise the importance of maintaining a creative and responsive work environment in which the community, councillors, management and staff, work constructively together in a spirit of teamwork, trust and loyalty.



One of our many trucks



Bedourie Spa & Aquatic Centre

A Message from our Mayor & our Chief Executive Officer

This is the first collaborative Mayor and Chief Executive Officer comment to introduce the Annual Report for the 12-month period from July 1, 2012 to June 30, 2013. Traditionally, and for avid readers of Annual Reports, there has been a separate comment by the Mayor and one by the Chief Executive Officer. Given the close working relationship between the Mayor and Chief Executive Officer, it was decided to make a small change that will result in a more meaningful message to the reader.

2012/2013 has been a very busy period for Diamantina Shire Council. At the time of writing this comment, the Chief Executive Officer had resigned effective August 19, 2013 to take up the position of Chief Executive Officer at Central Highlands Regional Council, also located in Queensland. Also at the time of writing this comment, the new Chief Executive Officer, Mr Leon Love, commenced his service with Diamantina Shire Council on October 9, 2013. The previous financial year saw a large focus on carrying out restorative work to flood damaged road assets: both state-controlled road assets for the Department of Transport and Main Roads; and shire-owned road assets through financial arrangements administered by the Queensland Reconstruction Authority. Council has been effective in completing significant works in a cost effective manner.

Council continued to press hard and lobby for two key areas: fibre optic telecommunications in conjunction with Barcoo Shire Council; and funding security for the Diamantina Health Service. Both issues remain paramount to Council. A 400 kilometre fibre optic tail from Boulia to Birdsville via Bedourie is sought to vastly improve communications and to ensure that Diamantina Shire can catch up to the telecommunications revolution. There are 73 local governments in Queensland and the only two without reasonable mobile telephone coverage are Diamantina and Barcoo Shire Councils. The Diamantina Health Service, a very successful alternative health service delivery model is prone to funding uncertainty and Council continues to work tirelessly to obtain assurance regarding not just funding continuity, but sufficient funding to ensure that ratepayers are not out of pocket for the operational costs.

Council has continued to deliver on plant fleet upgrades and water and sewerage capital works in accordance with its 20-year asset management plans. Likewise, it has heavily invested in housing maintenance to ensure its assets are well preserved and very liveable which has benefits for staff retention.

Council has continued to play an active regional leadership role by supporting the Central Western Queensland Remote Area Planning and Development Board, the Outback Regional Road Group, the Central West Pest Management Group and the Outback Regional Water Group. It has driven a collaborative approach to lobbying both federal and state government to consider workforce sustainability funding to the tune of \$20 million leveraged though a \$3.5 million (\$500,000 from each of the seven members) local government investment. At the time of writing this report, the decision remains pending.

Resources have been managed prudently; keeping in mind the changed circumstances as the Shire is gripped by drought conditions. Council has always resisted the temptation to increase resources and instead, has sought to employ contractors to assist with peak workloads to provide it with the flexible dynamic to reconfigure itself when workloads decrease. The new problem Council will face is gravel road maintenance with limited water availability.

As can be seen by scrutiny of the financial statements contained within this Annual Report, Council has been very successful in significantly growing its financial position to ensure it is well-placed to deliver services, maintain assets and provide infrastructure for the future to support a vibrant and growing part of Australia, that is Diamantina Shire.

We take this opportunity to thank all elected members and staff for their commitments over the past year and encourage them to continue with dedication as we strive to provide efficient services and lead Diamantina Shire Council into the future. For further details about Council meetings, contact the Council on (07) 4746 1202 or visit Council's website at www.diamantina.qld.gov.au

(Electronic signature)

Scott Mason

Outgoing

Chief Executive Officer

(Electronic signature)

Geoff Morton

Mayor

(Electronic signature)

Leon Love

Incoming

Chief Executive Officer

Our Elected Members

Diamantina Shire Council has an elected body of five councillors. These councillors have specific powers, duties and responsibilities as set out in the Act and Regulations. In addition the Councillors must abide by a Code of Conduct that further ensures they undertake their duties in the best interests of the Shire and its residents.

THE PRIMARY FUNCTIONS OF A COUNCILLOR ARE TO:

- Represent electors;
- Initiate new policies and activities;
- Evaluate council activities; and
- Control council finances.

MEETINGS OF COUNCIL

Council's Ordinary Meetings are usually held on the third Monday of every month except January. Meetings commence at 8am from October to March and 9am from April to September and are held at the Council Administration Centre, Herbert Street, Bedourie with one meeting a year held in Birdsville at the Birdsville Town Hall.

For further details about Council meetings, contact the Council on (07) 4746 1202 or visit Council's website at www.diamantina.qld.gov.au

Mayor

Cr Geoff Morton



Born in 1954 in Adelaide, only son of Lyle and Phyllis, Geoff is the second born of four children.

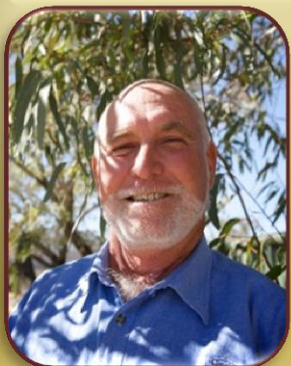
Geoff is ninth generation grazier of Roseberth Station.

Geoff attended primary school to year four by correspondence and then went off to board at the Scotch College in Melbourne to complete year 12.

He then returned to Roseberth, took over the management of Roseberth Station in 1991, following his father's retirement and has been there ever since.

Geoff is married to wife Bev and they have two sons Kerry and Steven. This is his seventh term as councillor, Commencing in 1980, and in this time he performed two terms as Deputy Mayor.

Our Elected Members



Deputy Mayor

Cr Garth Tully

Born 1960 in Charleville to Colin and Betty Tully, Garth is the eldest of four boys. He completed early primary schooling in Bedourie to year five before attending Nudgee College in Brisbane.

Employed by the Milson Family, who at the time owned Cluny Station. After leaving school, Garth then became manager at Diamantina Lakes Station before returning to Cluny Station as Manager in 1990.

Garth married Kathi (nee Hindom) in 1983 and they have two boys Patrick and Shayne.

This is Cr Garth Tully's seventh term as Councillor.

Cr Don Rayment



Born in Brisbane and raised in the Diamantina Shire by parents Charlie and Pauline Rayment on Kurran Station, Don is second eldest son, with three brothers and one sister.

Don started his primary schooling in Longreach and did correspondence for years six and seven and then to Winton to complete years 8 to 10 and achieving school captaincy in year 10. Don has been employed since finishing year ten in the rural industry doing contract mustering, yard building and fencing. Ten years contract mustering for Mc Donald Holdings around Winton and Boulia. He did a stint as Rural Protection Officer/Rural Lands Officer with The Department of Natural Resources and local government bodies.

Don married Judy (nee Brown) in 1993. Don and Judy shifted to the Diamantina Shire in 2005 to manage the organic cattle property Adria Downs, Birdsville.

Our Elected Members



Cr Steve Cramer

Born in Glen Innes, NSW, in 1976 to Philip and Moira Cramer, Steve is the third out of four children. Steve completed primary school at Glen Innes State School before attending secondary schooling at Glen Innes High School

On leaving school, Steve attended Longreach Agricultural College then went on to work at S. Kidman & Co.'s Sandringham Station as a ringer. Here he met Jeena Kleinschmidt who came to work as a governess. After Sandringham they moved to Peak Crossing while Steve worked in the stockyards at the meatworks at Dinmore and broke in horses on the side. When Steve and Jeena married in 1999, they re-joined S. Kidman & Co and moved to Morney Plains, Windorah as Head Stockman for 18 months, then up to Ruby Plains Outstation Sturt Creek, in the Kimberleys of Northern Western Australia. After seven years running Sturt, Steve was relocated to Glengyle Station in December, 2007.

Steve and Jeena have four children - Cody, Bridey, Beau and Jack.

Cr Jody Barr



Councillor Jody Barr was elected in 2012 to represent Diamantina Shire Council, making it his first term on Council.

Born and raised in the Diamantina Shire by parents Jean and Kevin Barr, Jody is the eldest of three boys. He spent his early schooling years in the Bedourie and Birdsville State Schools, before leaving to attend boarding school in Longreach and then on to the Scots College in Warwick.

Having worked the majority of employment years in the earthmoving industry he is currently employed as a Leading Hand Machinery Operator.

For the past four years Jody has been strongly involved in all community events, including being the founding Member of the Bedourie Bikekhana as well as being an active member of Birdsville Social Club.

COUNCILLOR REMUNERATION SCHEDULE

COUNCILLOR EXPENSES REIMBURSEMENT AND FACILITIES PROVISION POLICY

INTRODUCTION

The following policy outlines expenses that may be reimbursed and facilities that are to be provided to councillors as part of fulfilling their obligations.

CONFERENCES, MEETINGS AND WORKSHOPS

Where council resolves councillors are required to attend training courses or workshops to either deliver a paper or as a delegate of council; council will meet the cost or reimburse expenses associated with attending the event since participation is part of the business of council.

MANDATORY TRAINING

Where council resolves that all councillors are to attend training courses or workshops for skills development related to a councillor's role, council will meet the cost or reimburse the total costs of the course. Note: Some examples of this training are Councillor Induction, Code of Conduct, Meeting Procedures and Legislative Obligations.

DISCRETIONARY TRAINING

Where council gives approval for a councillor to attend a conference, workshop or training to improve skills relevant to their role as a councillor, other than mandatory training as above, council will allow for the expenses to be covered to a limit available to each councillor during their current term in office.

This limit will be set at \$5,000 per councillor per term.

TRAVEL EXPENSES (INCLUDING TAXI AND PUBLIC TRANSPORT)

Councillors may incur travel costs for a number of reasons including attendance at council meetings, travelling to conferences, training or workshops. In some cases this

may involve interstate and overseas travel. If councillors travel using their private vehicles a mileage allowance can be claimed based on log book details to substantiate the relevance of the travel to council business.

The mileage allowance is set as follows;

- \$0.8085 per kilometre for sedan-type vehicles
- \$1.2966 per kilometre for four-wheel drive vehicle
- \$300 per hour for Cessna Plane.

This mileage is based on research undertaken by the Royal Automotive Club of Queensland.

HOSPITALITY EXPENSES

Elected members may have occasion to incur hospitality expenses while conducting council business apart from official civic receptions organised by council. The mayor, in particular, may require additional reimbursement when entertaining dignitaries outside of official events.

The maximum amount of hospitality expenses that will be reimbursed is as follows;

- Mayor - \$2,000 per annum.
- Councillor - \$500 per annum.

ACCOMMODATION

Elected members may need to stay away overnight while attending to council business. When attending conferences, councillors must take advantage of the package provided by conference organisers and therefore stay in the recommended accommodation unless prior approval has been granted by council.

In all other cases the Chief Executive Officer will authorise reasonable accommodation arrangements. In these instances, council will meet the cost of or reimburse legitimate accommodation costs.

MEALS

Council will meet the cost of meals while elected members are on council business. Elected members meal expenses may be charged to their accommodation, council credit card or receipts presented for reimbursement.

PROVISION OF FACILITIES

Council will provide and meet operational costs of facilities which are deemed necessary and required to assist councillors in their role.

When determining the facilities to be provided, council has considered what are reasonable requirements and standards for an individual councillor. If a councillor chooses a higher standard of facility than that prescribed by council, any difference in cost must be met by the councillor personally. Ownership of any facilities provided remains with Council.

ADMINISTRATIVE TOOLS AND ACCESS TO COUNCIL OFFICE AMENITIES

Council will provide the following to councillors in its Birdsville or Bedourie office as required:

- Facilities such as office space and council meeting rooms.
- Secretarial support for mayors and councillors.
- Desktop and/or laptop computer.
- Use of council landline telephone and internet access.
- Fax and/or scanner
- Printer. Photocopier, paper shredder.
- Stationery.
- Publications – copies of the Act and other legislation, books, journals considered necessary.
- Any other administrative necessities which council considers necessary to meet the business of council.

HOME OFFICE

If council determines that it is necessary, it will provide a councillor with home office equipment, including computer, fax, copier, printer and internet access.

MAINTENANCE COSTS OF ANY COUNCIL OWNED EQUIPMENT

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

NAME BADGE AND UNIFORM FOR COUNCILLORS

Council will provide each elected member with a name badge and Councillor uniform. This may include any safety equipment such as overalls, safety helmets or glasses as required by a councillor in their role.

VEHICLE

Council will provide a vehicle owned by council for official business as required from time to time. Elected members are authorised reasonable private use of council-owned vehicles when on council business, on the condition that they reimburse council for any private use at the adopted mileage allowance rate.

FUEL COSTS

Council will provide fuel, meet the cost of fuel or reimburse the cost of fuel for vehicles provided by council.

TELECOMMUNICATION NEEDS

Mobile telephones and/or a hand held PDA device (e.g. 'Smartphones') - Where council resolves to provide a mobile telephone or hand held device to a councillor for official business use, council will pay for all associated costs. Any personal calls made by the councillor must be reimbursed to council.

If a councillor uses a personally owned mobile device, council will reimburse actual council business related costs up to 50% of the total costs incurred.

Where council does not provide a mobile telephone or hand held device, council will provide:

- A home landline at the councillor's residence, including connection cost, monthly rental and council will reimburse actual council business related call costs up to 50% of the total costs incurred. However, any STD or international calls made from the home telephone can only be reimbursed if a receipt and certification is provided by the councillor that the call was related to council business; and
- If "home office" facilities as described above, are not provided by council, it will meet the cost of home internet access including monthly access fee and up to 50% of the package costs.

LEGAL COSTS AND INSURANCE COVER

Council may by resolution, agree to cover costs incurred through any inquiry, investigation, hearing or legal proceedings into the conduct of a councillor, or arising out of, or in connection with the councillor's performance of his/her civic functions. Councillors are to be covered under council insurance policies while discharging civic duties. Specifically, insurance cover will be provided for public liability, professional indemnity, councillor's liability, personal accident, international and domestic travel insurance.

MAKING CLAIMS

When seeking reimbursement for expenses, elected members must complete and sign a fees and expenses claim form and provide receipts for allowable expenses together with details of the council business that the expenses relate to. Expenses claims or reimbursement requests which comply with the requirements of this policy should be forwarded to the Deputy Chief Executive Officer. Any Expenses claims or reimbursement requests which do not comply with the requirements of this policy should be referred to the Chief Executive Officer for determination. Councillors are responsible for ensuring that they do not make claims in excess of allowable limits.

RESOLUTIONS RELATING TO

REMUNERATION SCHEDULE AND EXPENSES REIMBURSEMENT POLICY

As per the following resolutions were adopted:

Minutes of the Ordinary Meeting of the Diamantina Shire Council held in the Board Room of the Administration Centre, Bedourie on Monday, February 23, 2013 commencing at 8.22am.

Minute 2013.02.18

Moved by Cr Morton and Seconded by Cr Tully.

That Diamantina Shire Council adopt the following remuneration for Councillors effective from January 1, 2013 Carried 4/0

Minute 2011.1.5

Moved by Cr Crombie and Seconded by Cr Hanna.

That Diamantina Shire Council adopt the Expenses Reimbursement and Facilities Provision Policy as presented in accordance with. Further, that Diamantina Shire Council authorise expenses to be paid by said policy. Carried 4/0.

Minute 2011.1.7

Moved by Cr Gaffney and Seconded by Cr Hanna.

That Diamantina Shire Council provide superannuation at the rate of 12% with member contributions set at 6% and that Council permit salary sacrifice by elected members. Carried 4/0.

COUNCILLOR REMUNERATION AND ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2013

COUNCILLOR	MEETINGS ATTENDED	REMUNERATION	EXPENSES REIMBURSED	SUPERANNUATION CONTRIBUTION	TOTAL
Cr S Cramer	12	18,768	1,867	2,216	22,851
Cr D Rayment	16	19,968	9,746	2,360	32,074
Cr J Barr	19	21,018	4,629	2,522	28,169
Cr G Tully	19	32,594	2,320	3,911	38,825
Cr G Morton	39	82,328	19,682	9,879	111,889
TOTAL		\$174,676	\$38,244	\$20,888	\$233,808



L/R: CEO Scott Mason, Cr Steve Cramer, Mayor Cr Geoff Morton, Mr Keith Payne VC OAM,

Mrs Florence Payne OAM JP, Deputy Mayor Cr Garth Tully, Cr Jody Barr, Cr Don Rayment and Mr Richard Cooley



The Dedication Ceremony of the Bedourie ANZAC Park

Our People

Diamantina Shire Council has had a busy year in regards to human resource management and improving our overall operations in regards to people management. Significant work has gone into the recruitment of staff as well as training and development of existing employees.

TRAINING AND DEVELOPMENT

Council has a commitment to learning and development and promotes study assistance as well as assistance with course fees to all employees.

Council has prepared a comprehensive Training Matrix to ensure that training is managed in a structured way and staff and community members are provided with regular relevant training courses. Many staff are involved in Certificate Level courses such as Certificate 3 and 4 in Horticulture and Certificate 3 in Civil Construction (Plant Operations). Other training includes Traffic Control, Work in Confined Spaces, Manual Handling, Blue Card/White Card, New Staff Inductions and First Aid.

EMOTIONAL ASSISTANCE PROGRAM

Offered to all employees and immediate family members of employees of the Diamantina Shire Council the program provides access to a Clinical Psychologist both over the phone and face to face. Introduced in the 2009/2010 financial year the program has been accessed by various staff throughout the year and provides support for employees and their immediate families and helps in the reduction of the negative effect of stress that can arise within the workplace and community.

EQUAL OPPORTUNITY IN EMPLOYMENT

Council reviewed its Equal Opportunity Policy to meet legislation and workplace requirements.

AIM: The aim of this policy is to ensure that claims of discrimination, victimisation, sexual harassment and vilification are investigated, managed and resolved objectively and fairly.

POLICY: Diamantina Shire Council is an equal opportunity employer and is committed to providing a workplace where all employees are treated on their merits, without regard to race, age, sex, relationship status or any other factor not applicable to the position. Employees are valued according to how well they perform their duties, and on their ability to maintain the Council's standards of service.

OBJECTIVES: DSC is committed to achieving the following EEO objectives:

- to ensure all employees are treated fairly
- to fully utilise and develop the potential of every employee
- to keep all policies and procedures consistent with EEO principles
- to augment employee morale and motivation by increasing staff confidence in the fairness of our human resource practices and access to opportunities
- to ensure achievement of our objectives through our EEO program which includes the training of staff on EEO and related issues

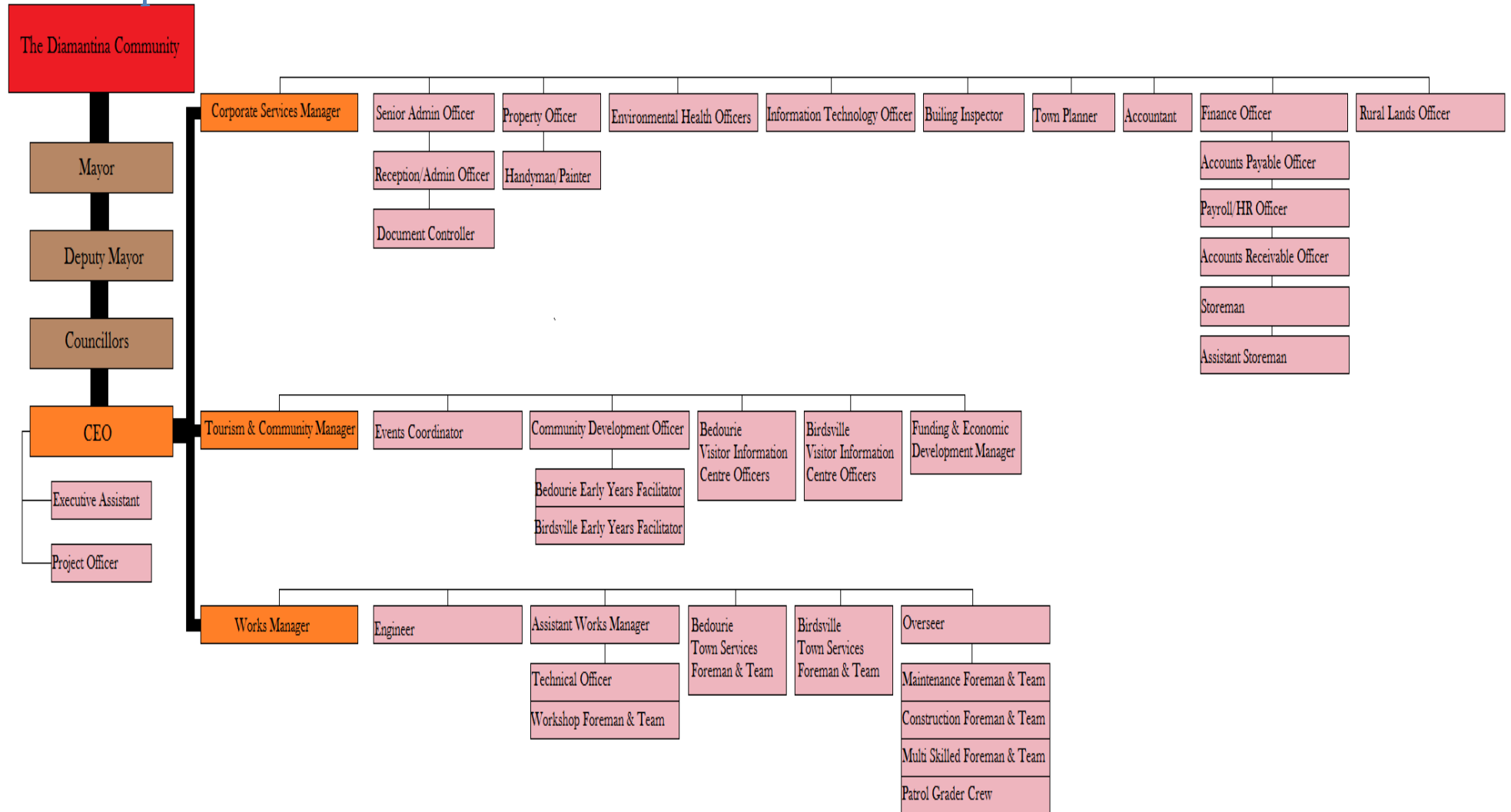
Council remains committed to providing equal employment opportunities in the workplace. Relevant statistics for the past five financial years are listed:

Our People

STAFF STATISTICS AT A GLANCE

Staff Numbers (FTE)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Number of Employees (excluding casuals) who worked for Council during the year. (Establishment of approximately 79).	83	82	91	81	81	115
- Internal	36	43	42	31	28	38
- External	47	39	49	50	53	77
Gender Balance						
Executive/Senior Management						
> Male	4	5	4	4	4	6
> Female	0	1	2	0	0	1
Elected Members						
> Male	5	7	4	4	4	4
> Female	0	1	1	1	1	1
Total Employees						
> Male	54	44	57	50	53	77
> Female	29	38	34	31	28	38
Other Statistics						
Aboriginal & Torres Strait Islander employees	26	23	30	29	33	40
Disabled employees	0	0	0	0	1	1
Staff Turnover	31%	35%	36%	32%	26%	49%

Our People



DIAMANTINA SHIRE COUNCIL CORPORATE STRUCTURE

Funded Programs

Diamantina Shire Council carries out a variety of services and projects on behalf of the residents of the shire. At times these activities are funded by federal or state government grants. Diamantina Shire Council would like to acknowledge the following funding bodies for activities funded in the 2012/2013 financial year;

- Department of Premier and Cabinet - Arts Queensland
- Department of Communities
- Department of Employment Training and Industrial Relations
- Department of Emergency Services
- Department of Health and Ageing
- Department of Health and Ageing – Office for Aboriginal and Torres Strait Islander Health
- Department of Infrastructure and Planning
- Department of Transport and Main Roads
- Queensland Health
- Queensland Health – Home and Community Care
- State Library of Queensland
- Queensland Reconstruction Authority
- Events Queensland

Funded by



A FUNDING PROGRAM IN DETAIL

The “Dust Storms, Sand Hills and Gibbers-Sculptures of the Dreamtime project includes sculptures in Bedourie, Birdsville and Betoota designed and created by Victorian artists Glenn Romanis, Mark Tringham and local artists Joyce Crombie and Jean Crombie-Barr.

Jointly funded by The Department of Sustainability, Environment, Water, Population and Communities, through the Indigenous Heritage Program, the Regional Arts Development Fund (RADF) and the Diamantina Shire Council the artwork first originated from the idea of having public art created to connect the three towns in the shire. This type of art work and storytelling is the first of its kind in the South West Queensland region. The gibbers representing Betoota, the sand hills Birdsville and the dust storm Bedourie provided a great way to draw this connection.

With the Diamantina Shire being mostly sand desert country, the river channels and waterholes, sand hills, dust storms and gibbers are important part of the indigenous cultural heritage that speaks of Place, and Country. The three distinctive artworks which are relevant to each community have been produced so that their cultural stories can be told in a public way using 3D on a large scale in a way that is accessible, visual and available to the public 24/7 and remain present in the long term. In Bedourie this takes the form of a large sculpture representing the Spinifex in a dust storm, in Birdsville there is an impressive stone meeting place overlooking the Billabong and in Betoota a stunning snake has been created out of stones on a hillside near the road

The Diamantina Shire Council feels there is a responsibility to support and nurture the unique cultural heritage of the Traditional Owners of the region so that it can be preserved and shared for the future. The project was a winner in the Regional Arts Development Fund category at the Arts Queensland Regional Arts and Culture Awards 2013.

Corporate Governance

The following lists all other information as required by the *Local Government Act 2009* and the *Local Government Regulation 2012*.

REMUNERATION DETAILS

- 3 senior contract employees with a total remuneration package in the range of \$120,000-\$150,000
- 1 senior contract employees with a total remuneration package in the range of \$150,000-\$180,000

COUNCILLOR DISCIPLINARY ACTION **s114(f)(g)**

As per section 180(2) and (4) and section 181 of the Act there has been no actions during the 2012/2013 financial year resulting in orders or recommendations.

COMPLAINTS ABOUT CONDUCT OR PERFORMANCE OF A COUNCILLORs114(h)

There was one complaint lodged regarding Councillor conduct within a scheduled meeting with the Crime and Misconduct Commission. The findings indicated that no further action was required to be taken and that the Councillor had not acted inappropriately as per section 176 of the Local Government Act 2009.

ADMINISTRATIVE ACTION COMPLAINTS **s115**

There was one administrative action complaint under section 268 of the Local Government Act 2009 relating to employment of contractors within the administration office. The complaint was lodged with the Crime and Misconduct Commission and findings indicated no further action was required by Council.

OVERSEAS TRAVEL

s116

No Councillors or Council Employees travelled overseas in an official capacity during the 2012/2013 financial year.

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS **s117**

During the 2012/2013 financial year, Council provided for the following cash support to community organisations:

<i>Name</i>	<i>\$</i>
Bedourie Golf & Leisure Club	500.00
Birdsville Parents and Citizen's Association	2,750.00
Bedourie Parents and Citizen's Association	6,250.00
Bedourie Amateur Race Club	2,000.00
Outback Chaplaincy Committee	3,000.00
North Qld Helicopter Rescue Service	2,500.00
Bedourie Gymkhana Club	13,541.00
Birdsville Social Club	10,106.40
Betoota Race Club Inc.	1896.00
Other Donations	3033.00
	\$45,576.00

RESERVES AND CONTROLLED ROADS**s118**

Diamantina Shire Council has control of –

- (a) 9,523.71ha of land (including 11.4ha leased) classified as reserves under the Land Act 1994; and
- (b) 656km of road that is not owned by Council but is in our control.

EXPENDITURE AND ACTION RELATING TO JOINT VENTURES**s119(1)(c)(i)**

Diamantina Shire Council did not enter into any joint venture agreements during the 2012/2013 financial year.

EXPENDITURE AND ACTION**RELATING TO SPECIAL RATES OR CHARGES****s119(1)(c)(ii)**

Diamantina Shire Council did not make or levy any special rate or charge for the 2012/2013 financial year.

CHANGES TO TENDERS**s119(d)**

Diamantina Shire Council did not change a tender during the 2012/2013 financial year.

REGISTERS KEPT BY COUNCIL**s119(e)**

- Register of Rates
- Register of Roads
- Register of Land Records
- Register of Delegations
- Register of Pecuniary Interests for employees and Councillors
- Register of Dogs/Impoundments/Agistment
- Register of Local and Subordinate Local Laws
- Register of Regulatory Fees
- Register of Directions from Mayor to CEO

RATES AND CHARGES CONCESSIONS**s119(f)**

Diamantina Shire Council did make one concession to rates or charges for the 2011/2012 financial year.

Implementation statements**s23**

The following information is provided pursuant to the relevant sections.

Preparation of codes of conduct**S15**

No major changes to Council's code of conduct policy were made during the 2012/2013 financial year.



Aerial Flood view 2012

Access to ethics principles and obligations and codes of conduct s19

Council's code of conduct is retained in a register with all Council policies. All staff can access or request the provision of any policy at any time. New staff are provided with an overview of the code and relevant information regarding access to the code during their induction.

Inspection of codes of conduct s20

Council's code of conduct is retained in a register with all Council policies. All policies are available for inspection, copying or purchase by any person.

Education and training s21

Council's recruitment procedures ensure that all staff have received an introduction to the code of conduct documentation.

Procedures and practices of public sector entities s22

Council policies, procedures and performance management systems are all developed and conducted with appropriate regard to the Public Sector Ethics Act 1994, the obligations of public officials and Councils code of conduct.

Reporting requirements 1 July to 31 December 2011. Disclosure activity s30.

Nil disclosures received or referred under section 294 during the reporting period

S 30 (1) (b) Nil disclosures substantially verified during the reporting period.

It should be noted that the reporting period ended when the Whistle-blower's Protection Act 1994 was replaced by the Public Interest Disclosure Act 2010.



Lone Tree 2012

Our Performance

Diamantina Shire Council began a comprehensive community engagement process in February 2009 which involved community surveys and public consultation meetings to develop a long term Community Plan, 5 year Corporate Plan and Annual Operational Plan.

Diamantina Shire Council undertakes a wide range of roles which are not traditionally carried by Local Government in Queensland and therefore its corporate response to the Community Vision is broad, addresses a wide range of issues and it is based on the delivery of outcomes which will move the community closer to its long term goals and vision.

These outcomes and the strategies to achieve them have been developed in line with quadruple bottom line principles which take into account social, environmental, economic and governance aspects in order to deliver a balanced and sustainable outcome.



Somewhere over the Rainbow

Assessment of Local and Regional Issues

Arts and Cultural Development

The Diamantina Shire has a rich and unique culture which has developed over the years with influences from both its Aboriginal and European residents.

The recognition, identification and preservation of this culture are at the forefront of the Council's actions and planning. This is demonstrated by a successful grant application to provide artefact display units in both Bedourie and Birdsville as well as a significant arts grant to produce 'Sculptures of the Dreamtime-Connecting the Community' and is supported by the outcomes and strategies of Council's Corporate Plan.

These outcomes include the identification and preservation of both Aboriginal and European sites of significance and the maintenance of culturally significant practices through events such as bronco branding, camp drafting, gymkhanas and the annual celebration of NAIDOC week.

The strategies which have been identified to deliver these outcomes include the development of plans for community club facility development and historical site preservation.

Disaster Mitigation and Management

As the only Government body with significant staff and equipment resources in the area, the Council has always had a major involvement in area of counter disaster and because of the nature of the Channel Country, managing the risks involved in and responding to accidents, fires, flooding events and asset restoration.

The restoration of flood damage on both Council and State controlled roads is a significant part of Council's works operations. It is therefore vital that Council is

proactive in its mitigation and management planning to ensure that assets are protected and more importantly that restoration funding continues to be made available. To this end Council has included a strategy in its corporate plan to ensure that disaster management plans are maintained and are up to date.

Economic Development

Diamantina Shire Council continues to work collaboratively with cattle and tourism business operators, industry peak bodies, representative groups and the community to identify and grow economic development opportunities. A growing community and a fledgling housing market are setting the pace in Bedourie and Birdsville. Sealed roads and 21st century information technology and communications will provide the tools for ongoing and secure economic development.

Environmental Management

The protection and sustainability of the unique Channel Country environment has been a priority for Council for many years. The Integrated Environmental Management System (IEMS) addresses the potential environmental risks associated with the operation of Council's Environmentally Relevant Activities and *sets out Council's position for compliance with environmental legislation as well as setting the Strategy for achieving "best practice" in environmental management.*

Assessment of Local and Regional Issues continued...



Dreamtime Serpent Sulpture “Gibbers” 2012 Betoota

Infrastructure

The sealing of the road network remains a major priority for Council and it is committed to the contribution of funds for works, research and lobbying to ensure that significant progress continues to be made. These issues and the required infrastructure needs for the growing communities will be included in the proposed infrastructure development plan which will ensure that infrastructure is well planned, managed and funded.

Public Health Management

Diamantina Shire Council is in the unusual position of not only providing the standard environmental health services delivered by local government, but also of providing primary health care services in Bedourie and Birdsville. Through funding partnerships with both State and Commonwealth governments, the Shire Health Clinics offer a range of preventative and primary health care to the community. The services include

regular general practitioner visits, as well as visiting specialists and ancillary health care professionals.

Community Development and Human Services

Council's Corporate Plan signals an increased focus on Community Development and Human Services. Initiatives such as maintaining control of and developing the healthclinics, events co-ordination, community assets development plan, funding community events and through the work of the Tourism & Community Manager, the Community continues to develop, and services are provided which build social capital and improve the quality of life of residents. The Community Plan will pull together the Club facilities development programme, sport and recreation plan, streetscape plan, town streets infrastructure plan and the community assets development plan to ensure that quality of life and social capital continue to be enhanced.



Dreamtime Serpent Sulpture “Sandhills” 2012 Birdsville



Aerial View of Bedourie in the dry



One of our newer houses

Assessment of Local and Regional Issues continued...

Housing

The significant effort put into housing by Council in recent years has addressed many of the problems faced by the community, however increased expectations and employment growth has again increased demand for quality housing. Council is now looking to provide for future demand by ensuring that housing stocks are continued to be developed and that land and infrastructure is available to meet that housing need.

Population

Diamantina Shire council continues to work toward the identified population targets set out in the Corporate and Community Plans, to grow the Diamantina shire population to 500 by 2014 and 2000 by 2029.

Inextricably linked to economic development, jobs growth and the development of infrastructure including community services and housing, Diamantina Shire Council is well progressed in realising the objective of an increased and sustainable population.

Performance – What we achieved

Environment

Goal	Strategies to achieve this Goal	Progress and Achievements
A community which is actively maintaining practices which ensures environmental sustainability.	<ul style="list-style-type: none"> ○ Lobby relevant agencies to take advantage of the natural resources for the production of energy in the Shire to augment the diesel power stations ○ Actively encourage and promote renewable energy (solar) for new housing developments. ○ Maintain currency of mandatory and advisory environmental management plans. ○ Ensure where possible that Council decisions are in keeping with existing plans. ○ Continue to support Shire catchment management and Landcare groups. ○ Maintain pest free status of river systems in the Shire. ○ Lobby to extend sealed road network to improve animal welfare. ○ Ensure that local laws and other legislation are applied as required to ensure that effective animal control is maintained. 	<ul style="list-style-type: none"> ○ Council has continued to liaise with Ergon Energy in relation to the introduction of clean and green technologies to augment the diesel power stations. ○ Council continues to work closely with neighbouring shires and partners such as RAPAD, Queensland Wild Dog Committee, Georgina Catchment Committee, Desert Channels and the Department of Infrastructure and Planning and the Department of Agriculture Fisheries and Forestry in the areas of plant and animal pest management. ○ Town Common Management Plans for both Bedourie and Birdsville have been developed and adopted by Council. These plans were developed with strong community consultation. ○ Review of Local and Subordinate Local laws is expected to be finalised and adopted by October 2013.
Guaranteed quality water supply and sewerage treatment.	<ul style="list-style-type: none"> ○ Maintain water and sewerage infrastructure in accordance with SAMPs ○ Ensure water quality meets guidelines for human consumption ○ Encourage "water wise" practices in the community 	<ul style="list-style-type: none"> ○ Water and Sewerage infrastructure maintained as per Council's scheduled 10 year capital works replacement schedule. ○ Water Quality continually monitored to ensure standards meet guidelines. Water Quality Management Plan has been drafted and has been lodged with the Department for approval.

Environment continued...

Goal	Strategies to achieve this Goal	Progress and Achievements
Land and infrastructure development that facilitates and meets the needs of the growing communities.	<ul style="list-style-type: none"> Develop land as required to meet existing and anticipated demand Conduct feasibility study for the establishment of an aircraft graveyard in the Shire Investigate options for military training activities in the Shire Conduct feasibility study for the establishment of a regional aged care facility in the Shire If feasible, seek funding for the establishment of a regional aged care facility in the Shire Facilitate the establishment of suitable child care services in the Shire 	<ul style="list-style-type: none"> Council continues to work towards the completion of the new Bedourie residential subdivision which will increase house blocks available within the town. Investigation of an aircraft graveyard and military training activities has continued with no definite results at this stage. Child care has been identified as an significant area that hinders possible employment of residents. Investigation continues in possible strategies to improve child care within Bedourie and Birdsville.
Towns which are attractive, green and clean with a community that takes pride in their homes and towns.	<ul style="list-style-type: none"> Maintain membership of Keep Australia Beautiful Council and nominate annually Encourage the voluntary operation of community gardens. Review and implement town streetscape plans Develop and implement a waste management strategy 	<ul style="list-style-type: none"> Membership with Keep Australia Beautiful Council continues. Working with both Town Foremen in Bedourie and Birdsville progress has been made towards continued implementation and also reviewing current town streetscape plans. A waste management strategy has been adopted and will be progressively implemented.



Upgrading the Levy bank at Bedourie.



Men & Truck



Hard at work

Performance – What we achieved

Social

Goal	Strategies	Comments
A community that recognises the value of preserving the unique culture of the area.	<ul style="list-style-type: none"> Investigate the establishment of a cultural heritage management plan Progress the finalisation of appropriate ILUAs Maintain support in accordance with Council's grants to community organisations policy Work with aboriginal groups to identify sites of significance Establish and fund a plan for the preservation and display of historical sites and artefacts 	<ul style="list-style-type: none"> Progress continues with the establishment of a cultural Heritage Management Plan. Council continues to be heavily involved with the progress of ILUA's with aboriginal groups. Progress continues with aboriginal groups in regards to the identification of significant sites and cultural heritage clearance with construction works. Funding has been received for the construction of artefact displays in both Bedourie and Birdsville with the completion of the displays occurring in late 2012.
A community where the cost of living is comparable to the south east of the state.	<ul style="list-style-type: none"> Complete and publish the cost of living study 	<ul style="list-style-type: none"> Cost of Living study completed and published in Council's Desert Yarns Newsletter during the previous financial year. Arrangements are being made to have this study available for the wider public by displaying on Council's website.
A community with affordable access to the full range of transport services and facilities.	<ul style="list-style-type: none"> Encourage use of the air services Lobby the State Government to maintain present "dash 8" type air services through the Shire Maintain biannual preferred freight supplier arrangements for Council and community freight 	<ul style="list-style-type: none"> Council continues to have a strong working relationship with both the Department of Transport and SkyTrans (air service provider). Council continues to attend "Air User Group Meetings"
A community with high private home ownership in which all residents are appropriately housed.	<ul style="list-style-type: none"> Continue to make suitable housing stock available for private purchase 	<ul style="list-style-type: none"> Council ceased its release of houses for sale in Birdsville and Bedourie in 2012/2013 as it has been identified that Council is now facing a shortage of appropriate residences.

A motivated and involved community.	<ul style="list-style-type: none"> ○ Maintain support in accordance with Council's grants to community organisations policy ○ Continue to make the services of Council's grants officer available to community groups <ul style="list-style-type: none"> ○ Continue to support the Youth Council ○ Continue to facilitate skills development activities for the Youth Council 	<ul style="list-style-type: none"> ○ Grants to community organisations continue with strong support outlined in Council's 2012/2013 Budget. ○ Council's grants officer continues to be available to community groups and individuals to seek financial support. ○ Council continues to strongly support youth council with secretarial support as well as financial support to progress youth initiated projects and training to support skills development.
A safe and crime free community.	<ul style="list-style-type: none"> ○ Engage the Youth Council to develop crime prevention strategies for the implementation in the Shire ○ Continue to support police and emergency services in the Shire ○ Maintain engagement with regional police service to ensure that community needs are understood and policing is effective ○ Develop and maintain disaster management plans 	<ul style="list-style-type: none"> ○ Strong ties continue with the Queensland Police Service. ○ A police column for both towns is included in Council's Desert Yarns Newsletter each month. ○ Crime remains low within the shire. ○ Drink right programmes were ran in both Bedourie and Birdsville in the first quarter of 2012/2013. ○ Council adopted its new Disaster Management Plan in early 2013. ○ Regular reports from SES and Rural Fire Brigades are received and reported to Council.
A well coordinated and cooperative group of businesses and individuals that deal with the public which successfully promotes the community.	<ul style="list-style-type: none"> ○ Facilitate the establishment of community development boards in each town ○ Source an appropriate customer service program 	<ul style="list-style-type: none"> ○ A Community Development Group has been formed to support all clubs and social groups within the Shire. Registration as an incorporation is expected to be completed in early 2013/2014. ○ Aussie Host Training was completed in early 2012/2013.
Full employment.	<ul style="list-style-type: none"> ○ Make Council training activities available to community members if appropriate ○ Implement strategies to improve child care opportunities 	<ul style="list-style-type: none"> ○ Training programs have been regularly advertised to community. ○ Child care has been identified as an significant area that hinders possible employment of residents. Investigation continues in possible strategies to improve child care within Bedourie and Birdsville. Discussions have been held with the QLD Department of Education and Training about the introduction of family daycare in both Bedourie and

Fully operational medical and pharmacy facilities run by quality service providers that provide appropriate and affordable access to on site gps and other specialist medical care.	<ul style="list-style-type: none"> ○ Implement health issues awareness activities in the workforce ○ Subsidise the cost of Council's bus for groups wishing to access specialist medical services ○ Lobby State health to provide half yearly dental visits ○ Encourage Council's health provider to coordinate visits by specialist health services. (Cardio, ENT etc) ○ Ensure health service contracts protect Council intellectual property rights ○ Monitor and review the performance of the health services contractor ○ Construct mortuary and storage facilities at the Birdsville Health Clinic ○ Carryout expansion of the Bedourie Clinic as per plans 	<p>Birdsville.</p> <ul style="list-style-type: none"> ○ NWQPHC continue to work closely with Council in implementing health awareness workshops. ○ NWQPHC continues to meet its obligations under the service agreement in providing health services to the communities of Bedourie and Birdsville. ○ Plans for the expansion of the Bedourie Clinic have been developed and revised and progress made towards Council securing ownership of this facility.
Fully reticulated electricity throughout the shire.	<ul style="list-style-type: none"> ○ Request an update from Ergon Energy on the connection of Shire properties to reticulated power supplies 	<ul style="list-style-type: none"> ○ An update on the progress of reticulated power within the shire has been sought.
Quality education and training available to all residents.	<ul style="list-style-type: none"> ○ Make Council training activities available to community members if appropriate ○ Investigate the opportunity to establish schooling to Year 10 	<ul style="list-style-type: none"> ○ Training programs have been regularly advertised to community members. ○ Highly successful ○ Information on the establishment of schooling to Year 10 has been requested from the Department of Education.
Quality sporting facilities	<ul style="list-style-type: none"> ○ Complete planning for a sports complex / community facility in Bedourie ○ Undertake construction of the Bedourie sports / community facility complex when funding becomes available 	<ul style="list-style-type: none"> ○ No further planning has been completed towards the construction of a sports complex/community facility in Bedourie. ○ Funding sought under the Australian Government's Remote Communities Living Infrastructure Program.

Performance – What we achieved

Economic

Goal	Strategies	Comments
A major and sustainable tourism industry	<ul style="list-style-type: none"> ○ Develop and implement a tourism development plan 	<ul style="list-style-type: none"> ○ Tourism Development Plan was endorsed by Council in the 1st quarter of 2012/2013. Research and strong ties with tourism groups such as OQTA (Outback Queensland Tourism Association) continues.
A population of 2000.	<ul style="list-style-type: none"> ○ Implement corporate plan strategies 	<ul style="list-style-type: none"> ○ An ongoing process in that Corporate Plan Strategies are progressed to ensure the Shire continues to grow with a goal population of 2,000 people in 20 years.
A transport network maintained in line with the rest of the state.	<ul style="list-style-type: none"> ○ Carry out works in line with works program ○ Upgrade both airport terminals ○ Undertake a scoping study into the development of an air park ○ Lobby State and Federal Government for road network improvement ○ Continue up to \$300,000 yearly contribution to the sealing of main roads ○ Identify and prioritise black spot projects 	<ul style="list-style-type: none"> ○ Works as per works program continues with set backs because of flooding taken into consideration. ○ Airport terminals were completed with the landscaping completed in the 1st quarter of 2012/2013. ○ Lobbying of Government for the improvement of road networks effecting the Diamantina Shire continues.
Council is a leader in the region which supports regional cooperation and resource sharing.	<ul style="list-style-type: none"> ○ Initiate discussions with neighboring Shires to undertake a resource sharing options review 	<ul style="list-style-type: none"> ○ Council continues to work closely with the shire of Barcoo and Boulia on several initiatives. Initiatives include joint ventures in tourism, purchasing, operational information reasearch and joint employment arrangements.
Government funding and assistance is maximised.	<ul style="list-style-type: none"> ○ Retain the services of a professional grants officer to prepare applications as required 	<ul style="list-style-type: none"> ○ Council continues to retain the services of a Grants Officer whose main function is to reasearch and submitt applications to progress projects that are within Council's best interest.

Growing and diversified industries which provide ample employment opportunities to shire residents.	<ul style="list-style-type: none"> ○ Develop and adopt an economic development plan ○ Market available land stocks 	<ul style="list-style-type: none"> ○ Council endorsed an Economic Development Plan in the 1st quarter of 2012/2013. ○ Two houses under contract were in the process of being finalised for sale at the end of 2012/2013.
Own and operate a quality plant fleet.	<ul style="list-style-type: none"> ○ Review plant hire rates and performance periodically ○ Carryout plant changeover in accordance with plant replacement program 	<ul style="list-style-type: none"> ○ Plant hire rates were overhauled in the 1st quarter of 2012/2013.
Quality council assets which meet community needs.	<ul style="list-style-type: none"> ○ Develop a community assets development and management plan ○ Cost and prioritise the development and operations factoring in depreciation of community facilities and/or services ○ Seek funding assistance for and undertake the development of new facilities in line with the prioritised program as finance allows 	<ul style="list-style-type: none"> ○ Work continues on the development of an AssetManagement Plan ○ The seeking of financial assistance for the development of community assets continues.
Regional government offices operating in the community.	<ul style="list-style-type: none"> ○ Investigate and report to Council on options for the establishment of Government agencies in the Wirrarri centre facilities and the Bedourie administration centre 	<ul style="list-style-type: none"> ○ Council has been unable to secure interest from government agencies in the establishment of operations from this area. ○ A large number of private operators have expressed interest in renting offices over the tourist season.
State of the art communication and it infrastructure.	<ul style="list-style-type: none"> ○ Lobby all levels of Government for a fibre optical communications solution 	<ul style="list-style-type: none"> ○ Council has contuned to work strongly on progressing a suitable fibre optical communication solution for the shire. ○ This includes a committed \$1,400,000 in its annual budget towards a possble solution. ○ Council continues to work closely with neighbouring Barcoo Shire Council and continues to liase and meet with government departments and representatives in progressing a benefical solution for the region.

Performance – What we achieved

Governance

Goal	Strategies	Comments
A sustainable and effective organisation	<ul style="list-style-type: none"> ○ That Council develop and implement a comprehensive training and development plan for Councillors and staff which is aimed at delivering Council's strategic outcomes ○ Conduct regular performance appraisals for all staff ○ Promote the employment and development of local residents ○ Maintain practices in line with the Workplace Health & Safety Legislation ○ Implement practices across the organisation, which are in line with Council quality assurance system ○ Maintain a corporate structure that reflects and meets the needs of the Corporate Plan ○ Maintain a comprehensive and effective planning and reporting process ○ Maintain high standard of ethical conduct ○ Provide sufficient resources to facilitate effective governance ○ Support the separation of roles between Council and Management ○ Provide adequate support and development opportunities to ensure that corporate skills and knowledge are current and leading edge 	<ul style="list-style-type: none"> ○ A new training matrix is being prepared to better meet Council staff needs. ○ Performance appraisals of employed staff continue. ○ The employment and development of local residents continues. ○ Workplace Health and Safety within Council's operations continues to be a priority with a commitment to improve council's systems. Improvements in dissemination of information and in house programs and publications have improved employee focus on workplace health and safety. ○ Council has made good progress with the development of its Quality Assurance System (Integrated Management System), with the areas of Works, Workshop and Stores already being accredited under ASO9001:2008.

Governance continued...

Goal	Strategies	Comments
	<ul style="list-style-type: none"> ○ Develop and maintain a Risk Management Plan ○ Maintain and effective records management policy and procedure ○ Maintain and effective information management system ○ Develop, implement and maintain strategic IT plan ○ Maintain up to date and compliant financial management and reporting systems ○ Fund depreciation in line with Council's revenue policy and provide for asset replacement in line with asset management plans ○ Ensure the grant and subsidy income is maximised ○ Maximise internal/external revenue sources ○ Continue to apply the Code of Competitive Conduct to nominated Council business activities ○ That an external customer service operating framework be developed which ensures that customers receive a quality and positive experience when dealing with Council ○ Provide adequate resources to ensure that administration and customer service functions are carried out effectively 	<ul style="list-style-type: none"> ○ Council completed an overhaul of electronic data records management system in late 2012/2013. ○ Council continues to fund its depreciation in line with its asset management policy. ○ Grant and Subsidy income as well as internal revenue is closely monitored to ensure maximum potential is received. ○ The methodology of the Code of Competitive Conduct continues to be applied to areas such as Water, Sewerage and Road Construction. ○ In 2011/2012 Council struggled to provide adequate resources to ensure that administration and customer service functions are carried out effectively, in particular the recruitment and retention of staff; 2012/2013 so an improvement in human resource management and processes.

Governance continued...

Goal	Strategies	Comments
	<ul style="list-style-type: none"> ○ Ensure effective and sustainable administrative systems are in place to meet operational and legislative requirements ○ Ensure enquiries and customer requests are satisfactorily dealt with in a timely, appropriate manner ○ Implement a customer satisfaction survey and bench marking ○ Develop and implement a community engagement framework ○ Develop and improve communications tools including website, community noticeboard, rates newsletter, annual report etc 	<ul style="list-style-type: none"> ○ Customer requests and enquiries are dealt with in a timely manner with a framework developed and built into Council's electronic records management system. ○ Preliminary work has been done in developing a community engagement plan and this shall be furthered in the 2013/14 financial year. ○ Council continues to improve its communications with noted tools such as its website which has had a significant makeover, community noticeboard notices, The Desert Yarns Newsletter and Annual Report.



Cattle & Emu's sharing the plain



Roo



One of many sand dunes

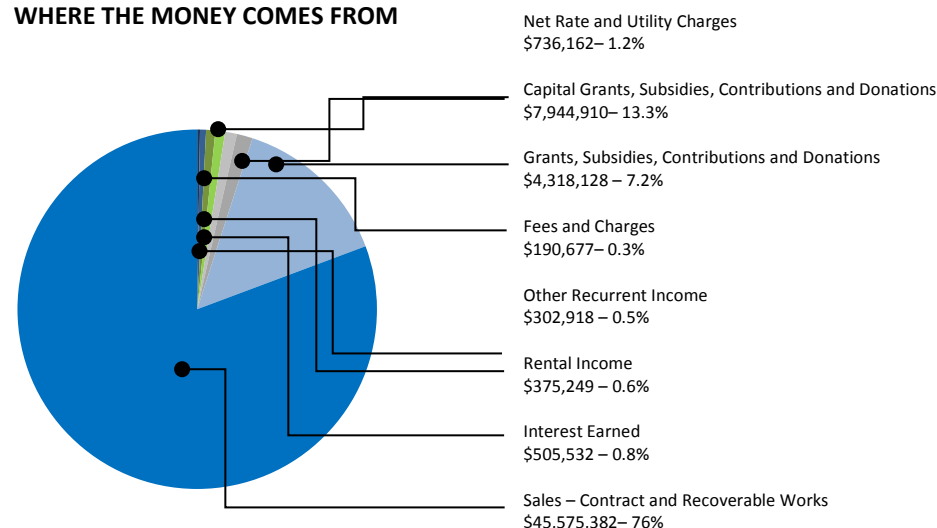
Community Financial Report

This report is intended to take complex financial information and report it in simple terms so that interested members of the community can gain a more informed understanding of Council's financial performance and financial position for the year. The Annual Financial Statements of the Council are part of the Annual Report and should be viewed for more detailed financial information (See Part B commencing at Page 46).

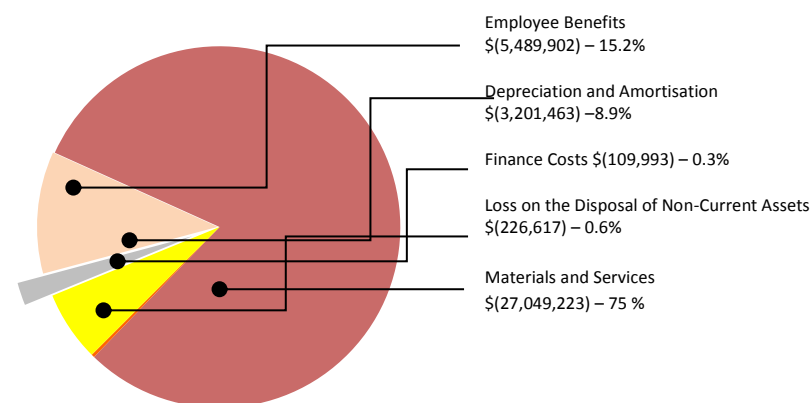
COUNCIL'S FINANCIAL PERFORMANCE

The Income Statement reflects how we take the money we receive in our day to day operations and spend it on providing the level of services the community expects from our organisation. This year Council's total revenue amounted to \$59.9 million and total expenses amounted to \$36.0 million returning an operating deficit of \$23.9 million.

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



OPERATING SURPLUS \$23,871,759

Community Financial Report

COUNCIL'S FINANCIAL POSITION

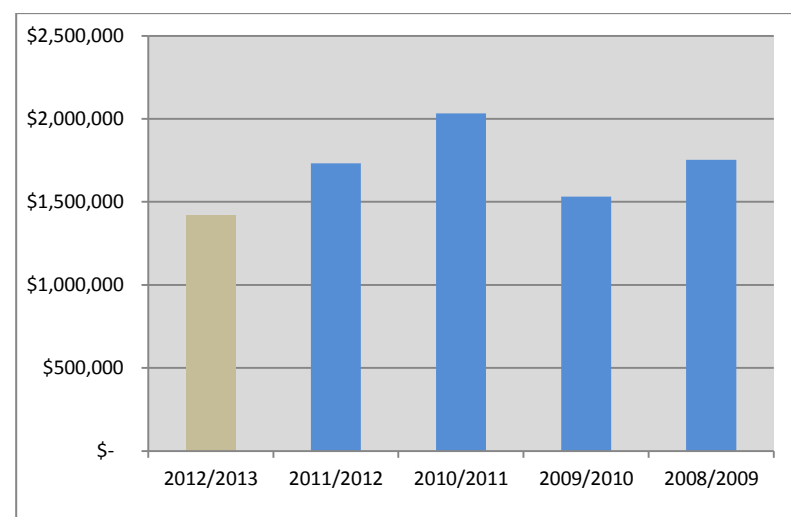
The Balance Sheet measures what Council owns and owes at the end of the financial year. The result of these two components determines the net wealth of Council, which is the net wealth of the community.

What do our assets consist of?	%	\$
Cash and cash equivalents	4.61%	17,798,877
Trade and other receivables	4.16%	6,176,817
Inventories	0.58%	1,223,064
Other financial assets	0.03%	31,663
Investments - Non-current assets held for resale	0.82%	336,000
Property, plant and equipment	89.80%	130,465,990
TOTAL ASSETS		\$156,032,411

What do our liabilities consist of?	%	\$
Trade and other payables	57.80%	1,534,281
Borrowings	37.08%	1,418,426
Provisions	5.12%	270,768
TOTAL LIABILITIES		\$3,223,475

OUR DEBT

With debt repayments amounting to \$ 313,649 for the year Council's balance of debt at June 30, 2013 amounted to \$1,418,426. Council continues to manage its debt responsibly electing only to borrow new debt by taking into account the economic conditions of the period, with the view that the borrowing will provide a benefit to future generations.

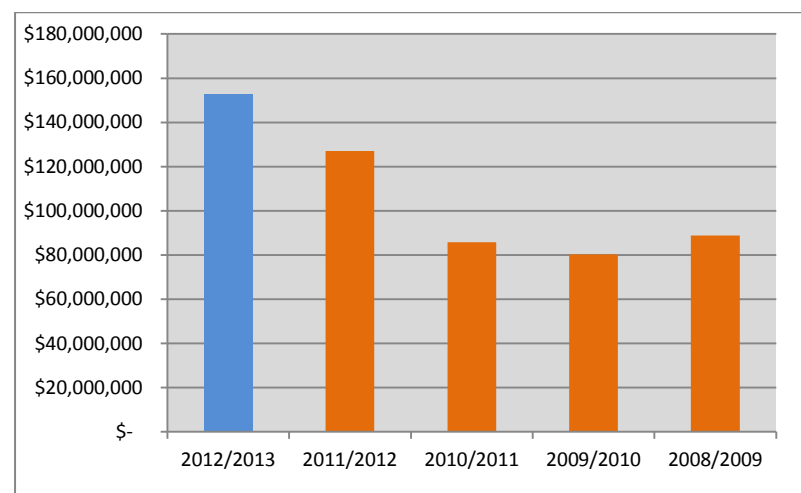


Community Financial Report

CHANGES IN EQUITY

This statement measures the change in our net wealth and considers such items as retained earnings, re-valuations of our asset base and reserves held for future capital works

The community ownership in the infrastructure and services Council provides to the community is growing steadily. A portion of the community wealth is cash backed by an appropriate level of reserves held to plan for future projects, which, with financial planning, can place less reliance on loan borrowing in meeting the needs of the community.



OUR CASH POSITION

The Statement of Cash Flows identifies how we received and spent our money during the year, resulting in what cash is available at the end of the year.

Cash at Beginning	\$6,882,417
Inflow from Operating Activities	\$17,909,237
Outflow from Investing Activities	(\$6,679,129)
Outflow from Financing Activities	(\$313,649)
Cash at End	\$17,798,877

While our current cash balance is \$17,798,877 it is important to note that \$2,030,814 is restricted as reserves for specific purposes, such as future capital works.

SUMMARY

In conclusion Council's Financial Position is sound ensuring continued viability of our programs so we can continue to meet the needs of our diverse community. Given the increasing requirements with which we must comply and the trend of reducing subsidies and grants, Council, like any organisation, must prioritise its requirements so as to ensure the long term sustainability and viability of the organisation.

Community Financial Report

RELEVANT MEASURES OF FINANCIAL SUSTAINABILITY

As outlined in section 178 Local Government Regulation 2012 it is a requirement for Council to display relevant measures of financial sustainability for the financial year to which the statement relates. A local government's long-term financial sustainability statement must state— the relevant measures of financial sustainability for the 9 financial years following the year to which the statement relates; and an explanation of the local government's financial management strategy that is consistent with the long-term financial forecast.

Ratio	2012/2013 <i>Actual</i>	2012/13 <i>Budget</i>	2013/14 <i>Budget</i>	2014/15 <i>Budget</i>	2015/16 <i>Budget</i>	2016/17 <i>Budget</i>	2017/18 <i>Budget</i>	2018/19 <i>Budget</i>	2019/20 <i>Budget</i>	2020/21 <i>Budget</i>
Operating Surplus Ratio	30.2%	7.6%	(0.5)%	(17.8)%	(22.1)%	(21.4)%	(16.8)%	(17.5)%	(17.6)%	(19.5)%
Net Financial Liabilities Ratio	(42.9)%	(12.8)%	(33.0)%	(51.4)%	(1.1)%	(2.1)%	(12.4)%	(19.6)%	(22.7)%	7.1%
Asset Sustainability Ratio	409.4%	200.3%	75.6%	136.3%	90.4%	22.8%	38.3%	28.6%	22.0%	16.7%

Operating Surplus Ratio

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes. The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of total operating revenue. A positive ratio indicates that surplus revenue is available. This may be used to support the funding of capital expenditure or used to offset past or future operating deficits. If the surplus is not required for this purpose in a particular year, it can be held to support future capital expenditure funding as a financial asset, used to offset past deficit funding or, where possible, used to reduce current debt levels.

Net result divided by total operating revenue. Expressed as a percentage. Target Ratio = Between 0 - 10%

Net Financial Liabilities Ratio

This is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. A ratio greater than zero (positive) indicates that total financial liabilities exceed current assets. These net financial liabilities must be serviced using available operating revenues. A positive value less than 60 per cent indicates the local government has the capacity to fund the financial liabilities and appears to have the capacity to increase its loan borrowings if required. A positive value greater than 60 per cent indicates the local government has limited capacity to increase its loan borrowings. A ratio less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary.

Total liabilities less current assets divided by total operating revenue. Expressed as a percentage. Target Ratio = Less than 60%

Asset Sustainability Ratio

This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach the end of their useful lives. Depreciation expense represents an estimate of the extent to which the infrastructure assets have been consumed in a period.

Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the infrastructure assets are being replaced. This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense. Expressed as a percentage. Target Ratio = Greater than 90%



SUSTAINABLY DEVELOPING THE OUTBACK

DIAMANTINA SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

DIAMANTINA SHIRE COUNCIL

FINANCIAL REPORT

For the Year Ended 30 June 2013

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DIAMANTINA SHIRE COUNCIL

Statement of Comprehensive Income

For the Year Ended 30 June 2013

		30 June 2013	30 June 2012
	Note	\$	\$
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	736,162	642,858
Fees and charges	3(b)	190,677	93,486
Rental income	3(c)	375,249	332,306
Interest earned	3(d)	505,532	375,967
Sales - revenue	3(e)	52,025,163	34,587,528
Other recurrent income	3(f)	302,918	371,190
Grants, subsidies, contributions and donations	4(a)	4,318,128	4,005,456
Total recurrent revenue		<u>58,453,829</u>	<u>40,408,791</u>
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	1,495,129	2,444,747
		<u>1,495,129</u>	<u>2,444,747</u>
Total Revenue		<u>59,948,958</u>	<u>42,853,538</u>
Total Income		<u>59,948,958</u>	<u>42,853,538</u>
Expenses			
Recurrent Expenses			
Employee benefits	5	(5,489,902)	(4,870,328)
Materials and services	6	(27,049,223)	(35,927,181)
Finance costs	7	(109,993)	(124,751)
Depreciation	8	(3,201,463)	(2,810,874)
Total recurrent expenses		<u>(35,850,581)</u>	<u>(43,733,134)</u>
Capital Expenses	9	<u>(226,617)</u>	<u>(995,907)</u>
Total Expenses		<u>(36,077,198)</u>	<u>(44,729,041)</u>
Net Result		<u>23,871,759</u>	<u>(1,875,503)</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		1,063,474	43,986,686
Total Other Comprehensive Income for the Year		<u>1,063,474</u>	<u>43,986,686</u>
Total Comprehensive Income for the Year		<u>24,935,233</u>	<u>42,111,183</u>

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

DIAMANTINA SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2013

		30 June 2013	30 June 2012
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	10	17,798,877	6,882,418
Trade and other receivables	11	6,176,817	6,213,769
Inventories	12	1,223,064	859,735
Other financial assets	13	6,541	14,300
		<u>25,205,299</u>	<u>13,970,222</u>
Non-current assets classified as held for sale	14	336,000	1,226,265
Total Current Assets		<u>25,541,299</u>	<u>15,196,487</u>
Non-Current Assets			
Other financial assets	13	25,122	31,663
Property, plant and equipment	15	130,465,990	117,316,292
Total Non-Current Assets		<u>130,491,112</u>	<u>117,347,955</u>
TOTAL ASSETS		<u>156,032,411</u>	<u>132,544,442</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	16	1,499,786	2,602,831
Borrowings	17	332,103	312,605
Provisions	18	112,310	20,065
Total Current Liabilities		<u>1,944,199</u>	<u>2,935,501</u>
Non-Current Liabilities			
Trade and other payables	16	34,495	96,971
Borrowings	17	1,086,323	1,419,470
Provisions	18	158,458	218,797
Total Non-Current Liabilities		<u>1,279,276</u>	<u>1,735,238</u>
TOTAL LIABILITIES		<u>3,223,475</u>	<u>4,670,739</u>
NET COMMUNITY ASSETS		<u>152,808,936</u>	<u>127,873,703</u>
Community Equity			
Asset revaluation surplus	19	80,811,253	79,747,779
Retained surplus	20	71,997,683	48,125,924
Other reserves	22	-	-
TOTAL COMMUNITY EQUITY		<u>152,808,936</u>	<u>127,873,703</u>

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

DIAMANTINA SHIRE COUNCIL

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Asset Revaluation Surplus	Retained Surplus	Other Reserves	Total
Notes	19	20	22	
	\$	\$	\$	\$
Balance at 1 July 2012	79,747,780	48,125,924	-	127,873,704
Net result	-	23,871,759	-	23,871,759
Other comprehensive income for year				
Increase in asset revaluation surplus	1,063,473	-	-	1,063,473
Total comprehensive income for year	1,063,473	23,871,759	-	24,935,232
Balance as at 30 June 2013	80,811,253	71,997,683	-	152,808,936
Balance at 1 July 2011	35,761,094	47,952,134	2,049,293	85,762,520
Net result	-	(1,875,503)		(1,875,503)
Other comprehensive income for year				
Increase in asset revaluation surplus	43,986,686	-	-	43,986,686
Total comprehensive income for year	43,986,686	(1,875,503)	-	42,111,183
Transfers to and from reserves				
Transfers to/from other reserves	-	2,049,293	(2,049,293)	-
Total transfers to and from reserves	-	2,049,293	(2,049,293)	-
Balance as at 30 June 2012	79,747,780	48,125,924	-	127,873,703

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

DIAMANTINA SHIRE COUNCIL

Statement of Cash Flows

For the Year Ended 30 June 2013

		30 June 2013	30 June 2012
	Note	\$	\$
Cash flows from operating activities :			
Receipts from customers		57,669,408	39,992,450
Payments to suppliers and employees		(38,399,305)	(43,541,240)
		19,270,103	(3,548,790)
Interest received		505,532	375,967
Rental income		375,249	332,306
Non capital grants and contributions		4,318,128	4,005,456
Borrowing costs		(109,993)	(124,751)
Net cash inflow (outflow) from operating activities	27	<u>24,359,018</u>	<u>1,040,188</u>
Cash flows from investing activities:			
Payments for property, plant and equipment		(15,392,612)	(6,814,468)
Proceeds from sale of property plant and equipment		1,168,573	199,713
Grants, subsidies, contributions and donations		1,095,129	2,444,747
Net cash inflow (outflow) from investing activities		<u>(13,128,910)</u>	<u>(4,170,008)</u>
Cash flows from financing activities:			
Repayment of borrowings		(313,649)	(300,539)
Net cash inflow (outflow) from financing activities		<u>(313,649)</u>	<u>(300,539)</u>
Net increase (decrease) in cash held		<u>10,916,459</u>	<u>(3,430,358)</u>
Cash at beginning of financial year		6,882,418	10,312,777
Cash at end of financial year	10	<u><u>17,798,877</u></u>	<u><u>6,882,418</u></u>

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Significant Accounting Policies

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2012 to 30 June 2013 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets, non-current assets held for resale and finance leases as lessor.

1.B Statement of Compliance

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

1.C Constitution

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

1.D Date of Authorisation

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

1.E Currency

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

1.F Adoption of New and Revised Accounting Standards

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

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

	Effective for annual report periods beginning on or
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2015
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee Benefits</i> (completely replaces existing standard)	1 January 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2011-08 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119</i> (September 2011)	1 January 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2012-02 <i>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
AASB 2012-03 <i>Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</i> (AASB 132)	1 January 2014
AASB 2012-03 <i>Amendments to Australian Accounting Standards - Government Loans</i> (AASB 1)	1 January 2014
AASB 2012-05 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i> (AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2)	1 January 2013
AASB 2012-06 <i>Amendments to Australian Accounting Standards - Mandatory Effective Dates of AASB 9 and Transition Disclosures</i> (AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8)	1 January 2013
AASB 2012-09 <i>Amendments to AASB arising from the Withdrawal of Australian Interpretation 1039</i>	1 January 2013
AASB 2012-10 <i>Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments</i> (AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12)	1 January 2013

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.F Adoption of New and Revised Accounting Standards (continued)

AASB 9 Financial Instruments (effective from 1 January 2015)

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

As a result, Council will be required to measure its financial assets at fair value. Had this requirement been adopted at 30 June 2013, management estimate there would have been no financial impact on the consolidated financial statements.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is not impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

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

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

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

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

Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability

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

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

Amendments to AASB 119 Employee Benefits

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

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

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.F Adoption of New and Revised Accounting Standards (continued)

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Diamantina Shire Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in note 25. The revised standard will require Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

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

1.G Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Valuation of property, plant and equipment - Note 1.P and Note 15

Impairment of property, plant and equipment - Note 1.Q and Note 15

Provisions - Note 1.S and Note 18

Contingencies - Note 24

1.H Revenue

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

Rates and Levies

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

Grants and Subsidies

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

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

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

Non-Cash Contributions

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

Physical assets contributed to Council are recognised as revenue when Council obtains control of the assets and becomes liable for any ongoing maintenance and there is sufficient data to determine the values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Rental Income

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.H Revenue (continued)

Interest

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

Sales Revenue

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

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

Fees and Charges

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

1.I Financial Assets and Financial Liabilities

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

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

Financial Assets

Cash and cash equivalents (Note 1.J)

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

Leases - measured at present value of future lease payments (Note 1.M)

Financial Liabilities

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

Borrowings - measured at amortised cost (Note 1.T)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and / or by reference to pricing models and valuation techniques. It reflects the value of the debt if council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 29.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.J Cash and Cash Equivalents

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

1.K Receivables

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

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

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

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

1.L Inventories

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

Inventories held for distribution are:

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

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

1.M Other Financial Assets

Finance Lease as Lessor

During the years 2001 to 2008 Council entered into finance lease arrangements for the sale of land and houses in Bedourie and Birdsville. Note 13 contains details of lease payments receivable at 30 June 2013

Where council enters into a finance lease, Council recognises an asset equal to the present value of the minimum lease payments receivable. Lease assets are reduced by repayments of principal received. The interest components of the lease payments received are recognised as finance income.

1.N Non-Current Assets Held for Resale

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

1.O Investments

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.P Property, Plant and Equipment

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

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

- Land and Improvements
- Buildings
- Plant and Equipment
- Roads, Drainage and Bridge Network
- Water Infrastructure
- Sewerage Infrastructure
- Other Structures
- Work in Progress

Acquisition of Assets

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

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

Capital and Operating Expenditure

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

Valuation

Land and improvements, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all classes and making their own assessment of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, other structures and buildings, the results of which are considered in combination with the Product Price Indexes, Australia, Table 15, published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for buildings, other structures and infrastructure asset classes in each of the intervening years. With respect to the intervening years valuation of the land and improvements and buildings council perform an inhouse review considering additions, deletions and changes in assumptions such as useful life, residual value and condition rating. Reference is also made to the Department of Environment and Resource Management Annual Valuations for Diamantina Shire Council area when assessing changes in value of land assets.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 15.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.P Property, Plant and Equipment (continued)

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

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

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

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

Capital Work in Progress

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

Depreciation

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the 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.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land Under Roads

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.Q Impairment of Non-Current Assets

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

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

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

1.R 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.S Liabilities – Employee Benefits

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

Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 16 as a payable.

Annual Leave

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

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.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 25.

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. The liability is reported in Note 18 as a provision.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.T Borrowing and Borrowing Costs

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

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

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

1.U Restoration Provision

No provision for the cost of restoration in respect of the shire refuse dumps has not been provided for in the accounts as the monetary value is considered to be insignificant. Any costs associated with restoration are expensed in the year they are incurred.

1.V Asset Revaluation Surplus

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

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

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

When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus.

1.W Retained Surplus

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

1.X National Competition Policy

The Council has reviewed its activities and has identified no activities that are business activities.

1.Y Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.Z Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 26.

1.AA 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.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Analysis of Results by Function

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

Year Ended 30 June 2013

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2013	2013	2013	2013							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	3,105,805	1,072,337	-	-	4,178,142	(4,295,035)	(226,617)	(4,521,652)	(116,893)	(343,510)	28,898,796
Community Services	1,047,475	711,121	150,000	400,000	2,308,596	(3,443,568)	-	(3,443,568)	(1,684,972)	(1,134,972)	19,927,118
Works	164,850	52,025,163	420,337	-	52,610,350	(25,093,917)	-	(25,093,917)	27,096,096	27,516,433	78,397,726
Environment, Health and Planning	-	327,078	524,792	-	851,870	(3,018,061)	-	(3,018,061)	(2,690,983)	(2,166,191)	28,808,771
Total Council	4,318,130	54,135,699	1,095,129	400,000	59,948,958	(35,850,581)	(226,617)	(36,077,198)	22,603,248	23,871,760	156,032,411

Year Ended 30 June 2012

Year ended 30 June 2012

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	2,979,851	873,819	-	-	3,853,670	(3,294,672)	(995,907)	(4,290,579)	558,998	(436,909)	18,104,042
Community Services	1,007,164	633,552	38,067	-	1,678,783	(5,041,421)	-	(5,041,421)	(3,400,705)	(3,362,638)	17,925,281
Works	-	34,587,573	1,176,984	-	35,764,557	(32,633,992)	-	(32,633,992)	1,953,581	3,130,565	68,424,147
Environment, Health and Planning	-	326,832	1,229,696	-	1,556,528	(2,763,049)	-	(2,763,049)	(2,436,217)	(1,206,521)	28,090,972
Total Council	3,987,015	36,421,776	2,444,747	-	42,853,538	(43,733,134)	(995,907)	(44,729,041)	(3,324,343)	(1,875,503)	132,544,442

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 (b) Components of Council Functions

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

Governance

Includes training, operating costs of councillors and Council meetings, quality assurance and workplace health and safety, as well as general administration, human resources, financial support services, rates collection, investment of surplus cash, stores and housing services.

Community Services

Includes sports and recreation facilities, area promotion, events management and youth affairs, as well as Council and community housing.

Works

Includes road construction and maintenance, depots, plant operation and maintenance, water and sewerage.

Environment, Health and Planning

Includes health and building, animal control, cemeteries, public conveniences, halls, aerodromes, parks and gardens, reserves, stock routes, refuse collections and disposal, caravan parks, television facilities, radio, and street lighting.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
3 Revenue Analysis			
(a) Rates, Levies and Charges			
General rates		636,740	544,760
Water		109,854	107,310
Sewerage		39,752	38,073
Garbage charges		41,968	40,622
Total rates and utility charge revenue		828,314	730,765
Less: discounts		(92,152)	(87,907)
Net rates, levies and charges		736,162	642,858
(b) Fees and Charges			
Fees and charges		190,677	93,486
		190,677	93,486
(c) Rental Income			
Housing rentals		375,249	332,306
		375,249	332,306
(d) Interest Earned			
Interest from rates and charges		15,591	5,801
Interest earned from cash deposits		485,804	364,682
Interest finance lease assets		4,137	5,484
		505,532	375,967
(e) Sales Revenue			
Sales - Contract and recoverable works		52,025,163	34,587,528
		52,025,163	34,587,528
(f) Other Recurrent Income			
Other income		302,918	371,190
		302,918	371,190
4 Grants, Subsidies, Contributions and Donations			
(a) Recurrent			
State Government grants		3,667,134	3,364,630
Commonwealth Government grants		650,989	638,491
Donations & Contributions		5	2,335
Total recurrent revenue		4,318,128	4,005,456
(b) Capital			
State Government subsidies and grants		674,792	1,467,763
Commonwealth Government grants		420,337	976,984
Donations & Contributions		400,000	-
Total capital revenue		1,495,129	2,444,747
Conditions over contributions			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date.			
Non-reciprocal grants for expenditure on services		89,614	3,288,232
		89,614	3,288,232
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:			
Non-reciprocal grants for expenditure on services		3,288,232	-
		3,288,232	-

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
5 Employee Benefits			
Total staff wages and salaries		4,419,335	4,187,788
Councillors' remuneration		291,612	158,181
Annual, sick and long service leave entitlements		266,616	308,409
Superannuation	25	423,544	348,361
		<u>5,401,107</u>	<u>5,002,739</u>
Other employee related expenses		170,293	51,217
		<u>5,571,400</u>	<u>5,053,956</u>
Less: capitalised employee expenses		(81,498)	(183,628)
		<u>5,489,902</u>	<u>4,870,328</u>

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

Total Council employees at the reporting date:

	2013	2012
Elected members	5	5
Administration staff	18	25
Depot and outdoors staff	37	33
Total full time equivalent employees	<u>60</u>	<u>63</u>

6 Materials and Services

Administration supplies and consumables	1,994,496	1,672,879
Area promotion and events	935,968	943,717
Audit services	57,325	46,076
CED scheme	27,768	42,811
Community and Council housing expenses	588,425	416,513
Council depots	431,966	614,457
Donations paid	45,576	66,921
Environmental health, pest and animal management	174,014	69,811
Halls and public conveniences	60,579	125,010
Health service expenses	1,172,202	1,094,970
Other community services	123,499	93,161
Parks, gardens and reserves	416,200	374,406
Planning and development	67,396	40,367
Plant operation	2,005,944	3,612,073
Racecourses, swimming pools, aerodromes, caravan parks	686,798	369,408
Recoverable works	366,188	149,301
Repairs and maintenance	23,917	12,458
Shire road and street network	192,757	167,298
Subsidised works	17,406,510	25,866,888
Waste management	193,359	68,877
Water supply	78,335	79,779
	<u>27,049,223</u>	<u>35,927,181</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
7 Finance Costs			
Finance costs charged by the Queensland Treasury Corporation		92,834	108,546
Interest charged ATO		-	4,703
Bank charges		17,159	11,502
		<u>109,993</u>	<u>124,751</u>
8 Depreciation			
Depreciation of non-current assets			
Buildings		521,044	407,663
Other structures		417,261	700,409
Plant and equipment		1,585,522	1,294,524
Road, drainage and bridge network		544,536	284,136
Water		82,724	83,042
Sewerage		50,376	41,100
Total depreciation of non-current assets		<u>3,201,463</u>	<u>2,810,874</u>
9 Capital Expenses			
Gain (loss) on the disposal of non-current assets			
Proceeds from the sale or write down of plant and equipment		917,589	199,713
Less: book value of plant and equipment disposed of		<u>(1,151,830)</u>	<u>(391,017)</u>
		<u>(234,241)</u>	<u>(191,304)</u>
Proceeds from the sale or write down of land, improvements, buildings and other structures		48,003	-
Less: book value of land, improvements, buildings and other structures disposed		<u>(38,360)</u>	<u>(696,739)</u>
		<u>9,643</u>	<u>(696,739)</u>
Proceeds from the sale of non current assets held for resale		202,981	193,708
Less: book value of non current assets held for resale		<u>(205,000)</u>	<u>(194,104)</u>
Impairment loss on non current assets held for resale		-	(107,468)
		<u>(2,019)</u>	<u>(107,864)</u>
		<u>(226,617)</u>	<u>(995,907)</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
10 Cash and Cash Equivalents			
Cash at bank and on hand		34,029	869,293
Deposits at call		17,764,848	6,013,125
Balance per Statement of Cash Flows		<u>17,798,877</u>	<u>6,882,418</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		89,614	3,288,232
Internally imposed expenditure restrictions at reporting date (previously disclosed as reserves):			
Elections		2,500	-
Employee entitlements		147,023	97,023
Asset revaluation		13,000	10,000
Building maintenance		61,730	61,730
Road Construction		40,000	-
Recreational facilities		750,000	750,000
Plant replacement		792,824	530,824
Water infrastructure		122,735	252,735
CED infrastructure		36,966	100,966
Waste Management		14,036	4,036
Other capital projects		50,000	100,000
Total internally imposed restrictions		<u>2,030,814</u>	<u>1,907,314</u>
Total unspent restricted cash for capital and recurrent projects		<u>2,120,428</u>	<u>5,195,546</u>
11 Trade and Other Receivables			
Current			
Rateable revenue and utility charges		133,719	188,884
Other debtors		2,034,487	2,434,144
Less provision for impairment		(10,000)	(10,000)
Prepayments		105,121	56,421
Accrued revenue		<u>3,913,490</u>	<u>3,544,320</u>
		<u>6,176,817</u>	<u>6,213,769</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.			
Movement in accumulated impairment losses (other debtors) is as follows:			
Opening balance 1 July 2012		10,000	10,000
Impairment		-	-
Closing balance 30th June 2013		<u>10,000</u>	<u>10,000</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
12 Inventories			
Current			
Inventories held for distribution:			
Stores and raw materials		1,223,064	859,735
Total inventories for distribution		<u>1,223,064</u>	<u>859,735</u>
13 Other Financial Assets			
Current			
Finance lease asset receivable		6,541	14,300
		<u>6,541</u>	<u>14,300</u>
Non-Current			
Finance lease asset receivable		25,122	31,663
		<u>25,122</u>	<u>31,663</u>
<i>Finance lease asset receivable</i>			
Within one year		8,897	18,437
After one year but not more than five years		31,255	40,152
Total minimum lease payments		<u>40,152</u>	<u>58,589</u>
Less amounts representing unearned financial income		<u>(8,489)</u>	<u>(12,626)</u>
Present value of minimum lease payments		<u>31,663</u>	<u>45,963</u>
14 Non-Current Assets Classified as Held for Sale			
Council has decided to sell specified blocks of land & houses to generate further private ownership within the shire. It is expected that these houses are to be sold within one year.			
		336,000	1,226,265
		<u>336,000</u>	<u>1,226,265</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 (a) Property, Plant and Equipment

30 June 2013

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2012	
Additions at cost	
Disposals	9
Revaluation adjustment to the Asset Revaluation Surplus	19
Assets classified as held for sale	
Transfer between classes	
Closing gross value as at 30 June 2013	

	Land and Improvements	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
NOTE	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,197,739	35,497,284	13,557,570	67,694,852	5,322,293	2,993,168	13,341,612	2,771,436	143,375,954
	62,701	896,772	2,094,130	9,537,645	-	-	702,662	2,950,614	16,244,524
9	(38,360)	-	(2,936,967)	-	-	-	-	-	(2,975,327)
19	-	-	632,978	320,440	-	-	-	-	953,418
	233,352	-	-	-	-	-	-	-	233,352
	-	1,613,270	1,328,000	305,380	585,747	506,323	216,591	(4,555,311)	-
	2,455,432	38,007,326	14,675,711	77,858,317	5,908,040	3,499,491	14,260,865	1,166,739	157,831,921

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2012	
Depreciation provided in period	8
Depreciation on disposals	9
Revaluation adjustment to the Asset Revaluation Surplus	19
Accumulated depreciation as at 30 June 2013	

	-	6,016,595	7,061,988	9,574,665	988,109	600,599	1,817,707	-	26,059,663
8	-	521,044	1,585,522	544,536	82,724	50,376	417,261	-	3,201,463
9	-	-	(1,785,137)	-	-	-	-	-	(1,785,137)
19	-	-	(144,504)	34,447	-	-	-	-	(110,057)
	-	6,537,639	6,717,869	10,153,648	1,070,833	650,975	2,234,968	-	27,365,932

Written down value 30 June 2013

Written down value 30 June 2012

Range of estimated useful life in years

Residual Value

2,455,432	31,469,687	7,957,842	67,704,669	4,837,207	2,848,516	12,025,897	1,166,739	130,465,990
2,197,739	29,480,689	6,495,582	58,120,187	4,334,184	2,392,569	11,523,905	2,771,436	117,316,292

15 - 75	2 - 50	2 - unlimited	10 - 65	35 - 90	6 - unlimited
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3,715,394	5,471,371	59,450,618	100,000	-	3,821,852
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Additions comprise:

Renewals	-	24,795	2,852,491	9,843,025	585,747	506,323	650,647	-	14,463,028
Other additions	62,701	2,485,247	569,639	-	-	-	268,606	-	3,386,193
Total additions	62,701	2,510,042	3,422,130	9,843,025	585,747	506,323	919,253	-	17,849,221

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 (a) Property, Plant and Equipment (continued)

30 June 2013

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2011	
Additions at cost	
Disposals	
Revaluation adjustment to the Asset Revaluation Surplus	
Write down on asset values	9
Assets classified as held for sale	
Transfer between classes	
Closing gross value as at 30 June 2012	

	Land and Improvements	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
NOTE	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,518,236	29,552,961	13,990,141	46,097,065	4,514,014	2,789,387	18,015,299	5,776,946	122,254,049
	33,354	-	759,084	-	-	-	-	6,224,029	7,016,467
	-	-	(1,023,415)	-	(1,142,462)	-	-	-	(2,165,877)
	-	1,943,677	-	20,963,893	419,648	185,105	(6,499,279)	-	17,013,044
9	1,407	(201,600)	(168,240)	-	-	-	-	(1,457)	(369,890)
	(134,671)	-	-	-	-	-	-	(237,168)	(371,839)
	779,413	4,202,246	-	633,894	1,531,093	18,676	1,825,592	(8,990,914)	-
	2,197,739	35,497,284	13,557,570	67,694,852	5,322,293	2,993,168	13,341,612	2,771,436	143,375,954

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2011	
Depreciation provided in period	
Depreciation on disposals	
Revaluation adjustment to the Asset Revaluation Surplus	
Write down on asset values	9
Transfer between classes	
Accumulated depreciation as at 30 June 2012	

	-	6,747,243	6,568,102	31,652,255	1,467,586	552,849	4,682,403	-	51,670,438
	-	407,663	1,294,524	284,136	83,042	41,100	700,409	-	2,810,874
	-	-	(686,306)	-	(593,278)	-	-	-	(1,279,584)
	-	(1,088,524)	-	(22,357,421)	30,759	6,650	(3,565,105)	-	(26,973,641)
9	-	(49,787)	(114,332)	(4,305)	-	-	-	-	(168,424)
	-	-	-	-	-	-	-	-	-
	-	6,016,595	7,061,988	9,574,665	988,109	600,599	1,817,707	-	26,059,663

Written down value 30 June 2012

Written down value 30 June 2011

Range of estimated useful life in years

Residual Value

2,197,739	29,480,689	6,495,582	58,120,187	4,334,184	2,392,569	11,523,905	2,771,436	117,316,292
1,518,235	22,805,718	7,422,040	14,444,811	3,046,428	2,236,539	13,332,895	5,776,946	70,583,611
24-140	2 - 50	2 - unlimited	25 - 65	35 - 90	7 - unlimited			
3,464,390	3,383,800	50,743,714	-	-	3,821,852			

15 (b) Property, plant and equipment valuations were determined by reference to the following:**Land and Improvements**

The fair value of land and improvements is based on independent valuation undertaken by Propell National Valuers in the 2008-09 financial year. Due to limited sales and no depth of market, no valuation changes have been made since this valuation. Valuations are considered to be current market value.

Buildings

There is no market for most Council's buildings as these are held to provide essential services to the community. Accordingly, the fair value of all such buildings is measured at written down current replacement costs. The fair value of council and community housing has also been measured at written down current replacement cost.

The fair value of the buildings as at 30th June 2013 was determined using a "desktop" approach. This approach determined an increase in index of 6.51% for residential buildings and 1.29% decrease for commercial premises. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of buildings as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd, using a "desktop" approach. This approach determined that "Rawlinsons" base rates increased to reflect the "Area Factor" of 150% was appropriate in determining fair value. The Area Factor is the cost of undertaking construction in more remote areas. The following key assumptions were used to calculate fair value:

Average cost of construction based on Rawlinsons and Area Factor:

			Average Life				Average Life
Admin	\$ 3,294.75	m2	70 years	House small	\$ 2,147.63	m2	70 years
Town hall	\$ 3,113.63	m2	70 years	House medium	\$ 2,095.88	m2	70 years
Library	\$ 3,294.75	m2	50 years	House individual	\$ 2,492.63	m2	70 years
Recreational	\$ 2,009.63	m2	70 years	COA	\$ 948.75	m2	70 years
Amenities	\$ 2,859.19	m2	60 years	Unit	\$ 2,147.63	m2	70 years
Toilet / change	\$ 3,708.75	m2	50 years	Garage	\$ 1,104.00	m2	70 years
<u>Residential</u>				Workshop	\$ 2,078.63	m2	25 years
Donga	\$ 1,486.95	m2	15 years	Lower grade workshop	\$ 1,449.00	m2	70 years
Single unit	\$ 1,923.38	m2	70 years	Shed	\$ 819.38	m2	50 years
Extensions	\$ 2,259.75	m2	50 years	Lower grade shed	\$ 448.50	m2	30 years
Bathroom fit out	\$43,987.50	ea	50 years	Clinic	\$ 3,148.13	m2	70 years
Kitchen fit out	\$37,087.50	ea	50 years	Tennis courts	\$96,945.00	ea	50 years
Sml. Ind. Kitchen fit out	\$29,325.00	ea	50 years	Shelter	\$ 215.63	m2	50 years
Lrg Ind. Kitchen fit out	\$55,200.00	ea	50 years	Stalls	\$ 120.75	m2	30 years
				Demountable	\$25,000.00	ea	25 years

15 (b) Property, plant and equipment (continued)

Condition was assessed using the following table:

Rating	Description of
1	Very good condition. Only cyclic maintenance required.
2	Good condition. Minor maintenance required plus cyclic maintenance.
3	Moderate condition. Significant maintenance required.
4	Poor condition. Significant renewal / rehabilitation required.
5	Very poor condition. Unserviceable.

Other Structures

There is no market for most Council's other structures as these are held to provide essential services to the community. Accordingly, the fair value of other structures is measured at written down current replacement costs.

The fair value of the other structures as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of -1.7% was appropriate for residential buildings and -1.29% was appropriate for commercial premises. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of the other structures as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd, by reference to the ABS Building Construction Queensland Index Numbers for the years 2010, 2011 & 2012. This approach determined that an index of -0.475% was appropriate based on the following annual movements.

2010 % decrease	-1.51%
2011 % increase	2.03%
2012 % decrease	-0.96%

The exception of this was airport runways where rates were based on actual costs and road unit rates factored for the increase in construction depths.

Plant and Equipment

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

Infrastructure:

There is no market for Council's infrastructure assets as these are held to provide essential services to the community. Accordingly the fair value of all infrastructure assets is measured at written down current replacement cost.

Water Infrastructure

The fair value of the water infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.7% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of water infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

15 (b) Property, plant and equipment (continued)

All inclusive trenching & backfilling, fittings etc	Dia	Current Unit Rate \$/m	Average Life
Poly	50	188.08	50 years
Poly	25	188.08	50 years
PE	100	193.75	65 years
PE	140	202.92	65 years
POLY	140	202.92	65 years
POLY	110	193.75	50 years
upvc	50	188.81	50 years
upvc	100	193.75	50 years
upvc	110	193.75	50 years

Sewerage Infrastructure -

The fair value of the sewerage infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.7% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of sewerage infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

All inclusive trenching & backfilling, fittings etc	Dia	Current Unit Rate \$/m	Average Life
Sewer pipe	100	116.77	50 years
Sewer pipe	150	217.27	90 years
Inspection Shaft		671.08	35 years
Manhole	1050	3,462.78	35 years

Road and Drainage and Other Infrastructure -

The fair value of road, drainage and other infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.95% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of road, drainage and other infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

Average \$/m2 for each of the key components were:

Formation	\$3.35 sqm
Pavement	\$11.30 sqm
Seal	\$9.00 sqm

Condition was assessed using the same table as that identified for buildings

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

	Note	30 June 2013	30 June 2012
		\$	\$
16 Trade and Other Payables			
Current			
Creditors and accruals		1,119,777	2,347,761
Time off in lieu		3,593	3,622
Annual leave		376,416	251,448
		<u>1,499,786</u>	<u>2,602,831</u>
Non-Current			
Annual leave		34,495	96,971
		<u>34,495</u>	<u>96,971</u>
17 Borrowings			
Current			
Loans Queensland Treasury Corporation		332,103	312,605
		<u>332,103</u>	<u>312,605</u>
Non-Current			
Loans Queensland Treasury Corporation		1,086,323	1,419,470
		<u>1,086,323</u>	<u>1,419,470</u>
Queensland Treasury Corporation			
Opening balance		1,732,075	2,032,614
Principal repayments		313,649	(300,539)
Book value at period end		<u>2,045,724</u>	<u>1,732,075</u>
Classified as :			
Current		332,103	312,605
Non-current		1,086,323	1,419,470
		<u>1,418,426</u>	<u>1,732,075</u>
<p>The QTC loan market value at the reporting date was \$1,498,533. 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 term, no provision is required to be made in these accounts.</p> <p>No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.</p> <p>All borrowings are in \$A denominated amounts and carried at amortised costs, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from March 2016 to June 2023. There have been no defaults or breaches of the loan agreement during the period.</p> <p>Principal and interest repayments are made quarterly in arrears.</p>			
18 Provisions			
Current			
Long service leave		112,310	20,065
		<u>112,310</u>	<u>20,065</u>
Non-Current			
Long service leave		158,458	218,797
		<u>158,458</u>	<u>218,797</u>
Details of movements in provisions:			
Long Service Leave			
Opening balance		238,862	245,729
Long service leave entitlement arising		31,906	33,663
Long Service entitlement paid		-	(40,530)
Balance at year end		<u>270,768</u>	<u>238,862</u>

	Note	30 June 2013 \$	30 June 2012 \$
19 Asset Revaluation Surplus			
(i) Movements in the asset revaluation surplus were as follows:			
Balance at beginning of period		79,747,779	35,761,094
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		-	3,032,201
Plant and Equipment		777,482	-
Other structures		-	(2,934,174)
Road, drainage and bridge network		285,992	43,321,315
Water		-	388,889
Sewerage		-	178,455
Balance at end of the year		<u>80,811,253</u>	<u>79,747,779</u>
(ii) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Buildings		12,641,255	12,641,255
Plant and Equipment		777,482	-
Other structures		3,927,932	3,927,932
Road, drainage and bridge network		60,269,416	59,983,424
Water		2,167,495	2,167,495
Sewerage		1,027,673	1,027,673
		<u>80,811,253</u>	<u>79,747,779</u>
20 Retained Surplus/(Deficiency)			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at the beginning of financial year		48,125,924	47,952,134
Net result attributable to council		23,871,759	(1,875,503)
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:			
Recreational facilities reserve		-	750,000
Building maintenance reserve		-	61,730
Plant replacement reserve		-	400,000
Water infrastructure reserve		-	483,800
Other capital projects reserve		-	100,000
CED infrastructure reserve		-	194,240
Employee entitlements reserve		-	47,023
Asset revaluation surplus		-	10,000
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			
Elections Reserve		-	2,500
Retained surplus at the end of the financial year		<u>71,997,683</u>	<u>48,125,924</u>

	Note	30 June 2013	30 June 2012
		\$	\$

21 Correction of Error

A full revaluation of all Council road infrastructure assets was performed as at 30th June 2012. The fair value of road, drainage and other infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd.

As a result of this revaluation increases in the road infrastructure asset were as follows:

Gross Recoverable Cost	40,601,539
Accumulated Depreciation	19,514,382
Net increase in Road infrastructure values	<u>60,115,921</u>

In the process of reviewing Councils roads infrastructure assets for impairment at 30th June 2013, it was determined that no allowance had been made to the value of shire roads for flood as a result of the February / March 2011 Queensland monsoonal flooding in the revaluation of road assets done effective 30th June 2012.

Impairment at 30th June 2012 was calculated based on the actual costs of restoration for 2013 and estimated costs of restoration for 2014 as submitted to Queensland Reconstruction Authority.

Included in 2013 costs of restoration capitalised of \$10,261,783 were amounts for two assets not recognised on the asset register at 30th June 2012. Therefore the reconstruction costs on these assets are not reflected in the impairment adjustment processed as follows:

2013 actual costs of restoration capitalised	10,261,783
Less: assets not reflected on asset register	(724,137)
2014 estimated costs of restoration	10,100,000
Impairment 30 June 2012	<u>19,637,646</u>

All restoration work in relation to the February / March 2011 flood event are required to be completed in the 2014 financial year. It is therefore considered that the above impairment amount provides an accurate assessment of the fair value of the road infrastructure assets at 30th June 2012.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period error has been recognised retrospectively.

The adjustments to comparatives are as follows:

The adjustments to comparatives are as follows:	As at 30 June 2012
Reduction to gross value of road assets	19,637,646
Accumulated depreciation	(2,843,039)
Net value	<u>16,794,607</u>

	year ended 30 June 2013	year ended 30 June 2012
Decrease in total comprehensive income for the year	-	16,794,607
Decrease in property plant and equipment	-	16,794,607
Decrease in asset revaluation reserve	-	16,794,607

	Note	30 June 2013	30 June 2012
		\$	\$
22 Reserves			
Reserves held for funding future expenditure:			
Recreational facilities reserve		-	-
Building Maintenance Reserve		-	-
Plant replacement reserve		-	-
Water infrastructure reserve		-	-
Other capital projects reserve		-	-
CED infrastructure reserve		-	-
Employee entitlements reserve		-	-
Asset revaluation reserve		-	-
Elections reserve		-	-
Total reserves		-	-
Recreational facilities reserve			
Balance at the beginning of period		-	750,000
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(750,000)
Balance at the end of period		-	-
Building Maintenance Reserve			
Balance at the beginning of period		-	61,730
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(61,730)
Balance at the end of period		-	-
Plant replacement reserve			
Balance at the beginning of period		-	400,000
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(400,000)
Balance at the end of period		-	-
Water infrastructure reserve			
Balance at the beginning of period		-	483,800
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(483,800)
Balance at the end of period		-	-
Other capital projects reserve			
Balance at the beginning of period		-	100,000
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(100,000)
Balance at the end of period		-	-
CED infrastructure reserve			
Balance at the beginning of period		-	194,240
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(194,240)
Balance at the end of period		-	-
Employee entitlements reserve			
Balance at the beginning of period		-	47,023
Transfer from retained earnings for future expenditure			-
Transfer to the retained earnings/capital funds expended in the period			(47,023)
Balance at the end of period		-	-

	30 June 2013	30 June 2012
Note	\$	\$
22 Reserves (continued)		
Asset revaluation reserve		
Balance at the beginning of period	-	10,000
Transfer from retained earnings for future expenditure	-	-
Transfer to the retained earnings/capital funds expended in the period	-	(10,000)
Balance at the end of period	-	-
Elections reserve		
Balance at the beginning of period	-	2,500
Transfer from retained earnings for future expenditure	-	-
Transfer to the retained earnings/capital funds expended in the period	-	(2,500)
Balance at the end of period	-	-

23 Commitments For Expenditure**Contractual commitments**

At 30 June 2013 Council had entered into contractual arrangements for the purchase of plant and equipment at tendered net changeover price of 557,716. This equipment was received during July and August 2013.

24 Contingent Liabilities

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

Local Government Mutual

The Diamantina 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 30 June 2012 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare:

The Diamantina Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$190,507.

Department Housing and Public Works

Diamantina Shire Council has a Capital Funding Agreement with the Department of Housing and Public Works under the Social Housing Programs for 12 properties in Bedourie and Birdsville. Under the Agreement, council acquires a portion of equity in each property each year. Council then has the option of either paying out the Contingent Liability amount or pooling equity on a particular property to acquire full ownership.

	Note	30 June 2013	30 June 2012
		\$	\$
25 Superannuation			
<p>The Diamantina Shire Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB 119 <i>Employee Benefits</i>.</p> <p>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.</p> <p>The scheme has three elements referred to as:</p> <p>The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund.</p> <p>The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and</p> <p>The Accumulation Benefits Fund (ABF).</p> <p>The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.</p> <p>The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.</p> <p>Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."</p> <p>Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.</p> <p>Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>The next actuarial investigation will be made as at 1 July 2015.</p> <p>The amount of superannuation contributions paid by Diamantina Shire Council to the superannuation scheme in this period for the benefit of employees was:</p>			
		423,544	348,361

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

	Note	30 June 2013	30 June 2012
		\$	\$
26 Trust Funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.			
Security deposits		322,160	71,731
		<u>322,160</u>	<u>71,731</u>
The Diamantina Shire Council performs only a custodial role in respect of these monies. These funds cannot be used by the Council.			
27 Reconciliation of Net Result for the Year to Net Cash Inflow (Outflow) From Operating Activities			
Net result		23,871,759	(1,875,503)
Non-cash items:			
Depreciation		3,201,463	2,810,874
Investing and development activities :			
Net (profit) loss on disposal of plant and equipment		234,241	191,304
Net (profit) loss on disposal of land improvements, buildings and other structures		(9,643)	696,739
Net (profit) loss on disposal of land and buildings held for resale		2,019	107,864
Capital grants and contributions		(1,495,129)	(2,444,747)
		<u>(1,268,512)</u>	<u>(1,448,840)</u>
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		36,952	1,346,625
(Increase) decrease in inventory		(363,329)	(32,419)
(Increase) decrease in other financial assets		14,300	14,969
Increase (decrease) in payables		(1,165,521)	231,348
Increase (decrease) in provisions		31,906	(6,866)
		<u>(1,445,692)</u>	<u>1,553,658</u>
Net cash inflow from operating activities		<u>24,359,018</u>	<u>1,040,188</u>

28 Events After the Reporting Period

There were no material adjusting events after reporting date.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments

Diamantina Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

Diamantina Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management **approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.**

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Diamantina Shire Council does not enter into derivatives.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

Financial Assets	Note	30 June 2013	30 June 2012
		\$	\$
Cash and Cash Equivalents - Deposits at call	10	17,764,848	6,013,125
Cash and Cash Equivalents - Bank	10	34,029	869,293
Receivables - Rates	11	133,719	188,884
Receivables - Other	11	2,034,487	2,434,144
Other Credit Exposures			
Guarantee	24	190,507	171,615
Total		20,157,590	9,677,061

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Trade and other receivables

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

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

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	30 June 2013	30 June 2012
Financial Assets	\$	\$
Not past due	1,783,680	591,098
Past due 31-60 days	120,637	1,441,892
Past due 61-90 days	591	294,505
More than 90 Days	129,579	106,649
Impaired	-	-
Total	2,034,487	2,434,144

Impaired Assets

Council has considered factors including past history and likelihood of recovery when impairing assets.

Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Diamantina Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2013					
Trade and Other Payables	1,119,777			1,119,777	1,119,777
Loans QTC	332,103	933,725	152,599	1,418,427	1,418,427
	1,451,880	933,725	152,599	2,538,204	2,538,204
2012					
Trade and Other Payables	2,347,761		-	2,347,761	2,347,761
Loans QTC	312,605	1,129,762	289,708	1,732,075	1,732,075
	2,660,366	1,129,762	289,708	4,079,836	4,079,836

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest Rate Risk

Diamantina Shire Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Balance	Profit or loss		Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2013					
QTC Cash Fund	17,764,848	177,648	(177,648)	177,648	(177,648)
Other Investments	34,029	340	(340)	340	(340)
Loans - QTC	(2,045,724)	(20,457)	20,457	(20,457)	20,457
Net	15,753,153	157,532	(157,532)	157,532	(157,532)

	Balance	Profit or loss		Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2012					
QTC Cash Fund	6,013,125	60,131	(60,131)	60,131	(60,131)
Other Investments	869,293	8,693	(8,693)	8,693	(8,693)
Loans - QTC	(1,732,075)	(17,321)	17,321	(17,321)	17,321
Net	5,150,343	51,503	(51,503)	51,503	(51,503)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is *discussed below/ disclosed in Note 17*.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Fair value - hierarchy

The recognised fair values of financial assets and liabilities are classified based on the lowest level of input significant to the overall fair

Level 1 - quoted prices (unadjusted) in active markets for identical instruments

Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3 - valuation techniques for which any significant input is not based on observable market data.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2013				
Financial assets				
QTC cash fund	17,764,848	-	-	17,764,848
Other investments	34,029	-	-	34,029
Total financial assets	17,798,877	-	-	17,798,877
Financial liabilities				
Loans - QTC	1,418,426	-	-	1,418,426
Total financial liabilities	1,418,426	-	-	1,418,426
30 June 2012				
Financial assets				
QTC cash fund	6,013,125	-	-	6,013,125
Other investments	869,293	-	-	869,293
Total financial assets	6,882,418	-	-	6,882,418
Financial liabilities				
Loans - QTC	1,732,075	-	-	1,732,075
Total financial liabilities	1,732,075	-	-	1,732,075

Notes to the Financial Statements

For the Year Ended 30 June 2013

30 National Competition Policy

Activities to which the code of competitive conduct is applied

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

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

The Diamantina Shire Council has reviewed its activities and has not identified any that are 'business activities'. Accordingly, the Code of Competitive Conduct has not been applied to any activity of the Council.

DIAMANTINA SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

MANAGEMENT CERTIFICATE

For the Year Ended 30 June 2013

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

(i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, as set out on pages 1 to 37, present a true and fair view, in accordance with the Australian Accounting Standards, of the Council's transaction for the financial year and financial position at the end of the year.



Mayor

Geoff Morton

Date: 24 / 10 / 13



Chief Executive Officer

Leon Love

Date: 28 / 10 / 13

DIAMANTINA SHIRE COUNCIL

Current Year Financial Sustainability Statement
For the Year Ended 30 June 2013

Measures of Financial Sustainability	How the Measure is Calculated	Actual	Target
Council's Performance at 30 June 2013 against any key financial ratio's and targets:			
Operating Surplus Ratio	Net Result (excluding capital items) divided by total operating revenue (excluding capital items)	37.89%	Between 0% and 10%
Asset Sustainability Ratio	Capital Expenditure on the replacement of assets (Renewals) divided by depreciation expense	505.45%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (Excluding Capital Items)	-38.18%	Not Greater than 60%


Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2013.

CERTIFICATE OF ACCURACY For the year ended 30th June 2013


This current year financial sustainability statement has been prepared pursuant to section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with the section 212(5) of the Regulation we certify that this current year financial sustainability statement has been accurately calculated.



Mayor
Geoff Morton

Date: 28 / 10 / 13



Chief Executive Officer
Leon Love

Date: 28 / 10 / 13

DIAMANTINA SHIRE COUNCIL

Long Term Financial Sustainability Statement For the Year Ended 30 June 2013

Measures of Financial Sustainability	How the Measure is Calculated	Target	Actual 30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Council's Performance at 30 June 2013 against any key financial ratio's and targets:													
Operating Surplus Ratio	Net Result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	37.89%	(0.5)%	(17.8)%	(22.1)%	(21.4)%	(16.8)%	(17.5)%	(17.6)%	(19.5)%	(19.5)%	(19.4)%
Asset Sustainability Ratio	Capital Expenditure on the replacement of assets (Renewals) divided by depreciation expense	Greater than 90%	505.45%	75.6%	136.3%	90.4%	22.8%	38.3%	28.6%	22.0%	16.7%	7.2%	26.4%
Net Financial Liabilities Ratio	total liabilities less current assets divided by total operating revenue (Excluding Capital Items)	Not Greater than 60%	-38.18%	(33.0)%	(51.4)%	(1.1)%	(2.1)%	(12.4)%	(19.6)%	(22.7)%	7.1%	(2.9)%	(8.8)%

Diamantina Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

CERTIFICATE OF ACCURACY

For the long-term financial sustainability statement prepared as at 30 June 2013

This current year financial sustainability statement has been prepared pursuant to section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with the section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor
Geoff Morton

Date: 28, 10, 13

Chief Executive Officer
Leon Love

Date: 28, 10, 13



SUSTAINABLY DEVELOPING THE OUTBACK

DIAMANTINA SHIRE COUNCIL ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

<input type="checkbox"/> AGENDA	A	I	DIAMANTINA SHIRE COUNCIL RECEIVED 10 DEC 2013 DOC ID: RETENTION:
CEO	<input type="checkbox"/>	<input type="checkbox"/>	
CSM	<input type="checkbox"/>	<input type="checkbox"/>	
FM	<input type="checkbox"/>	<input type="checkbox"/>	
TCM	<input type="checkbox"/>	<input type="checkbox"/>	
WM	<input type="checkbox"/>	<input type="checkbox"/>	
CR's	<input type="checkbox"/>	<input type="checkbox"/>	
.....	<input type="checkbox"/>	<input type="checkbox"/>	
.....	<input type="checkbox"/>	<input type="checkbox"/>	

FINANCIAL REPORT

For the Year Ended 30 June 2013

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DIAMANTINA SHIRE COUNCIL

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	30 June 2013	30 June 2012
		\$	\$
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	736,162	642,858
Fees and charges	3(b)	190,677	93,486
Rental income	3(c)	375,249	332,306
Interest earned	3(d)	505,532	375,967
Sales - revenue	3(e)	45,575,382	24,514,331
Other recurrent income	3(f)	302,918	371,190
Grants, subsidies, contributions and donations	4(a)	4,318,128	4,005,456
Total recurrent revenue		<u>52,004,048</u>	<u>30,335,594</u>
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	7,944,910	12,517,944
		<u>7,944,910</u>	<u>12,517,944</u>
Total Revenue		<u>59,948,958</u>	<u>42,853,538</u>
Total Income		<u>59,948,958</u>	<u>42,853,538</u>
Expenses			
Recurrent Expenses			
Employee benefits	5	(5,489,902)	(4,870,328)
Materials and services	6	(27,049,223)	(35,927,181)
Finance costs	7	(109,993)	(124,751)
Depreciation	8	(3,201,463)	(2,810,874)
Total recurrent expenses		<u>(35,850,581)</u>	<u>(43,733,134)</u>
Capital Expenses	9	<u>(226,617)</u>	<u>(995,907)</u>
Total Expenses		<u>(36,077,198)</u>	<u>(44,729,041)</u>
Net Result		<u>23,871,759</u>	<u>(1,875,503)</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		1,063,474	43,986,686
Total Other Comprehensive Income for the Year		<u>1,063,474</u>	<u>43,986,686</u>
Total Comprehensive Income for the Year		<u>24,935,233</u>	<u>42,111,183</u>

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

DIAMANTINA SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013	30 June 2012
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	10	17,798,877	6,882,418
Trade and other receivables	11	6,176,817	6,213,769
Inventories	12	1,223,064	859,735
Other financial assets	13	6,541	14,300
		<u>25,205,299</u>	<u>13,970,222</u>
Non-current assets classified as held for sale	14	336,000	1,226,265
Total Current Assets		<u>25,541,299</u>	<u>15,196,487</u>
Non-Current Assets			
Other financial assets	13	25,122	31,663
Property, plant and equipment	15	130,465,990	117,316,292
Total Non-Current Assets		<u>130,491,112</u>	<u>117,347,955</u>
TOTAL ASSETS		<u>156,032,411</u>	<u>132,544,442</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	16	1,499,786	2,602,831
Borrowings	17	332,103	312,605
Provisions	18	112,310	20,065
Total Current Liabilities		<u>1,944,199</u>	<u>2,935,501</u>
Non-Current Liabilities			
Trade and other payables	16	34,495	96,971
Borrowings	17	1,086,323	1,419,470
Provisions	18	158,458	218,797
Total Non-Current Liabilities		<u>1,279,276</u>	<u>1,735,238</u>
TOTAL LIABILITIES		<u>3,223,475</u>	<u>4,670,739</u>
NET COMMUNITY ASSETS		<u>152,808,936</u>	<u>127,873,703</u>
Community Equity			
Asset revaluation surplus	19	80,811,253	79,747,779
Retained surplus	20	71,997,683	48,125,924
Other reserves	22	-	-
TOTAL COMMUNITY EQUITY		<u>152,808,936</u>	<u>127,873,703</u>

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

DIAMANTINA SHIRE COUNCIL

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Asset Revaluation Surplus	Retained Surplus	Other Reserves	Total
Notes	19	20	22	
	\$	\$	\$	\$
Balance at 1 July 2012	79,747,780	48,125,924	-	127,873,704
Net result	-	23,871,759	-	23,871,759
Other comprehensive income for year				
Increase in asset revaluation surplus	1,063,473	-	-	1,063,473
Total comprehensive income for year	1,063,473	23,871,759	-	24,935,232
Balance as at 30 June 2013	80,811,253	71,997,683	-	152,808,936
Balance at 1 July 2011	35,761,094	47,952,134	2,049,293	85,762,520
Net result	-	(1,875,503)		(1,875,503)
Other comprehensive income for year				
Increase in asset revaluation surplus	43,986,686	-	-	43,986,686
Total comprehensive income for year	43,986,686	(1,875,503)	-	42,111,183
Transfers to and from reserves				
Transfers to/from other reserves	-	2,049,293	(2,049,293)	-
Total transfers to and from reserves	-	2,049,293	(2,049,293)	-
Balance as at 30 June 2012	79,747,780	48,125,924	-	127,873,703

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

DIAMANTINA SHIRE COUNCIL

Statement of Cash Flows

For the Year Ended 30 June 2013

		30 June 2013	30 June 2012
	Note	\$	\$
Cash flows from operating activities :			
Receipts from customers		51,219,627	29,919,253
Payments to suppliers and employees		(38,399,305)	(43,541,240)
		<u>12,820,322</u>	<u>(13,621,987)</u>
Interest received		505,532	375,967
Rental income		375,249	332,306
Non capital grants and contributions		4,318,128	4,005,456
Borrowing costs		(109,993)	(124,751)
Net cash inflow (outflow) from operating activities	27	<u>17,909,237</u>	<u>(9,033,009)</u>
Cash flows from investing activities:			
Payments for property, plant and equipment		(15,392,612)	(6,814,468)
Proceeds from sale of property plant and equipment		1,168,573	199,713
Grants, subsidies, contributions and donations		<u>7,544,910</u>	<u>12,517,944</u>
Net cash inflow (outflow) from investing activities		<u>(6,679,129)</u>	<u>5,903,189</u>
Cash flows from financing activities:			
Repayment of borrowings		(313,649)	(300,539)
Net cash inflow (outflow) from financing activities		<u>(313,649)</u>	<u>(300,539)</u>
Net increase (decrease) in cash held		<u>10,916,459</u>	<u>(3,430,359)</u>
Cash at beginning of financial year		6,882,417	10,312,777
Cash at end of financial year	10	<u><u>17,798,877</u></u>	<u><u>6,882,417</u></u>

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Significant Accounting Policies

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2012 to 30 June 2013 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets, non-current assets held for resale and finance leases as lessor.

1.B Statement of Compliance

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

1.C Constitution

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

1.D Date of Authorisation

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

1.E Currency

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

1.F Adoption of New and Revised Accounting Standards

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

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

	Effective for annual report periods beginning on or
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2015
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee Benefits</i> (completely replaces existing standard)	1 January 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2011-08 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119</i> (September 2011)	1 January 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2012-02 <i>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
AASB 2012-03 <i>Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</i> (AASB 132)	1 January 2014
AASB 2012-03 <i>Amendments to Australian Accounting Standards - Government Loans</i> (AASB 1)	1 January 2014
AASB 2012-05 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i> (AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2)	1 January 2013
AASB 2012-06 <i>Amendments to Australian Accounting Standards - Mandatory Effective Dates of AASB 9 and Transition Disclosures</i> (AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8)	1 January 2013
AASB 2012-09 <i>Amendments to AASB arising from the Withdrawal of Australian Interpretation 1039</i>	1 January 2013
AASB 2012-10 <i>Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments</i> . (AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12)	1 January 2013

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.F Adoption of New and Revised Accounting Standards (continued)

AASB 9 Financial Instruments (effective from 1 January 2015)

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

As a result, Council will be required to measure its financial assets at fair value. Had this requirement been adopted at 30 June 2013, management estimate there would have been no financial impact on the consolidated financial statements.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is not impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

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

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

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

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

Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability

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

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

Amendments to AASB 119 Employee Benefits

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

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

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.F Adoption of New and Revised Accounting Standards (continued)

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Diamantina Shire Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in note 25. The revised standard will require Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

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

1.G Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Valuation of property, plant and equipment - Note 1.P and Note 15

Impairment of property, plant and equipment - Note 1.Q and Note 15

Provisions - Note 1.S and Note 18

Contingencies - Note 24

1.H Revenue

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

Rates and Levies

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

Grants and Subsidies

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

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

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

Non-Cash Contributions

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

Physical assets contributed to Council are recognised as revenue when Council obtains control of the assets and becomes liable for any ongoing maintenance and there is sufficient data to determine the values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Rental Income

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.H Revenue (continued)

Interest

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

Sales Revenue

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

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

Fees and Charges

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

1.I Financial Assets and Financial Liabilities

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

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

Financial Assets

Cash and cash equivalents (Note 1.J)

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

Leases - measured at present value of future lease payments (Note 1.M)

Financial Liabilities

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

Borrowings - measured at amortised cost (Note 1.T)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and / or by reference to pricing models and valuation techniques. It reflects the value of the debt if council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 29.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.J Cash and Cash Equivalents

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

1.K Receivables

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

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

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

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

1.L Inventories

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

Inventories held for distribution are:

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

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

1.M Other Financial Assets

Finance Lease as Lessor

During the years 2001 to 2008 Council entered into finance lease arrangements for the sale of land and houses in Bedourie and Birdsville. Note 13 contains details of lease payments receivable at 30 June 2013

Where council enters into a finance lease, Council recognises an asset equal to the present value of the minimum lease payments receivable. Lease assets are reduced by repayments of principal received. The interest components of the lease payments received are recognised as finance income.

1.N Non-Current Assets Held for Resale

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

1.O Investments

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.P Property, Plant and Equipment

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

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

- Land and Improvements
- Buildings
- Plant and Equipment
- Roads, Drainage and Bridge Network
- Water Infrastructure
- Sewerage Infrastructure
- Other Structures
- Work in Progress

Acquisition of Assets

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

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

Capital and Operating Expenditure

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

Valuation

Land and improvements, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all classes and making their own assessment of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, other structures and buildings, the results of which are considered in combination with the Product Price Indexes, Australia, Table 15, published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for buildings, other structures and infrastructure asset classes in each of the intervening years. With respect to the intervening years valuation of the land and improvements and buildings council perform an inhouse review considering additions, deletions and changes in assumptions such as useful life, residual value and condition rating. Reference is also made to the Department of Environment and Resource Management Annual Valuations for Diamantina Shire Council area when assessing changes in value of land assets.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 15.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.P Property, Plant and Equipment (continued)

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

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

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

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

Capital Work in Progress

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

Depreciation

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the 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.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land Under Roads

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.Q Impairment of Non-Current Assets

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

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

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

1.R 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.S Liabilities – Employee Benefits

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

Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 16 as a payable.

Annual Leave

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

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.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 25.

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. The liability is reported in Note 18 as a provision.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

Significant Accounting Policies (continued)

1.T Borrowing and Borrowing Costs

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

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

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

1.U Restoration Provision

No provision for the cost of restoration in respect of the shire refuse dumps has not been provided for in the accounts as the monetary value is considered to be insignificant. Any costs associated with restoration are expensed in the year they are incurred.

1.V Asset Revaluation Surplus

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

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

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

When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus.

1.W Retained Surplus

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

1.X National Competition Policy

The Council has reviewed its activities and has identified no activities that are business activities.

1.Y Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.Z Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 26.

1.AA 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.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Analysis of Results by Function

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

Year Ended 30 June 2013

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2013 \$	2013 \$	2013 \$	2013 \$							
Governance	3,105,798	1,072,342	-	-	4,178,140	(4,295,035)	(226,617)	(4,521,652)	(116,895)	(343,512)	28,898,796
Community Services	1,047,475	711,121	150,000	400,000	2,308,596	(3,443,568)	-	(3,443,568)	(1,684,972)	(1,134,972)	19,927,118
Works	164,850	45,575,383	6,870,118	-	52,610,351	(25,093,917)	-	(25,093,917)	20,646,316	27,516,434	78,397,726
Environment, Health and Planning	-	327,078	524,792	-	851,870	(3,018,061)	-	(3,018,061)	(2,690,983)	(2,166,191)	28,808,771
Total Council	4,318,123	47,685,924	7,544,910	400,000	59,948,957	(35,850,581)	(226,617)	(36,077,198)	16,153,466	23,871,759	156,032,411

Year Ended 30 June 2012

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2012	2012	2012	2012							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	2,979,851	873,819	-	-	3,853,670	(3,294,672)	(995,907)	(4,290,579)	558,998	(436,909)	18,104,042
Community Services	1,007,164	633,552	38,067	-	1,678,783	(5,041,421)	-	(5,041,421)	(3,400,705)	(3,362,638)	17,925,281
Works	-	24,514,376	11,250,181	-	35,764,557	(32,633,992)	-	(32,633,992)	(8,119,616)	3,130,565	68,424,147
Environment, Health and Planning	18,442	308,390	1,229,696	-	1,556,528	(2,763,049)	-	(2,763,049)	(2,436,217)	(1,206,521)	28,090,972
Total Council	4,005,457	26,330,137	12,517,944	-	42,853,538	(43,733,134)	(995,907)	(44,729,041)	(13,397,540)	(1,875,503)	132,544,442

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 (b) Components of Council Functions

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

Governance

Includes training, operating costs of councillors and Council meetings, quality assurance and workplace health and safety, as well as general administration, human resources, financial support services, rates collection, investment of surplus cash, stores and housing services.

Community Services

Includes sports and recreation facilities, area promotion, events management and youth affairs, as well as Council and community housing.

Works

Includes road construction and maintenance, depots, plant operation and maintenance, water and sewerage.

Environment, Health and Planning

Includes health and building, animal control, cemeteries, public conveniences, halls, aerodromes, parks and gardens, reserves, stock routes, refuse collections and disposal, caravan parks, television facilities, radio, and street lighting.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
3 Revenue Analysis			
(a) Rates, Levies and Charges			
General rates		636,740	544,760
Water		109,854	107,310
Sewerage		39,752	38,073
Garbage charges		41,968	40,622
Total rates and utility charge revenue		828,314	730,765
Less: discounts		(92,152)	(87,907)
Net rates, levies and charges		736,162	642,858
(b) Fees and Charges			
Fees and charges		190,677	93,486
		190,677	93,486
(c) Rental Income			
Housing rentals		375,249	332,306
		375,249	332,306
(d) Interest Earned			
Interest from rates and charges		15,591	5,801
Interest earned from cash deposits		485,804	364,682
Interest finance lease assets		4,137	5,484
		505,532	375,967
(e) Sales Revenue			
Sales - Contract and recoverable works		45,575,382	24,514,331
		45,575,382	24,514,331
(f) Other Recurrent Income			
Other income		302,918	371,190
		302,918	371,190
4 Grants, Subsidies, Contributions and Donations			
(a) Recurrent			
State Government grants		3,667,134	3,364,630
Commonwealth Government grants		650,989	638,491
Donations & Contributions		5	2,335
Total recurrent revenue		4,318,128	4,005,456
(b) Capital			
State Government subsidies and grants		7,124,573	11,540,960
Commonwealth Government grants		420,337	976,984
Donations & Contributions		400,000	-
Total capital revenue		7,944,910	12,517,944
Conditions over contributions			
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date.			
Non-reciprocal grants for expenditure on services		89,614	3,288,232
		89,614	3,288,232
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:			
Non-reciprocal grants for expenditure on services		3,288,232	-
		3,288,232	-

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

		30 June 2013	30 June 2012
	Note	\$	\$
5 Employee Benefits			
Total staff wages and salaries		4,419,335	4,187,788
Councillors' remuneration		291,612	158,181
Annual, sick and long service leave entitlements		266,616	308,409
Superannuation	25	423,544	348,361
		<u>5,401,107</u>	<u>5,002,739</u>
Other employee related expenses		170,293	51,217
		<u>5,571,400</u>	<u>5,053,956</u>
Less: capitalised employee expenses		<u>(81,498)</u>	<u>(183,628)</u>
		<u>5,489,902</u>	<u>4,870,328</u>

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

Total Council employees at the reporting date:

	2013	2012
Elected members	5	5
Administration staff	18	25
Depot and outdoors staff	37	33
Total full time equivalent employees	<u>60</u>	<u>63</u>

6 Materials and Services

Administration supplies and consumables	1,994,496	1,672,879
Area promotion and events	935,968	943,717
Audit services	57,325	46,076
CED scheme	27,768	42,811
Community and Council housing expenses	588,425	416,513
Council depots	431,966	614,457
Donations paid	45,576	66,921
Environmental health, pest and animal management	174,014	69,811
Halls and public conveniences	60,579	125,010
Health service expenses	1,172,202	1,094,970
Other community services	123,499	93,161
Parks, gardens and reserves	416,200	374,406
Planning and development	67,396	40,367
Plant operation	2,005,944	3,612,073
Racecourses, swimming pools, aerodromes, caravan parks	686,798	369,408
Recoverable works	366,188	149,301
Repairs and maintenance	23,917	12,458
Shire road and street network	192,757	167,298
Subsidised works	17,406,510	25,866,888
Waste management	193,359	68,877
Water supply	78,335	79,779
	<u>27,049,223</u>	<u>35,927,181</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
7 Finance Costs			
Finance costs charged by the Queensland Treasury Corporation		92,834	108,546
Interest charged ATO		-	4,703
Bank charges		17,159	11,502
		<u>109,993</u>	<u>124,751</u>
8 Depreciation			
Depreciation of non-current assets			
Buildings		521,044	407,663
Other structures		417,261	700,409
Plant and equipment		1,585,522	1,294,524
Road, drainage and bridge network		544,536	284,136
Water		82,724	83,042
Sewerage		50,376	41,100
Total depreciation of non-current assets		<u>3,201,463</u>	<u>2,810,874</u>
9 Capital Expenses			
Gain (loss) on the disposal of non-current assets			
Proceeds from the sale or write down of plant and equipment		917,589	199,713
Less: book value of plant and equipment disposed of		<u>(1,151,830)</u>	<u>(391,017)</u>
		<u>(234,241)</u>	<u>(191,304)</u>
Proceeds from the sale or write down of land, improvements, buildings and other structures		48,003	-
Less: book value of land, improvements, buildings and other structures disposed		<u>(38,360)</u>	<u>(696,739)</u>
		<u>9,643</u>	<u>(696,739)</u>
Proceeds from the sale of non current assets held for resale		202,981	193,708
Less: book value of non current assets held for resale		<u>(205,000)</u>	<u>(194,104)</u>
Impairment loss on non current assets held for resale		-	(107,468)
		<u>(2,019)</u>	<u>(107,864)</u>
		<u>(226,617)</u>	<u>(995,907)</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
10 Cash and Cash Equivalents			
Cash at bank and on hand		34,029	869,293
Deposits at call		17,764,848	6,013,125
Balance per Statement of Cash Flows		<u>17,798,877</u>	<u>6,882,418</u>

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

Unspent government grants and subsidies	89,614	3,288,232
Internally imposed expenditure restrictions at reporting date (previously disclosed as reserves):		
Elections	2,500	-
Employee entitlements	147,023	97,023
Asset revaluation	13,000	10,000
Building maintenance	61,730	61,730
Road Construction	40,000	-
Recreational facilities	750,000	750,000
Plant replacement	792,824	530,824
Water infrastructure	122,735	252,735
CED infrastructure	36,966	100,966
Waste Management	14,036	4,036
Other capital projects	50,000	100,000
Total internally imposed restrictions	<u>2,030,814</u>	<u>1,907,314</u>
Total unspent restricted cash for capital and recurrent projects	<u>2,120,428</u>	<u>5,195,546</u>

11 Trade and Other Receivables

Current

Rateable revenue and utility charges	133,719	188,884
Other debtors	2,034,487	2,434,144
Less provision for impairment	(10,000)	(10,000)
Prepayments	105,121	56,421
Accrued revenue	3,913,490	3,544,320
	<u>6,176,817</u>	<u>6,213,769</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.

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

Opening balance 1 July 2012	10,000	10,000
Impairment	-	-
Closing balance 30th June 2013	<u>10,000</u>	<u>10,000</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
12 Inventories			
Current			
Inventories held for distribution:			
Stores and raw materials		1,223,064	859,735
Total inventories for distribution		<u>1,223,064</u>	<u>859,735</u>
13 Other Financial Assets			
Current			
Finance lease asset receivable		6,541	14,300
		<u>6,541</u>	<u>14,300</u>
Non-Current			
Finance lease asset receivable		25,122	31,663
		<u>25,122</u>	<u>31,663</u>
<i>Finance lease asset receivable</i>			
Within one year		8,897	18,437
After one year but not more than five years		31,255	40,152
Total minimum lease payments		<u>40,152</u>	<u>58,589</u>
Less amounts representing unearned financial income		<u>(8,489)</u>	<u>(12,626)</u>
Present value of minimum lease payments		<u>31,663</u>	<u>45,963</u>
14 Non-Current Assets Classified as Held for Sale			
Council has decided to sell specified blocks of land & houses to generate further private ownership within the shire. It is expected that these houses are to be sold within one year.			
		336,000	1,226,265
		<u>336,000</u>	<u>1,226,265</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 (a) Property, Plant and Equipment

30 June 2013

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2012
 Additions at cost
 Disposals
 Revaluation adjustment to the Asset Revaluation Surplus
 Assets classified as held for sale
 Transfer between classes
 Closing gross value as at 30 June 2013

	Land and Improvements	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
NOTE	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,197,739	35,497,284	13,557,570	67,694,852	5,322,293	2,993,168	13,341,612	2,771,436	143,375,954
	62,701	896,772	2,094,130	9,537,645	-	-	702,662	2,950,614	16,244,524
9	(38,360)	-	(2,936,967)	-	-	-	-	-	(2,975,327)
19	-	-	632,978	320,440	-	-	-	-	953,418
	233,352	-	-	-	-	-	-	-	233,352
	-	1,613,270	1,328,000	305,380	585,747	506,323	216,591	(4,555,311)	-
	2,455,432	38,007,326	14,675,711	77,858,317	5,908,040	3,499,491	14,260,865	1,166,739	157,831,921

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2012
 Depreciation provided in period
 Depreciation on disposals
 Revaluation adjustment to the Asset Revaluation Surplus
 Accumulated depreciation as at 30 June 2013

	-	6,016,595	7,061,988	9,574,665	988,109	600,599	1,817,707	-	26,059,663
8	-	521,044	1,585,522	544,536	82,724	50,376	417,261	-	3,201,463
9	-	-	(1,785,137)	-	-	-	-	-	(1,785,137)
19	-	-	(144,504)	34,447	-	-	-	-	(110,057)
	-	6,537,639	6,717,869	10,153,648	1,070,833	650,975	2,234,968	-	27,365,932

Written down value 30 June 2013

Written down value 30 June 2012

Range of estimated useful life in years

Residual Value

2,455,432	31,469,687	7,957,842	67,704,669	4,837,207	2,848,516	12,025,897	1,166,739	130,465,990
2,197,739	29,480,689	6,495,582	58,120,187	4,334,184	2,392,569	11,523,905	2,771,436	117,316,292
15 - 75	2 - 50	2 - unlimited	10 - 65	35 - 90	6 - unlimited			
3,715,394	5,471,371	59,450,618	100,000	-	3,821,852			

Additions comprise:

Renewals	-	-	1,524,490	9,537,645	-	-	474,780	1,571,000	13,107,915
Other additions	62,701	896,771	569,639	-	-	-	227,882	1,379,616	3,136,609
Total additions	62,701	896,771	2,094,129	9,537,645	-	-	702,662	2,950,616	16,244,524

QAO
certified statements

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 (a) Property, Plant and Equipment (continued)

30 June 2013

Basis of Measurement

Asset Values

Opening gross value as at 1 July 2011
 Additions at cost
 Disposals
 Revaluation adjustment to the Asset Revaluation Surplus
 Write down on asset values
 Assets classified as held for sale
 Transfer between classes
 Closing gross value as at 30 June 2012

	Land and Improvements	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
NOTE	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,518,236	29,552,961	13,990,141	46,097,065	4,514,014	2,789,387	18,015,299	5,776,946	122,254,049
	33,354	-	759,084	-	-	-	-	6,224,029	7,016,467
	-	-	(1,023,415)	-	(1,142,462)	-	-	-	(2,165,877)
	-	1,943,677	-	20,963,893	419,648	185,105	(6,499,279)	-	17,013,044
9	1,407	(201,600)	(168,240)	-	-	-	-	(1,457)	(369,890)
	(134,671)	-	-	-	-	-	-	(237,168)	(371,839)
	779,413	4,202,246	-	633,894	1,531,093	18,676	1,825,592	(8,990,914)	-
	2,197,739	35,497,284	13,557,570	67,694,852	5,322,293	2,993,168	13,341,612	2,771,436	143,375,954

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2011
 Depreciation provided in period
 Depreciation on disposals
 Revaluation adjustment to the Asset Revaluation Surplus
 Write down on asset values
 Transfer between classes
 Accumulated depreciation as at 30 June 2012

	-	6,747,243	6,568,102	31,652,255	1,467,586	552,849	4,682,403	-	51,670,438
	-	407,663	1,294,524	284,136	83,042	41,100	700,409	-	2,810,874
	-	-	(686,306)	-	(593,278)	-	-	-	(1,279,584)
	-	(1,088,524)	-	(22,357,421)	30,759	6,650	(3,565,105)	-	(26,973,641)
9	-	(49,787)	(114,332)	(4,305)	-	-	-	-	(168,424)
	-	-	-	-	-	-	-	-	-
	-	6,016,595	7,061,988	9,574,665	988,109	600,599	1,817,707	-	26,059,663

Written down value 30 June 2012

Written down value 30 June 2011

Range of estimated useful life in years

Residual Value

2,197,739	29,480,689	6,495,582	58,120,187	4,334,184	2,392,569	11,523,905	2,771,436	117,316,292
1,518,235	22,805,718	7,422,040	14,444,811	3,046,428	2,236,539	13,332,895	5,776,946	70,583,611
24-140	2 - 50	2 - unlimited	25 - 65	35 - 90	7 - unlimited			
3,464,390	3,383,800	50,743,714	-	-	3,821,852			



15 (b) Property, plant and equipment valuations were determined by reference to the following:**Land and Improvements**

The fair value of land and improvements is based on independent valuation undertaken by Propell National Valuers in the 2008-09 financial year. Due to limited sales and no depth of market, no valuation changes have been made since this valuation. Valuations are considered to be current market value.

Buildings

There is no market for most Council's buildings as these are held to provide essential services to the community. Accordingly, the fair value of all such buildings is measured at written down current replacement costs. The fair value of council and community housing has also been measured at written down current replacement cost.

The fair value of the buildings as at 30th June 2013 was determined using a "desktop" approach. This approach determined an increase in index of 6.51% for residential buildings and 1.29% decrease for commercial premises. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of buildings as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd, using a "desktop" approach. This approach determined that "Rawlinsons" base rates increased to reflect the "Area Factor" of 150% was appropriate in determining fair value. The Area Factor is the cost of undertaking construction in more remote areas. The following key assumptions were used to calculate fair value:

Average cost of construction based on Rawlinsons and Area Factor:

			Average Life				Average Life
Admin	\$ 3,294.75	m2	70 years	House small	\$ 2,147.63	m2	70 years
Town hall	\$ 3,113.63	m2	70 years	House medium	\$ 2,095.88	m2	70 years
Library	\$ 3,294.75	m2	50 years	House individual	\$ 2,492.63	m2	70 years
Recreational	\$ 2,009.63	m2	70 years	COA	\$ 948.75	m2	70 years
Amenities	\$ 2,859.19	m2	60 years	Unit	\$ 2,147.63	m2	70 years
Toilet / change	\$ 3,708.75	m2	50 years	Garage	\$ 1,104.00	m2	70 years
<u>Residential</u>				Workshop	\$ 2,078.63	m2	25 years
Donga	\$ 1,486.95	m2	15 years	Lower grade workshop	\$ 1,449.00	m2	70 years
Single unit	\$ 1,923.38	m2	70 years	Shed	\$ 819.38	m2	50 years
Extensions	\$ 2,259.75	m2	50 years	Lower grade shed	\$ 448.50	m2	30 years
Bathroom fit out	\$43,987.50	ea	50 years	Clinic	\$ 3,148.13	m2	70 years
Kitchen fit out	\$37,087.50	ea	50 years	Tennis courts	\$96,945.00	ea	50 years
Sml Ind Kitchen fit out	\$29,325.00	ea	50 years	Shelter	\$ 215.63	m2	50 years
Lrg Ind Kitchen fit out	\$55,200.00	ea	50 years	Stalls	\$ 120.75	m2	30 years
				Demountable	\$25,000.00	ea	25 years

15 (b) Property, plant and equipment (continued)

Condition was assessed using the following table:

Rating	Description of
1	Very good condition. Only cyclic maintenance required.
2	Good condition. Minor maintenance required plus cyclic maintenance.
3	Moderate condition. Significant maintenance required.
4	Poor condition. Significant renewal / rehabilitation required.
5	Very poor condition. Unserviceable.

Other Structures

There is no market for most Council's other structures as these are held to provide essential services to the community. Accordingly, the fair value of other structures is measured at written down current replacement costs.

The fair value of the other structures as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of -1.7% was appropriate for residential buildings and -1.29% was appropriate for commercial premises. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of the other structures as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd, by reference to the ABS Building Construction Queensland Index Numbers for the years 2010, 2011 & 2012. This approach determined that an index of -4.75% was appropriate based on the following annual movements.

2010 % decrease	-1.51%
2011 % increase	2.03%
2012 % decrease	-96%

The exception of this was airport runways where rates were based on actual costs and road unit rates factored for the increase in construction depths.

Plant and Equipment

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

Infrastructure:

There is no market for Council's infrastructure assets as these are held to provide essential services to the community. Accordingly the fair value of all infrastructure assets is measured at written down current replacement cost.

Water Infrastructure

The fair value of the water infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.7% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of water infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

15 (b) Property, plant and equipment (continued)

All inclusive trenching & backfilling, fittings etc	Dia	Current Unit Rate \$/m	Average Life
Poly	50	188.08	50 years
Poly	25	188.08	50 years
PE	100	193.75	65 years
PE	140	202.92	65 years
POLY	140	202.92	65 years
POLY	110	193.75	50 years
upvc	50	188.81	50 years
upvc	100	193.75	50 years
upvc	110	193.75	50 years

Sewerage Infrastructure -

The fair value of the sewerage infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.7% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of sewerage infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

All inclusive trenching & backfilling, fittings etc	Dia	Current Unit Rate \$/m	Average Life
Sewer pipe	100	116.77	50 years
Sewer pipe	150	217.27	90 years
Inspection Shaft		671.08	35 years
Manhole	1050	3,462.78	35 years

Road and Drainage and Other Infrastructure -

The fair value of road, drainage and other infrastructure as at 30th June 2013 was determined using a "desktop" approach. This approach determined that an index of 1.95% was appropriate. Given the minimal effect on the 2012 valuations, no revaluation has been processed for 30th June 2013.

The fair value of road, drainage and other infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd based on the following key assumptions:

Average \$/m2 for each of the key components were:

Formation	\$3.35 sqm
Pavement	\$11.30 sqm
Seal	\$9.00 sqm

Condition was assessed using the same table as that identified for buildings

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

	30 June 2013	30 June 2012
Note	\$	\$
16 Trade and Other Payables		
Current		
Creditors and accruals	1,119,777	2,347,761
Time off in lieu	3,593	3,622
Annual leave	376,416	251,448
	<u>1,499,786</u>	<u>2,602,831</u>
Non-Current		
Annual leave	34,495	96,971
	<u>34,495</u>	<u>96,971</u>
17 Borrowings		
Current		
Loans Queensland Treasury Corporation	332,103	312,605
	<u>332,103</u>	<u>312,605</u>
Non-Current		
Loans Queensland Treasury Corporation	1,086,323	1,419,470
	<u>1,086,323</u>	<u>1,419,470</u>
Queensland Treasury Corporation		
Opening balance	1,732,075	2,032,614
Principal repayments	313,649	(300,539)
Book value at period end	<u>2,045,724</u>	<u>1,732,075</u>
Classified as :		
Current	332,103	312,605
Non-current	1,086,323	1,419,470
	<u>1,418,426</u>	<u>1,732,075</u>
<p>The QTC loan market value at the reporting date was \$1,498,533. 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 term, no provision is required to be made in these accounts.</p> <p>No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.</p> <p>All borrowings are in \$A denominated amounts and carried at amortised costs, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from March 2016 to June 2023. There have been no defaults or breaches of the loan agreement during the period.</p> <p>Principal and interest repayments are made quarterly in arrears.</p>		
18 Provisions		
Current		
Long service leave	112,310	20,065
Non-Current		
Long service leave	158,458	218,797
Details of movements in provisions:		
Long Service Leave		
Opening balance	238,862	245,729
Long service leave entitlement arising	31,906	33,663
Long Service entitlement paid	-	(40,530)
Balance at year end	<u>270,768</u>	<u>238,862</u>

	Note	30 June 2013	30 June 2012
		\$	\$
19 Asset Revaluation Surplus			
(i) Movements in the asset revaluation surplus were as follows:			
Balance at beginning of period		79,747,779	35,761,094
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		-	3,032,201
Plant and Equipment		777,482	-
Other structures		-	(2,934,174)
Road, drainage and bridge network		285,992	43,321,315
Water		-	388,889
Sewerage		-	178,455
Balance at end of the year		<u>80,811,253</u>	<u>79,747,779</u>
(ii) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Buildings		12,641,255	12,641,255
Plant and Equipment		777,482	-
Other structures		3,927,932	3,927,932
Road, drainage and bridge network		60,269,416	59,983,424
Water		2,167,495	2,167,495
Sewerage		1,027,673	1,027,673
		<u>80,811,253</u>	<u>79,747,779</u>
20 Retained Surplus/(Deficiency)			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at the beginning of financial year		48,125,924	47,952,134
Net result attributable to council		23,871,759	(1,875,503)
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:			
Recreational facilities reserve		-	750,000
Building maintenance reserve		-	61,730
Plant replacement reserve		-	400,000
Water infrastructure reserve		-	483,800
Other capital projects reserve		-	100,000
CED infrastructure reserve		-	194,240
Employee entitlements reserve		-	47,023
Asset revaluation surplus		-	10,000
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			
Elections Reserve		-	2,500
Retained surplus at the end of the financial year		<u>71,997,683</u>	<u>48,125,924</u>

	30 June 2013	30 June 2012
Note	\$	\$

21 Correction of Error

A full revaluation of all Council road infrastructure assets was performed as at 30th June 2012. The fair value of road, drainage and other infrastructure as at 30th June 2012 was independently determined by Opus International Consultants (PCA) Pty Ltd.

As a result of this revaluation increases in the road infrastructure asset were as follows:

Gross Recoverable Cost	40,601,539
Accumulated Depreciation	19,514,382
Net increase in Road infrastructure values	<u>60,115,921</u>

In the process of reviewing Councils roads infrastructure assets for impairment at 30th June 2013, it was determined that no allowance had been made to the value of shire roads for flood as a result of the February / March 2011 Queensland monsoonal flooding in the revaluation of road assets done effective 30th June 2012.

Impairment at 30th June 2012 was calculated based on the actual costs of restoration for 2013 and estimated costs of restoration for 2014 as submitted to Queensland Reconstruction Authority.

Included in 2013 costs of restoration capitalised of \$10,261,783 were amounts for two assets not recognised on the asset register at 30th June 2012. Therefore the reconstruction costs on these assets are not reflected in the impairment adjustment processed as follows:

2013 actual costs of restoration capitalised	10,261,783
Less: assets not reflected on asset register	(724,137)
2014 estimated costs of restoration	10,100,000
Impairment 30 June 2012	<u>19,637,646</u>

All restoration work in relation to the February / March 2011 flood event are required to be completed in the 2014 financial year. It is therefore considered that the above impairment amount provides an accurate assessment of the fair value of the road infrastructure assets at 30th June 2012.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period error has been recognised retrospectively.

The adjustments to comparatives are as follows:

	As at 30 June 2012	
Reduction to gross value of road assets		19,637,646
Accumulated depreciation		(2,843,039)
Net value		<u>16,794,607</u>
	Year ended 30 June 2013	Year ended 30 June 2012
Decrease in total comprehensive income for the year	-	16,794,607
Decrease in property plant and equipment	-	16,794,607
Decrease in asset revaluation reserve	-	16,794,607

	30 June 2013	30 June 2012
Note	\$	\$
22 Reserves		
Reserves held for funding future expenditure:		
Recreational facilities reserve	-	-
Building Maintenance Reserve	-	-
Plant replacement reserve	-	-
Water infrastructure reserve	-	-
Other capital projects reserve	-	-
CED infrastructure reserve	-	-
Employee entitlements reserve	-	-
Asset revaluation reserve	-	-
Elections reserve	-	-
Total reserves	-	-
Recreational facilities reserve		
Balance at the beginning of period	-	750,000
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(750,000)
Balance at the end of period	-	-
Building Maintenance Reserve		
Balance at the beginning of period	-	61,730
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(61,730)
Balance at the end of period	-	-
Plant replacement reserve		
Balance at the beginning of period	-	400,000
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(400,000)
Balance at the end of period	-	-
Water infrastructure reserve		
Balance at the beginning of period	-	483,800
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(483,800)
Balance at the end of period	-	-
Other capital projects reserve		
Balance at the beginning of period	-	100,000
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(100,000)
Balance at the end of period	-	-
CED infrastructure reserve		
Balance at the beginning of period	-	194,240
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(194,240)
Balance at the end of period	-	-
Employee entitlements reserve		
Balance at the beginning of period	-	47,023
Transfer from retained earnings for future expenditure		-
Transfer to the retained earnings/capital funds expended in the period		(47,023)
Balance at the end of period	-	-

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

	30 June 2013	30 June 2012
Note	\$	\$
22 Reserves (continued)		
Asset revaluation reserve		
Balance at the beginning of period	-	10,000
Transfer from retained earnings for future expenditure	-	-
Transfer to the retained earnings/capital funds expended in the period	-	(10,000)
Balance at the end of period	-	-
Elections reserve		
Balance at the beginning of period	-	2,500
Transfer from retained earnings for future expenditure	-	-
Transfer to the retained earnings/capital funds expended in the period	-	(2,500)
Balance at the end of period	-	-

23 Commitments For Expenditure

Contractual commitments

At 30 June 2013 Council had entered into contractual arrangements for the purchase of plant and equipment at tendered net changeover price of 557,716. This equipment was received during July and August 2013.

24 Contingent Liabilities

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

Local Government Mutual

The Diamantina 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 30 June 2012 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare:

The Diamantina Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$190,507.

Department Housing and Public Works

Diamantina Shire Council has a Capital Funding Agreement with the Department of Housing and Public Works under the Social Housing Programs for 12 properties in Bedourie and Birdsville. Under the Agreement, council acquires a portion of equity in each property each year. Council then has the option of either paying out the Contingent Liability amount or pooling equity on a particular property to acquire full ownership.

	30 June 2013	30 June 2012
Note	\$	\$

25 Superannuation

The Diamantina Shire Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB 119 *Employee Benefits*.

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund.

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

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

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

The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

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

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

423,544

348,361

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

	30 June 2013	30 June 2012
Note	\$	\$
26 Trust Funds		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.		
Security deposits	322,160	71,731
	<u>322,160</u>	<u>71,731</u>
The Diamantina Shire Council performs only a custodial role in respect of these monies. These funds cannot be used by the Council.		
27 Reconciliation of Net Result for the Year to Net Cash Inflow (Outflow) From Operating Activities		
Net result	23,871,759	(1,875,503)
Non-cash items:		
Depreciation	3,201,463	2,810,874
Investing and development activities :		
Net (profit) loss on disposal of plant and equipment	234,241	191,304
Net (profit) loss on disposal of land improvements, buildings and other structures	(9,643)	696,739
Net (profit) loss on disposal of land and buildings held for resale	2,019	107,864
Capital grants and contributions	(7,944,910)	(12,517,944)
	<u>(7,718,293)</u>	<u>(11,522,037)</u>
Changes in operating assets and liabilities :		
(Increase) decrease in receivables	36,952	1,346,625
(Increase) decrease in inventory	(363,329)	(32,419)
(Increase) decrease in other financial assets	14,300	14,969
Increase (decrease) in payables	(1,165,521)	231,348
Increase (decrease) in provisions	31,906	(6,866)
	<u>(1,445,692)</u>	<u>1,553,658</u>
Net cash inflow from operating activities	<u>17,909,237</u>	<u>(9,033,009)</u>

28 Events After the Reporting Period

There were no material adjusting events after reporting date.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments

Diamantina Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these

Financial risk management

Diamantina Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Diamantina Shire Council does not enter into derivatives.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

		30 June 2013	30 June 2012
Financial Assets	Note	\$	\$
Cash and Cash Equivalents - Deposits at call	10	17,764,848	6,013,125
Cash and Cash Equivalents - Bank	10	34,029	869,293
Receivables - Rates	11	133,719	188,884
Receivables - Other	11	2,034,487	2,434,144
Other Credit Exposures			
Guarantee	24	190,507	171,615
Total		20,157,590	9,677,061

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Trade and other receivables

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

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

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	30 June 2013	30 June 2012
Financial Assets	\$	\$
Not past due	1,783,680	591,098
Past due 31-60 days	120,637	1,441,892
Past due 61-90 days	591	294,505
More than 90 Days	129,579	106,649
Impaired	-	-
Total	2,034,487	2,434,144

Impaired Assets

Council has considered factors including past history and likelihood of recovery when impairing assets.

Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Diamantina Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2013					
Trade and Other Payables	1,119,777			1,119,777	1,119,777
Loans QTC	332,103	933,725	152,599	1,418,427	1,418,427
	1,451,880	933,725	152,599	2,538,204	2,538,204
2012					
Trade and Other Payables	2,347,761		-	2,347,761	2,347,761
Loans QTC	312,605	1,129,762	289,708	1,732,075	1,732,075
	2,660,366	1,129,762	289,708	4,079,836	4,079,836

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

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest Rate Risk

Diamantina Shire Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Balance	Profit or loss		Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2013					
QTC Cash Fund	17,764,848	177,648	(177,648)	177,648	(177,648)
Other Investments	34,029	340	(340)	340	(340)
Loans - QTC	(2,045,724)	(20,457)	20,457	(20,457)	20,457
Net	15,753,153	157,532	(157,532)	157,532	(157,532)

	Balance	Profit or loss		Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2012					
QTC Cash Fund	6,013,125	60,131	(60,131)	60,131	(60,131)
Other Investments	869,293	8,693	(8,693)	8,693	(8,693)
Loans - QTC	(1,732,075)	(17,321)	17,321	(17,321)	17,321
Net	5,150,343	51,503	(51,503)	51,503	(51,503)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is *discussed below/ disclosed in Note 17*.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2013

29 Financial Instruments (continued)

Fair value - hierarchy

The recognised fair values of financial assets and liabilities are classified based on the lowest level of input significant to the overall fair

Level 1 - quoted prices (unadjusted) in active markets for identical instruments

Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3 - valuation techniques for which any significant input is not based on observable market data.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2013				
Financial assets				
QTC cash fund	17,764,848	-	-	17,764,848
Other investments	34,029	-	-	34,029
Total financial assets	17,798,877	-	-	17,798,877
Financial liabilities				
Loans - QTC	1,418,426	-	-	1,418,426
Total financial liabilities	1,418,426	-	-	1,418,426
30 June 2012				
Financial assets				
QTC cash fund	6,013,125	-	-	6,013,125
Other investments	869,293	-	-	869,293
Total financial assets	6,882,418	-	-	6,882,418
Financial liabilities				
Loans - QTC	1,732,075	-	-	1,732,075
Total financial liabilities	1,732,075	-	-	1,732,075

Notes to the Financial Statements

For the Year Ended 30 June 2013

30 National Competition Policy

Activities to which the code of competitive conduct is applied

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

(a) Roads business activity:

- (i) The construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- (ii) Submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

(b) Other business activity, referred to as type three activities, means the following:

- (i) Trading in goods and services to clients in competition with the private sector, or
- (ii) The submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are (a) library services, 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.

The Diamantina Shire Council has reviewed its activities and has not identified any that are 'business activities'. Accordingly, the Code of Competitive Conduct has not been applied to any activity of the Council.

DIAMANTINA SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

MANAGEMENT CERTIFICATE

For the Year Ended 30 June 2013

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with Section 212(5) of the Regulation we certify that:

(i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, as set out on pages 1 to 37, present a true and fair view, in accordance with the Australian Accounting Standards, of the Council's transaction for the financial year and financial position at the end of the year.



Mayor

Geoff Morton

Date: 22 / 11 / 13



Chief Executive Officer

Leon Love

Date: 22 / 11 / 13

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Diamantina Shire Council

Report on the Financial Report

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

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

Other Matters - Electronic Presentation of the Audited Financial Report

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



P FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

DIAMANTINA SHIRE COUNCIL

Current Year Financial Sustainability Statement

For the Year Ended 30 June 2013

Measures of Financial Sustainability	How the Measure is Calculated	Actual	Target
Council's Performance at 30 June 2013 against any key financial ratio's and targets:			
Operating Surplus Ratio	Net Result (excluding capital items) divided by total operating revenue (excluding capital items)	30.19%	Between 0% and 10%
Asset Sustainability Ratio	Capital Expenditure on the replacement of assets (Renewals) divided by depreciation expense	409.44%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (Excluding Capital Items)	-42.92%	Not Greater than 60%


Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2013.

CERTIFICATE OF ACCURACY For the year ended 30th June 2013


This current year financial sustainability statement has been prepared pursuant to section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with the section 212(5) of the Regulation we certify that this current year financial sustainability statement has been accurately calculated.



Mayor
Geoff Morton

Date: 22 / 11 / 13



Chief Executive Officer
Leon Love

Date: 22 / 11 / 13

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Diamantina Shire Council

Report on the Current-Year Financial Sustainability Statement

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

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

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

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

Opinion

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

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



P FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane