



LOCAL GOVERNMENT
ASSOCIATION
OF QUEENSLAND INC.

LGAQ EXECUTIVE REPORT

Local Government Association of Queensland Inc 111th Annual Conference - EXECUTIVE REPORT



Introduction



Delegates and Observers

In accordance with the rules of the Local Government Association of Queensland (LGAQ), the governing body of the association – its Executive - reports formally to each annual conference on its strategic direction and policies and its activities during the previous year.

In recent years, the Executive Report to member councils has canvassed the major defining trends and developments in the environment in which the state's current 157 local governments operate. Additionally, the report comments on the strategic direction and policies of the LGAQ and its owned and controlled entities and the more significant initiatives and achievements of the Association during the period.

For a comprehensive coverage of the Association's mission statement goals and objectives, policies, programs and activities, staffing etc, please visit LGOOnline at www.lgaq.asn.au.

EXTERNAL ENVIRONMENT

The past 12 months have been extraordinary in terms of the repudiation by the state government of its much-promoted commitment to collaboration and partnership with the local government sector. While April 17, and July 27 2007 were seminal dates in respect of local government physical boundaries, the attack on council power and status started in the lead-up to the October 2006 state government election and has continued unabated since on water, planning and industrial relations. The sweeping victory of the Beattie government at last year's poll has proved a telling development for local government and the government's

taking an apparent green light to substantially redefine the relationship between it and local government.

In one fell swoop, the Beattie government reduced not only Queensland local governments from 157 to 73, but redefined local government as regional government – serving the state's not the local community's interest. The Local Government Reform Commission report made it clear the purpose of Councils was to satisfy state strategic interests rather than local community interests. Time and time again the local interest was subjugated in determining if Councils should be amalgamated. The reduction of the number of councillors also reinforces the movement from community governance to a more corporate stance. In short, local government is being remade in the state's image and interests.

In the public domain, local government has come in for more than its fair share of criticism – some self-induced, others, including the attacks from the property industry, nothing more than self-serving, unsubstantiated hyperbole. At a time when local government has been front and centre in many difficult debates over the last year (setting an all-time record coverage of council affairs in the media) the community support for our sphere of government remains remarkably strong. The 2007 biennial Community Attitude Survey, to be revealed at the annual conference, highlights that the community values the institution of local government with all of its intrinsic strengths and weaknesses.

Federal Government

The two dominant issues for local government at the federal level have been Industrial Relations (WorkChoices) and funding. WorkChoices has been an immensely difficult issue for councils and LGAQ alike, while real progress has been made on the drive to increase federal funding to councils, albeit through specific purpose payments.

Over the last year, the federal government's WorkChoices legislation has come under enormous scrutiny and is undoubtedly unpopular in the broader community. Local Government is not immune from the fallout from that public debate. In the early months of 2007, Queensland local government and LGAQ gained unwanted national prominence on the issue when it defended the rights of councils that wanted to register Workplace Agreements with the federal Office of Employment Advocate (OEA). At the time, the LGAQ was unfairly portrayed as the spear carrier for the Howard government on WorkChoices, rather than as a member organisation defending members who had exercised a lawful right.

The Executive's position has been one of assisting councils to comply with the law as determined by the

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federal government and interpreted and ruled upon by the High Court of Australia. Put quite simply, councils don't have choices with respect to whether they are statutory trading corporations; they are or are not trading corporations.

The real test of the proposition that LGAQ has been at the vanguard of the WorkChoices lobby is that only 13 OEA Agreements were registered by councils over the past year and that the great majority of councils "parked" their enterprise agreements by way of administrative agreements in the hope that there would be political and/or legal resolution of the deepening WorkChoices quagmire.

At the time of writing, the LGAQ was supporting two councils in Federal Court appeals against them by unions with respect to WorkChoices legislation. It is clear to the Executive that legal resolution of the current imbroglio could take years and a political rapprochement after the upcoming federal election may well be the most efficacious course of action. The Executive has strived to ensure all available help and assistance is made available to members to negotiate the WorkChoices minefield.

With respect to the Australian Local Government Association's strategic push to secure additional financial support, significant progress has been made. The funding of the PricewaterhouseCooper's (PWC) report which was published in December 2006 was the cornerstone of the ALGA's initiative to secure additional funding. To date, substantial additional road funding for councils has been secured in the May 2007 federal budget with \$1.75 billion in funding for an extended and upgraded Roads to Recovery program. High hopes are also held for the announcement of a similar program focussing on non-road community infrastructure in the months leading up to the federal election. Much ground work has been laid to position local government more favourably, including the securing of discussion of the council financial viability problem at Australia's pre-eminent inter-governmental relations forum, COAG.

The outstanding issue remains the securing of access to a federal growth tax to redress the fundamental issue of vertical fiscal imbalance between the two spheres of government. As an interim step, ALGA is seeking to secure a revised inflator for financial assistance grants, i.e. replacing the current per capita CPI escalator with a per-capita council CPI inflator.

State Government

Irony is described as a gap or incongruity between one's word and actions, a device which relies on a sharp discordance between the real and ideal. Literary

scholars would no doubt agree that the Beattie government and the Department of Local Government, Planning, Sport and Recreation's much-heralded promise of a new era of state and local government collaboration and partnership contrasting with a program of forced mass amalgamation by stealth and deceit is indeed a "bitter irony". A much-touted new place for local government in state affairs was an allegorical mirage in the desert.

The Hansard containing the parliamentary debate in April this year on the Local Government Act amendments is an illuminating read insofar as it chronicles the significant hostility between principally back bench members of the government and their councils. Clearly, there is much resentment and misunderstanding by Members of Parliament of local government. Two years ago, the Association embarked on a significant program of engaging the backbench. But more needs to be done, especially at an individual council level.

Certainly, the sense of betrayal and the breaking of a "political contract" on April 17 was painful for both councils and their peak body. But the continuing charade of local government's financial unsustainability as justification for abandoning the Size, Shape and Sustainability (SSS) program simply has added insult to injury, especially given the damning contrary views put by Professor Brian Dollery, Dr Mark McGovern and the international receivers and administrators, McGrathNicol.

The whole campaign to forcibly amalgamate councils has to be viewed from the prism of political convenience. Sort out those who cause you grief, manufacture a justification of your actions based on polling and focus groups, gild the factual reports that you do possess, refuse to release those that don't support your case, and repeat the carefully-crafted mantra of justification over and over again, first unsuccessfully through the earned media, then more stridently through \$1.5 million of taxpayer-funded TV, radio and newspaper advertising. Then, as a coup de gras, run the legislation authorising amalgamations through State Parliament at unseemly speed, forever denying communities a say.

In hindsight, and with perspective, councils might have started the SSS process a year earlier, i.e. 2004, embraced it more vigorously at the start and worked more diligently to resolve differences. Against that, at no time would the minister for Local Government, the Hon Andrew Fraser, give any indication of his government's time frame for reform from the earliest days of his ministry. In October 2006, and on repeated subsequent occasions, the President and the Executive sought that information - to no avail. It was only revealed on April 17, when the state government, without prior consultation or warning, scrapped SSS and instead imposed the Local

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Government Reform Commission process. As we know now, local government's fate was sealed on that date with subsequent amalgamations on July 27 a foregone conclusion.

It is important that history records that SSS did not fail - it was not given the chance to succeed, cut off at the knees after a brief 14 months. At the time it was terminated, 118 councils were participating on a voluntary basis. Significant reforms, including multiple amalgamations, were formally proposed and the independent review facilitators faithfully recorded that fact for posterity. The real problem was the process, which included necessary amalgamations, would not have been fully completed until October 2008, putting the time frame too close for comfort to a state government 2009 election. The state government could not afford that risk.

The Executive has been at pains to point out that it was not anti-reform, rather that it did not support a rushed, flawed process which did not include the right for communities to finally determine the issue through referendums. The Executive's policy has respected the different views that exist among member councils, but, at the same time, it has kept faith with the decisions of previous annual and special conferences of the Association on this subject, i.e. opposition to forced amalgamation.

The LGAQ has not engaged in advertising campaigns for or against amalgamations. It has engaged experts in accounting, economics, law, etc to ensure that the public debate was factual, balanced and not overtly influenced by propaganda served up as fact by the state government. The Executive also sought to withdraw from the Blueprint for the Bush partnership and suspend the high level protocol with the state government in response to the government's capricious and unprincipled action.

It would be entirely remiss of the Executive not to note the outstanding work and efforts of Mr Greg Hoffman and Ms Simone Talbot in the conduct of the SSS process (and subsequently on transitional arrangements) and equally the efforts of the independent review facilitators, elected members and council staff who toiled so diligently, albeit pointlessly to achieve good and sustainable outcomes. Ultimately, what is success? A hill taken in short time with mass casualties and a forever divided people, or a new union of minds and territories with all bodies present and accounted for achieved over a more reasonable period of time?

Water reform has been another major significant challenge for the councils of south-east Queensland to meet.

Climate change and the lack of foresight by current and previous state governments has resulted in a major water supply crisis in south-east Queensland and for many months immediately prior to and after the 2006 state election, the state government sought to blame councils for all the ills of the water shortage. Strong advocacy by the LGAQ, including paid research undertaken by KPMG for the Association, made it clear that councils had not "ripped off" water users, made exorbitant profits or failed to adequately invest in new infrastructure.

Subsequent to the repudiating of the state government's claims, the premier unilaterally declared new institutional and financial arrangements for water in SEQ on March 9. In effect, councils are to be relieved of their responsibilities and assets for bulk water and sewage treatment and, in turn, they are to be compensated for those assets, by a method and amounts yet to be determined. The LGAQ continues to work with the Council of Mayors (SEQ) to protect and promote councils interests.

Local governments and the LGAQ have sought to cooperate fully and responsibly in the community's interest on water reform. We have grasped the need for a new institutional model, but at the same time asserted local government's basic infrastructure responsibilities of multi-faceted delivery and local service.

Elsewhere in the state many communities are facing as bad or even worse water supply difficulties. LGAQ continues to assist those councils with support and advice and the Executive has directed the LGAQ directorate to develop a policy response for future water institutional and operational arrangements for the balance of the state.

Still on water, the Executive fought very hard against the conduct of a referendum on recycled water being held in conjunction with the south-east Queensland local government elections. At the same time, it gave active support to the reuse of purified treated effluent in the urban water supply, including the funding of a report by the University of New South Wales on the public health aspects of the proposal.

Housing affordability has been another major focus of the Executive over the past year. The Association fully acknowledged the significance of the issue for all Australians and accepted it had a role to play. However, it has rejected out of hand the baseless attacks of the property development sector claiming local government is largely to blame for decreases in housing affordability.

The issue is simply a Trojan horse for the development lobby to again advance its favourite causes - removing elected members from development assessment

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decisions, reducing infrastructure charges and increasing land supply. Analysis by the Reserve Bank of Australia, Federal Treasury and the Productivity Commission and various academics have made it abundantly clear the major drivers of the decrease in housing affordability are macro-economic policy issues, not supply side matters.

The Executive has continued to strongly refute the wild and largely-unsubstantiated claims of developers regarding the setting and levying of council infrastructure charges. One study commissioned by the LGAQ found gross errors in the factual information put forward by the UDIA.

The LGAQ has championed reforms to the Integrated Planning Act, the development of a Smart eDA tool, best practice in DA approval, training and certification of para-planners, educating elected members and benchmarking current system performance – a long and meritorious list of positive contribution.

The LGAQ advocated strongly on behalf of its member councils on amendments to the State Works Public Development Organisation Act in response to attempts to downgrade council development assessment powers for major projects. Through professional advocacy, the Association was able to improve substantially the initial state government proposition while still realising the genuine need to improve performance in this area.

It is fair to say that Industrial Relations is rarely mentioned as a state government issue. However, it is important to note the strongly interventionist stance the state government has taken since the advent of the WorkChoices legislation. It has joined in two actions against councils in the Federal Court, and is actively seeking methods of removing council employees from the federal industrial relations jurisdiction entirely.

Progress on the development of a new Local Government Act has been slow with eight discussion papers having been released by the Department of Local Government, Planning Sport and Recreation at the time of writing this report. To the department's credit, it has consulted widely with stakeholders in developing the discussion papers. However, the Act Review Steering Committee is yet to meet, 10 months after the announcement of its formation and a new act is not expected to be proclaimed until 2009.

The Executive took a very forceful position in relation to the Crime and Misconduct Commissioner's (CMC) report on changes to electoral and other related provisions in the Local Government Act, arising out of the Gold Coast Inquiry. The LGAQ was successful, with a few exceptions, in influencing the state government's final policy position, as reflected in the April amendments to the Local Government Act.

As a final note on state affairs, the Executive was disappointed, but understood the state government's decision to dismiss the Johnstone Shire Council from office and appoint an administrator. The Association offered significant assistance to that council as it did with a number of other local governments whose future was in jeopardy during the past 12 months. Resolution of internal differences between councillors is an area that needs to be improved in the next term of local government. The introduction of a Code of Conduct has had some marginal effect in that regard.

The Association

The Executive of the Association has continued to focus on continuous improvement of the Association's performance including its own governance arrangements. Far from being overwhelmed by the size and scale of imposed change, the Association has pushed ahead undaunted with important agendas such as shared services, labour market issues, climate change, online services, asset management etc. The critical, more personal issues of looking after elected members rights and meeting with councils around the state have not slackened in any way over the past year. Your Association is not in retreat.

After some months of considering the operation of the Executive itself, it resolved at its December 2006 meeting to trial for 12 months the abolition of committee meetings and the holding of two additional full Executive meetings throughout the year - six Executive meetings in a calendar year. The Executive also restructured its meeting agenda so that more of its valuable time could be spent on key strategic issues.

In relation to specific, elected member issues, the Executive has overseen the development of specific, elected member mini-sites under the LGOnline banner, SMS alerts for mayors and CEOs on critical policy/political developments as well as an e-petition facility. Most importantly, the LGAQ vigorously pursued the issue of salary sacrificing for superannuation purposes for elected members including the engagement of a barrister to press its case. At the time of writing, a satisfactory resolution of the matter had been achieved.

True to his promise when elected president, Cr Paul Bell visited half the councils in Queensland over the past year and is on track to visit every council twice in the four year term. LGAQ staff continue to make regular visits to councils around the state and engage with elected members and council staff on a regular basis through the LGAQ's five policy reference groups.

A number of significant milestones were achieved by LGAQ-owned or partially-owned business entities throughout the year. The Executive oversaw the formal legal creation of the QPG-LG Shared Services partnership with United Customer Management Services Pty Ltd in early 2007 and the successful rollout by Resolute Pty Ltd of LGONE in a number of councils across the State.

The LGAQ-owned and/or controlled entities, Local Government Mutual, Local Government Workcare, Local Buy, Resolute, LG Infrastructure Services and QPG - LG Shared Services made significant contributions to the local government sector, providing ample evidence of the huge savings that can be made by providing economies of scope and scale at the state-wide level.

Resolute Pty Ltd's profit was less than forecast due to the initial high roll-out costs of implementing LGONE in six councils. LG Infrastructure Services broke even for the year, putting it a full year ahead of schedule, while QPG - LG Shared Services incurred a start up loss as forecast, but now has its first client and should return a profit in the 07/08 financial year. Local Buy continues to perform at a high level and increased its profitability. LGAQ, in conjunction with the Capita Group of England, led a group of 17 Queensland local government representatives to various council shared service sites in the United Kingdom in June of this year.

Labour market and skills shortage strategies were a major focus of the Executive over the past 12 months. Many hundreds of thousands of dollars were spent developing a comprehensive response to these issues under the banner of "Think Local". Unfortunately the public launch of a scheduled million dollar advertising campaign in May 2006 was postponed indefinitely due to the advent of the state government's forced amalgamation campaign. Funds permitting and with the resolution of council amalgamations, it is intended to recommence the public attraction and recruitment drive in 2008.

Conferences, seminars and training were again a significant Association undertaking, providing many learning opportunities for elected members and staff alike across the length and breadth of Queensland. In all, 5317 people attended a LGAQ training course, seminar or conference. A third TAFE certificate level IV course was added to LGAQ's growing list of accredited offerings over the past year - Local Government Administration. The Executive was delighted to see many women attending the training courses. One-third of all Association training activities are being conducted in indigenous community councils.

Directorate

The Executive oversaw a reorganisation of the Directorate to accommodate the retirement of long-term director Mr Ian Leckenby, whose 18 years of service were greatly appreciated. A restructure took place in December 2006 upon Mr Leckenby's departure, to reflect the changing business of the LGAQ and ongoing growth in workload.

All the LGAQ's business activities including training, conferences and seminars were grouped in one Branch - Business Enterprises, under the leadership of Mr Brent Reeman, who was recruited from the Australian Industry Group to manage these functions. The Corporate Services, Business Information and Finance sections were transferred to join up with the Workforce Solutions Group to form the Workforce and Organisational Services Branch under the directorship of Mr Tony Goode. These significant changes occurred seamlessly without disruption of services to Member Councils.

The past year saw the successful roll-out of the Interwoven Worksite software platform replacing the previous KARMA Knowledge Management software. This development now fully integrates with the LGOnline software platform, providing for easier transfer of data between the two environments and adding to the knowledge holdings available to member councils. Similarly, Executive agendas and reports were formatted to mesh with the Outcome Manager Management Information software implemented across the organisation.

During the year, telephone calls and mobile phone calls have grown to 880 a day on average, while the number of actionable emails and faxes was 542,900 items. The LGAQ dispatched 552,950 emails or faxes.

During the year, the LGAQ received 4220 items of written correspondence and produced a similar number of outgoing letters. Association staff, with Executive sign-off, made 100 submissions to state and federal government inquiries on a variety of matters.

Association staff attended over 60 ALGA, district association, ROC, other groupings of councils and professional body meetings or conferences. Industrial Relations staff responded to 4500 requests for advice or information and made 30 appearances in the state or federal Industrial Relations Commissions. Significantly, those staff also conducted 17 regional workshops and 74 individual council seminars on the federal WorkChoices legislation. Finally, LGAQ produced 364 circulars, 120 news releases and 11 feature articles.

The problems of skills shortages and full employment are starting to become evident within LGAQ, where turnover has increased by 15 per cent over the last two years.

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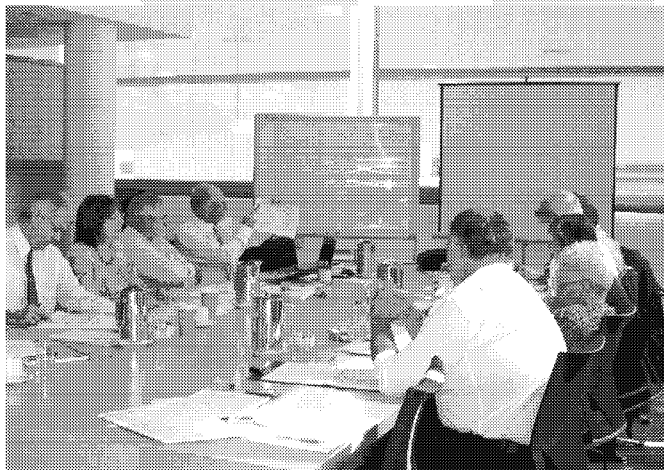
Our staff are being sought by local councils and state government departments, which can offer attractive conditions and give them the opportunity to capitalise on the excellent training, mentoring and breadth of experience they gain with the Association.

The permanent full-time-equivalent staff numbers have increased to 42 with the funding of an additional finance role from our subsidiaries and two roles in the Workforce area, which is struggling to cope with the volume of queries and advocacy undertaken since the introduction of WorkChoices.





Policy and Representation Branch



Size, Shape and Sustainability & Local Government Reform

The state government announced on April 17 its unilateral scrapping of the SSS program and its replacement with Local Government Reform – a new chapter for local government in Queensland. The state government had given strong backing to SSS, initiated by local government in 2005. This included a \$25 million, five-year funding program to support:

- a) a comprehensive review of local government structural and operational arrangements, undertaken by councils in conjunction with independent review facilitators, and
- b) the implementation of wide ranging reforms including amalgamations, boundary changes, establishing joint enterprises and a variety of collaborative resource sharing arrangements.

At the time of the government's announcement, 118 councils in 27 review groups were advancing through the various stages of the government-endorsed SSS review framework. Extensive work had been undertaken by the councils and the independent review facilitators in the identification of issues to be addressed and the range of possible reform options to be considered. All indications were that SSS would have identified, through 2007 and 2008, wide-ranging changes which demonstrated the capacity of local government in Queensland to initiate and adopt sector-wide reforms.

With the announcement in April, this work was acknowledged as vital background information to be considered by the seven-member Local Government Reform Commission established by the state government. The commission's terms of reference

indicated a predominate focus on amalgamation of councils and it was given three months in which to report back to the government, not only on the redrawing of council boundaries but on the name, classification, number of councillors and electoral arrangements for new councils. Of major concern, was the lack of genuine opportunity for councils and communities to directly present their case to the commission following its announcement that it would not be conducting public hearings and would only receive written submissions.

Notwithstanding these concerns, the Association's response to the government's reform program has been extensive:

Advocacy and representation at Local Government Reform Commission level

- Lodgement of two submissions, including a call for the commission to consider a wide range of structural and operational reforms as proposed under SSS
- Meetings with the commission and continuing dialogue, clarifying issues raised in LGAQ's submissions

Advocacy and representation at state government officer level

- Participation in State Transition Committee developing arrangements for:
 - operation of Local Transition Committees
 - recruitment of interim CEOs
 - ECQ conduct of elections in March 2008
 - financial support for councils to implement the reforms
- Participation in Staff Support Sub-Committee developing arrangements for:
 - workforce transition code of practise
 - employment security
 - model contracts
 - industrial jurisdiction
- Participation in Indigenous Sub-Committee developing arrangements for:
 - social implications and service provision
 - land tenure

Advocacy and representation at political level

- Development of Local Democracy website
- Suspension of Local Government/State Government Protocol
- Withdrawal from Blueprint for the Bush
- Numerous news releases clarifying local government positions on reform and responding to erroneous claims about local government financial sustainability
- Commissioning McGrathNicol Report on

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financial sustainability

- Undertaking public opinion polling
- Meetings with the Minister for Local Government
- Maintaining dialogue with the Minister for Local Government
- Correspondence to all state MPs
- Correspondence to relevant federal MPs
- Discussions with federal Opposition Leader

Assisting Members

- Providing Employee Assistance Program for council officers through Interlock
- Developing template for council submissions to Local Government Reform Commission
- Establishing Help Desk and responding to an endless stream of calls from councils and their staff
- Ongoing advice on various issues through circulars
- Attending council meetings, conferences etc
- Where requested, assisting councils with protest rallies
- Issuing a fortnightly Reform Report email providing progress reports on current issues and developments at the State Transition Committee
- R³ Website – located at LGOOnline, providing comprehensive information on all aspects of the reforms

LGAQ Issues

- Development of R³: Reform, Rebuild, Reclaim Strategy – LGAQ's 14-point Strategic Action Plan to support Local Government with the short, medium and local term implications of the reform program. Key member-focused elements of the strategy include:
 - member council consultation
 - expert and experienced stakeholder consultation
 - supporting and informing members
 - employment and industrial relations
 - change management
 - professional and technical support
 - training and development support
- Collaboration with all local government professional associations, including regular contact with LGMA
- Maintaining focus on key issues for local government and progress working relationships with state government departments and agencies
- Reviewing LGAQ's post reform governance arrangements, including Executive structure,

electoral and membership arrangements

- Reviewing internal systems and processes. As the basis for LGAQ's representations at the various levels indicated above and particularly in relation to transition matters, the Executive adopted these principles:

1. Councils identified for amalgamation should retain full responsibility for their day-to-day operations, including staffing matters, in accordance with existing plans, policies, budgets and industrial agreements until the amalgamation is implemented (i.e. at the declaration of the polls for the elections in March 2008).
2. Only those decisions necessary to ensure the essential interim operating requirements for the new council following the March election should be taken by the Local Transition Committees.
3. These decisions, including the appointment of an interim CEO and appointments to an interim executive organisational structure, should only have effect until such time as the newly-elected council is able to decide on its organisational structure and make permanent appointments.
4. No decisions should be taken by the LTC that would limit the ability of a newly-elected council to determine and be fully accountable for its own plans, policies, local laws, budget and industrial agreements.
5. Decisions of the LTC should be by consensus of elected members representing councils involved in the amalgamation or change. Other members of the LTC should attend as non-voting participants.

While several aspects of the transitional arrangements are yet to be finalised, LGAQ is satisfied that good progress has been made, generally in line with the principles outlined above.

Subsequent to the release of the commission's report on July 27, reducing the total number of councils in Queensland from 157 to 73, LGAQ has liaised closely with all councils seeking their reactions to the report and its implications for their communities, their council and council staff. LGAQ's strategic action plan will ensure the full resources of the Association are available to assist member councils respond to the report.

State Parliament will consider legislation in August to give effect to the changes recommended by the commission and agreed to by the government on July 27. Subsequent to the passing of the legislation, the Association's efforts will focus on assisting councils participate in the Local Transition Committees which will be in place until the elections in March 2008. The

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Association's annual conference will consider in detail transition and implementation processes associated with the reforms and provide an opportunity to discuss with LGAQ staff the range of training, development and support initiatives available from the Association.

Finance and Administration

FUNDING ASSISTANCE

The state government's 2007-2008 budget followed through with commitments made in the previous year for funding programs for local government. Again, there were relatively few new funding programs announced this year.

There is concern that, to date, the state has been non-committal on funding assistance for the Local Government Reform agenda. LGAQ has submitted a reform support funding package for affected councils and is awaiting a response.

TAXATION AND REVENUE

Valuation of Land

Site valuation is local government's preferred method of land valuation for urban properties. No further progress has been made on this matter as it appears the Office of State Revenue is not in favour of a change to the calculation of property values.

Rating Service

Councils have continued to use the Association's rating service, providing advice on contemporary rating and revenue-raising arrangements. The increased knowledge and focus on rating now has all but a handful of councils using differential rating.

FINANCE AND GOVERNANCE

Finance and Governance Reference Group

This group met three times in 2006/07. One of the major projects to come out of the reference group relates to risk management and requirements under Local Government Finance Standards. LGAQ is developing an online resource to assist councils in meeting the requirements of the standard.

Asset Management

LG Asset has been extremely successful, with 78 councils participating in the program. Participating councils have access to the LG Asset consultants for four days during the program and there are also two regional meetings which councils can attend. The first round of regional meetings has been completed. The council participation and completed visits are set out in

the accompanying table.

LGAQ has already made an approach to DLGPS&R about the operation of LG Asset following amalgamations of councils. The intent is to ensure amalgamated councils have full access to the program resources in line with the pre-amalgamation agreements.

Council Category	Participation Rate	First Visit Completed	Second Visit Completed
A	56% 14 out of 25	93% 13 out of 14	64% 9 out of 14
B	81% 21 out of 26	95% 20 out of 21	57% 12 out of 21
C	62% 32 out of 52	78% 25 out of 32	56% 18 out of 32
D	50% 11 out of 22	81% 9 out of 11	54% 6 out of 11
Totals	62%	91%	63%

LGAQ has also been involved in a number of other asset management valuation and depreciation initiatives, including distribution of the IPWEA video on sustainable communities and commencement of guidelines. A new service, similar to the rating service, is being developed to assist councils with depreciation and valuation issues. This action is in response to adverse comments in the 2007 Auditor-General's Report and the delay in the establishment of national local government guidelines.

Local Government Act 1993 Review

LGAQ provided support and staff resources to the department to assist in developing the issues papers for the review. Unfortunately, the state's Local Government Reform agenda has stifled the act review. It is expected that councils will not be able to adequately comment on matters raised in the eight Issues Papers released in July, given amalgamation issues and the need to participate in transition processes. Councils have been given until October 5 to respond. Notwithstanding this totally unreasonable expectation, the Association will convene a special reference group to assist in the development of a sector-wide response.

Regionalisation

LGAQ has, for the past three years, been involved in PhD research on intergovernmental collaboration and engagement. This work has been well recognised, resulting in an invitation by the United Nations for the research to be showcased at the 7th Global Forum held in Vienna in June. It is expected the research will be finalised and released by the end of 2007.

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Diploma Local Government Administration – Finance Management Stream

A diploma, focused on financial management, has been developed to assist councils meet skills gaps in this area. The course will focus on long term financial planning as well as the day-to-day financial processes of councils. Early indications are that there will be a full complement of participants for 2007 and a waiting list for 2008 sessions.

Governance

REPRESENTING THE COMMUNITY

The LGAQ Community Engagement Strategy continues to deliver results and build skills and capacity across Queensland local government with continued interest in the Association's community engagement training programs. There is ongoing demand for in-house awareness programs as well as the accredited training. The state's Local Government Reform agenda has increased council awareness of the need to engage their communities and the skills that have already been developed have provided this ability.

LGAQ will be developing engagement resources as part of its response to the reforms.

LAMP

The Local Area Multicultural Partnership Program continues to grow, with an increasing number of councils taking an interest in the program.

The program has been extended to June 2008 to allow for a full review. It is expected that this program will continue to be funded after the review and that the focus may be broadened to include more councils. Issues involving settlement and support for refugee and skilled migration are growing areas of concern for councils in Queensland.

Community Development and Human Services

COMMUNITY DEVELOPMENT

Youth

The Association's Youth Policy portfolio has continued to build the capacity of local government to acknowledge and engage young people as legitimate community members and stakeholders who possess the rights and responsibilities of citizenship. Some of the key projects and outcomes for 2006/07 have included:

- A Youth Development Conference, Enrich, Enliven, Engage, held in collaboration with Townsville City Council and attended by over 80 delegates.

- Red Alert! - a collection of digital stories made by young people from across Queensland about cyclones, bushfires, severe storms and floods. The digital stories are a collage of young people's voices, art work and storytelling relating their experiences.
- Get Ready Kidnas - an online resource of games and information for children to prepare for emergency situations such as cyclone, severe storm, flooding, bushfire and tsunami.
- The FNQ Youth Partnerships Project with Cook Shire and Torres Shire, a six-month project that invited three young people, a council staff member and an elected member to come together for training and to develop and deliver a project in their local area.

Libraries

The LGAQ has worked collaboratively with the State Library of Queensland and the Queensland Public Libraries Association to deliver Expanding Horizons: positioning Queensland public libraries for the future 2007 - 2011. The strategic planning document will be accompanied by an Implementation Plan that will deliver the core recommendations from the positioning paper over the next five years.

Affordable Housing

Affordable housing continues to be an issue for Queensland. The LGAQ maintains regular engagement with councils and the state government on the issue, to ensure local government's needs are heard and understood. The Association is represented on the Community Housing Reference Group.

Social Policy Reference Group (SPRG)

The SPRG is in its third configuration. The group is made up of elected members and council officers from across the state. The SPRG assists the LGAQ by identifying strategic direction for local government within the current reform agenda. Members undertake activities that facilitate appropriate representation of local and regional networks to assist in priority-setting for LGAQ.

Interaction with QLGCSA

The LGAQ is working with the Queensland Local Government Community Service Association to support members in the lead up to, and throughout the reform process. Activities include joint research and the identification and delivery of professional development opportunities to equip staff with the skills to work most effectively in the new environment.

Volunteerism

The LGAQ continues to keep abreast of trends and projections relating to volunteerism.

Planning and Development

The past 12 months has seen the LGAQ continue to play a pivotal role in assisting councils plan for and regulate the sustainable development and growth of their local and regional communities.

ONLINE DEVELOPMENT ASSESSMENT

The \$7.09 million National Electronic Development Assessment project (NeDA) from the Federal Government's Regulation Reduction Incentive Fund (RRIF), managed by Cairns City Council, has assisted councils prepare to offer online development assessment.

The NeDA Project has funded 12 suppliers of development assessment software systems to local government to upgrade their products in preparation for undertaking online development assessment activities, such as application preparation and lodgement. This software has been implemented in 17 of the 26 participating Queensland councils.

The project has also funded a prototype project which explored converting a council planning scheme into an interactive online tool that allows potential applicants to determine how a development proposal on a particular lot of land will be affected by the scheme. As this exercise was successful, the LGAQ has submitted a further proposal to complete the plan online and develop a template for other planning schemes.

The LGAQ has continued its partnership with the DLGPSR (\$6.6 million state government funding) to transition the state's paper-based IDAS process to online. The Smart Electronic Development Assessment program (Smart eDA) will allow online preparation and lodgement of development applications and in collaboration with the deliverables from the NeDA Project deliver applications directly into council and state agency systems, saving significant effort in data entry. It will also improve the quality of applications lodged, by ensuring the correct forms are completed and the identification of all referral agencies for an application, as well as support other activities throughout the assessment process. The Smart eDA went live on July 30, when applicants - for the first time - were able to prepare their applications online. Further functions will be added to Smart eDA over the coming 18 months, after which the facility will be maintained by the state.

The eDA projects - while being a service for the development industry - offer the potential to improve

significantly the efficiency and effectiveness of council development assessment processes for all Queensland councils, including better quality applications, electronic lodgement and payment, reduced paper dependency, reduced information requests and automatic referrals to state agencies.

INTEGRATED PLANNING ACT REVIEW

The Association has continued its strong representations and monitoring on behalf of local government with the review into the Integrated Planning Act. This has involved numerous briefings with the department, continued coordination of a number of meetings of the Association's Planning and Development Reference Group and the development of legal advice and submissions to the government.

PRIORITY INFRASTRUCTURE PLANS

For the past eight months, the Association has been working to identify the issues that councils have been facing in preparing their Priority Infrastructure Plans (PIPs). It is very clear the government has created a working environment of uncertainty in relation to the development of PIPs which is not anticipated to improve over the next 12 months.

The LGAQ has taken a proactive approach to PIPs and has assisted councils as requested. The Association is establishing user groups across the state whose purposes are to be collective bodies of expertise to assist councils in preparing and implementing their PIPs. The Association's LGOnline is to be a pivotal tool in disseminating information to councils about their learning's in preparing and implementing PIPs.

PENALTY INFRINGEMENTS NOTICES

For the past four years, the Association has been advocating for the introduction of penalty infringement notices (PINs) under the Integrated Planning Act (IPA) for minor offences. The Association was successful with this effort as the Department of Local Government, Planning, Sport and Recreation has announced that PINs under IPA would be introduced during 2007.

AWARDS

The Association was as joint winner of the Award for Excellence in the 2006 Queensland Planning Institute Awards for our publication, DA Process - Sharing the Knowledge: A Guide for Councils.

The award was given as the publication was considered to be a timely and well-researched resource for council planners - unlocking some of the mysteries of the development application process - and is readable and easy to use. The panel was delighted that it had taken a

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lead role and collaborated with many councils.

The Diploma of Local Government (Planning) won a Certificate of Merit for its innovative, creative and timely response to the problem of qualified planners by “up-skilling” existing staff within local government.

DIPLOMA IN LOCAL GOVERNMENT (PLANNING)

The LGAQ's Diploma in Local Government (Planning) course, developed to assist in resolving problems associated with the shortage of town planners, continues to be in demand with numbers outstripping places.

The course is being delivered by the LGAQ's well-regarded Training Services department in close co-operation with the Queensland branch of the Planning Institute of Australia and the Department of Local Government, Planning, Sport and Recreation.

REGIONAL PLANNING

Over the past year, the Association has continued to monitor the roll-out and implementation of the South-East Queensland and the Far North Queensland Regional Statutory Plans. With the South-East regional plan, our focus has continued to be on the ensuring that state agencies comply with the plan. In Far North Queensland, the focus has been on monitoring the cooperation and relationship between councils and the department to ensure councils' concerns and issues are addressed.

HOUSING AFFORDABILITY

Over the past 12 months, the LGAQ has taken a proactive stance in positioning local government in the housing affordability debate. The Association has released four reports refuting the development industry attacks on local government infrastructure charges, development application processing times and land release policies. These reports are:

- LGAQ Survey of Development Application Process
- Residential Lot Supply and Demand in South-East Queensland
- Assessment of the Factors Influencing Housing Affordability in Queensland
- The Implications of Amendments to Queensland's Infrastructure Charging Regime under the Integrated Planning Act 1997

The Association has also represented local government in the development of the state government's Housing Affordability Strategy. The effort included numerous briefings with the Deputy Premier and Office of Urban Management, advocating 15 key housing affordability messages. The strategy, released by the government

on July 25, was within local government's expectations providing for independent assessment of contentious issues involving infrastructure charges and land availability. LGAQ had indicated its support for these initiatives. Supposed concerns about development assessment processes and timelines are already in hand with the Smart eDA and NeDA initiatives released at the time of writing this report.

BUILDING

The 2005-2006 review of the building regulatory framework culminated in the release of the report, Preferred Model for Building Regulation in Queensland.

This report was submitted to the Department of Local Government, Planning, Sport and Recreation in December 2006 as a basis of discussion with the state government on a way forward to improving the current building regulatory system.

As the report has been tied up with the restructure of the department, no formal response has been received. However, our efforts continue in lobbying the department to ensure a favourable response to the report's recommendations.

NATIVE TITLE AND INDIGENOUS CULTURAL HERITAGE

In its role as a regional representative for the current nine local government regional native title groups involved in native title negotiations, the LGAQ is continuing to support 60 councils affected by a third of the active native title claims in Queensland.

Changes to the Attorney-General's financial scheme for native title respondents on July 1 (most local governments obtain assistance from this scheme to meet their legal costs) has meant that councils will now only receive such funding for group negotiations, unless there are extenuating circumstances that justify funding being provided for individual council and claimant negotiations. Consequently, as the number of native title claims entering into active mediation increases, the number of councils involved in this project is also likely to increase.

The commonwealth Attorney-General's Department is highly supportive of LGAQ's role in native title negotiations and it has again extended funding for the native title project officer position up until June 30, 2008 and has also agreed to consider future funding for up to a three-year period.

Over the last year, a number of groups have been engaged in active negotiations. These negotiations are addressing the resolution of a native title claim, native title compliance, cultural heritage compliance and

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also other related local issues. Two memorandums of understanding have been executed, and the negotiation of a template Local Government Indigenous Land Use Agreement for the Gurang Land Council region is close to completion.

During the year, the federal government announced changes to the native title system and subsequently there have been two separate acts amending provisions of the Native Title Act 2003. The amendments are wide-ranging but are focused on encouraging negotiated outcomes to native title and, for example, statutory responsibilities have now been imposed on all parties to negotiate in good faith.

ECONOMIC DEVELOPMENT

This three-year project was developed in accordance with the Association's Economic Development Strategy and is financially supported through the Department of State Development and Ergon Energy. Despite the economic officer position being vacant for a period of five months until it was filled in April, the Association has continued to deliver solid results in the economic development area.

The guidelines, Incorporating Economic Development in to Corporate Planning, were developed and released to all councils and have received very good feedback. Regional workshops have commenced, based on the guidelines, and initial feedback has again been very positive.

The 2007 Economic and Regional Development Conference, Home Grown, was held on the Gold Coast, with attendance numbers demonstrating the increasing interest and support for this event.

An economic development survey has been developed and launched through LGOOnline to map out capabilities, resources, issues and success stories within councils. An Economic Development reference group is now being established, and an Economic Development Practitioner Network supported.

A number of individual councils have also been assisted in the development of their Economic Development Strategies and promotional campaigns.

Environment and Health

The Association continues to pursue a wide range of policy matters and capacity building initiatives to support councils in the protection and effective management of their natural environments.

ENVIRONMENT CONFERENCE

The Association continued its efforts to support councils to address key environmental management issues and actions through its annual Environment Conference. This year's conference was held in Hervey Bay and the feedback received was very positive.

Focus of the conference was on Meeting the Environmental Challenge. The number of attendees was slightly up on the 2006 conference held in Longreach. One hundred and two delegates attended the conference and 32 councils were represented.

The next Environment Conference is to be held in Port Douglas in mid-July 2008.

ENVIRONMENTAL PROTECTION ACT REVIEW

The EPA is currently undertaking a review of the Environmental Protection Regulation. Consultation with local government has been extensive to date and it is hoped that many issues currently faced by local government in environmental protection can be resolved with legislative changes. The consultation process with the EPA has also been positive and relationships are slowly improving.

NATURAL RESOURCE MANAGEMENT

The Association continues the roll-out of the NRM Capacity Building Project, which supports local government participation in improved natural resource management. The project is primarily resourced by the federal government via the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust Mark 2.

In the past 12 months, the LGAQ NRM team has produced five publications aimed at supporting councils in NRM, including:

- Natural resource management manual for local government operational staff
- An Erosion and Sediment Control Guide
- An online software package to assist councils identify the true costs and benefits of natural resource management
- A guide for Aboriginal and Island Councils on integrating land and sea management into their corporate plans, and
- A guide on integrating NRM into planning schemes.

In addition, the team has delivered seven corporate planning and NRM workshops in the Torres Strait and Cape York with over 70 elected members and staff in attendance. The feedback on the guide and workshops has been very positive.

The LGAQ has developed, in partnership with

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the Regional Groups Collective, a MoU aimed at strengthening partnerships between local government and regional bodies. The MoU was signed-off on April 12.

Following the Australian government's ongoing commitment to regional arrangements by committing a further \$2 billion over five years to ensure that action continues on a local, regional and national scale, the Association has been lobbying for a stronger role for local government. We have made representations to both governments seeking enhanced local government involvement.

On a national front, the LGAQ, in partnership with other state and territory local government associations, have developed a number of national policies for strengthening local government involvement in NRM. The new national policy statements endorsed at the 2006 ALGA Annual General Assembly include:

- Policy Commitment 1: Local government is committed to achieving sustainable NRM outcomes
- Policy Commitment 2: Local government is committed to regional approaches to natural resource management
- Policy Commitment 3: Local government is committed to using its planning processes and powers to deliver local priorities and assist the achievement of regional outcomes
- Policy Commitment 4: Local government is committed to using its resources on the basis of NRM priorities and community expectation, recognising a need for long-term resource investment from multiple stakeholders

The LGAQ is currently developing a number of strategies and actions to deliver these policy commitments.

STOCK ROUTE MANAGEMENT

Action has continued to ensure the recommendations of the LGAQ Stock Route's Position Paper submitted to the government in late 2003 are implemented.

The Land Protection Council, in December 2006, provided the NRW minister with a series of recommendations aimed at improving the management and use of the stock route network. These recommendations were primarily derived from the concerns raised by local governments as reflected in the LGAQ Stock Route Management Position Paper.

Following the NRW minister's endorsement of the recommendations in March, the Association delivered two information sessions at Longreach and Roma to explain the implementation of those recommendations and, in particular, the stock route rationalisation process as a result of the new framework.

WEED AND PEST ANIMAL MANAGEMENT

Following the establishment of Biosecurity Queensland (BQ), the Association met with the BQ chief executive officer to discuss a number of key local government issues including:

1. Continuity of services state-wide in support of council land protection activities, in particular continuity of deployment of state government land protection officers across Queensland.
2. Future of precept payments following local government reform. The current formula for determining council precept payments will no longer be applicable following the reform of local government boundaries.
3. Annual reporting of state government expenditure on all land protection activities including the precept component at a state and regional scale. Current reporting is limited to state-wide expenditure of local government precept contributions on an adhoc basis due to limited resources within NRW.
4. Improved alignment of land protection officers in support of local government and regional NRM bodies land protection activities.
5. Need for BQ to develop a local government communication strategy. To date there has been limited information flow to local government on the establishment and functions of BQ.
6. Timelines for the establishment of the new Land Protection Act and Land Protection Council (LPC). The LGAQ is concerned that the approval for membership of the LPC is still pending and that an ongoing delay in establishing the LPC will impact on the formation of the Stock Route Assessment Panel (SRAP).
7. Update on the Plague Contingency Fund in the light of limited activity in this area. Councils have requested a report on the status of the current funds including anticipated surplus funds. Councils continue to make an annual contribution via precept payments to this fund.

WASTE MANAGEMENT - National Packaging Covenant

In the past year, the LGAQ continued to play a major role in the development and implementation of the National Packaging Covenant from the early negotiations with the packaging sector initiated by local governments in 1997.

The National Packaging Covenant is a co-regulatory agreement between industries in the packaging chain and all spheres of government based on the principles of

shared responsibility and product stewardship. It applies to consumer packaging throughout the supply chain, from raw materials suppliers, to retailers and the ultimate recovery or disposal of waste packaging.

A National Packaging Covenant Mark II is currently underway. Targets for recovery of materials including post consumer packaging have been established and projects are continually being sought to meet these targets.

A number of Queensland councils have been successful in obtaining funding for projects.

STATE WASTE MANAGEMENT STRATEGY

The Association has continued its lobbying efforts for the development of a state-wide strategy to deal with waste. The EPA has recently advised that a discussion paper on the waste strategy is soon to be released. Details in the paper are not yet known in detail but it is known that options for an economic instrument (waste levy) are being considered.

SUSTAINABLE PROCUREMENT

There is an identified need for local government to play its part in "closing the loop" - to display leadership and innovation and to support local and regional industries in relation to the recycling of a wide range of materials, including packaging, by implementing procurement practices that facilitate the purchase and use of products that have recycled content. A feasibility study (conducted recently) into the business viability of establishing a sustainable procurement system for councils alongside LGAQ subsidiary, Local Buy, indicated that it would be a very successful program. The Association received positive feedback supporting such a program and discussions are underway regarding a collaborative approach to sustainable procurement between state and local government, and the potential funding of a project manager to be hosted by LGAQ to oversee this initiative.

Discussions are currently being held between the EPA, Main Roads, Local Buy and LGAQ to pursue this matter and an outcome is expected later this year.

LITTER

The LGAQ has been lobbying the EPA for some time for changes to the litter provisions seeking the ability to fine vehicle owners for vehicle generated litter. The EPA has now agreed to provide legislation that will allow councils to fine litterbugs based on the registered vehicle owner. Public reports i.e. "dob in a litterbug" are also being considered and likely to be introduced as phase 2 of the current project. The legislative changes are due for commencement early 2008.

PUBLIC HEALTH

The asbestos provisions of the Public Health Act 2006 came into force on June 18. However, local government was unable to enforce the appropriate provisions relating to asbestos because Queensland Health had not put in place an insurance indemnity for councils. This indemnity is currently being finalised and it is expected that councils will be enforcing asbestos provisions in the near future in relation to areas below 10 square metres.

CLIMATE CHANGE

The LGAQ has recently developed Adapting to Climate Change: A Queensland Local Government Guide. The guide was developed to provide councils with an appropriate risk assessment tool to enable risks to be identified. Councils can then develop plans to help address climate change issues, either locally or regionally.

The guide was developed with the assistance of an advisory group which contained members from councils as well as the Australian Greenhouse Office, Queensland Resources Council, Commerce Queensland, Insurance Australia Group and the Queensland Government Climate Change Centre for Excellence.

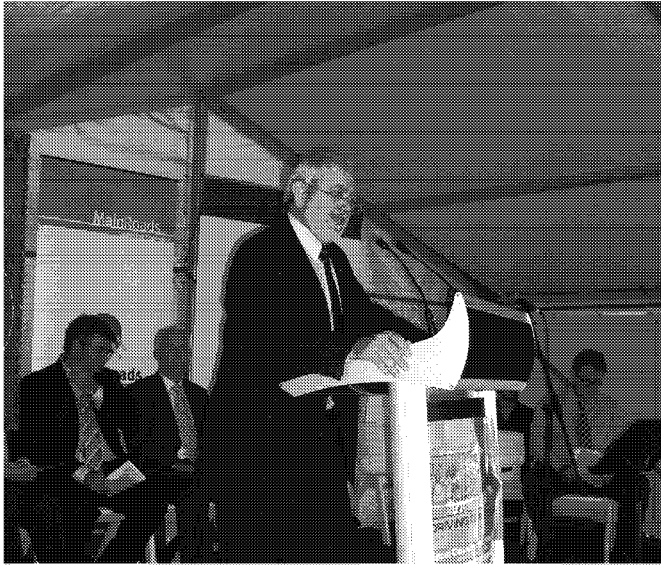
Copies of the guide have now been distributed to all councils. The LGAQ is working with other Australian local government associations to secure funding from the Australian Greenhouse Office to deliver an implementation program.

DIPLOMA IN ENVIRONMENT AND HEALTH

The LGAQ is in the process of developing a Diploma in Environment and Health course. This course is aimed at environmental health para-professionals and will, hopefully, provide a good backup to existing environmental health officers who are under tremendous workloads. There is also a chronic shortage of EHOs. It is hoped this training might encourage some existing regulatory staff to pursue further academic qualifications in the future.

The course is being developed and delivered by the LGAQ's well-regarded Training Services department in close co-operation with the Queensland branch of the Australian Institute of Environmental Health. The pilot course will commence in September 2007 and it is expected the course will run several times in 2008.

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Roads, Transport and Infrastructure

NATIONAL ROAD AND TRANSPORT

As might be expected in an election year, the commonwealth has been directing more roads funding towards local government and their road networks. In particular, the Association welcomed the Australian government's extension of the Roads to Recovery programme to 2014 and increasing funding to \$350 million per annum. Also welcomed was the allocation of \$550 million for the AusLink Strategic Regional program for further local government projects. The initial strategic program was over-subscribed by more than a billion dollars and this additional funding goes some way to meeting this enormous unmet demand for economic infrastructure in regional areas.

During the initial round of applications, the LGAQ strongly encouraged local governments to consider submitting applications across local boundaries that demonstrated regional benefits. A number of those who were successful have extended their appreciation to the LGAQ for the Association's support during the application process and felt that the LGAQ's contribution greatly assisted in attracting funding for their project.

Another very popular announcement was the decision to extend and increase funding to \$60 million per annum for the Black Spots Program which will help local government tackle the serious issue of growing fatalities and injuries on our roads network. This direct funding program to local government continues to be a very effective tool for councils in addressing problematic locations on their local networks.

The Association applauded the decision to extend these programs, because they will provide much needed

support to assist local government in addressing the continuing backlog in local roads maintenance and renewal, especially in rural and regional Australia. The funding increases signalled commonwealth recognition that the roads and transport needs of local communities are beyond the current financial capacity of councils.

The longer term commitments from the federal government to local government roads and transport infrastructure through the Roads to Recovery Program and the Strategic Regional Program are significant in that they virtually ensure the program will be a permanent fixture in future budgets. It also reflects local government's experience that Roads to Recovery is a highly successful program which, along with the Black Spots Program, has enhanced community safety and boosted economic development in regional economies over the past seven years.

The popularity and success of these programs were further reinforced at the 2007 National Roads and Transport Congress in Newcastle where Senator Kate Lundy, shadow minister for Local Government, Territories and Roads, Martin Ferguson, shadow minister for Transport, the Hon Mark Vaile, deputy prime minister and National Party leader and the Hon Jim Lloyd, minister for Local Government, Territories and Roads addressed the conference. An important message communicated by the Opposition was its commitment to retaining the National Network, Roads to Recovery, Blackspots and AusLink Strategic Regional programs and to match the level and duration of program funding as announced by the Australian government in the 2007 Budget.

One point stressed in Newcastle was the need for local governments to meet their contractual obligations and commitments made to the commonwealth under the R2R program. It was noted that the Australian National Audit Office (ANAO) and Parliamentary Committee Hearings on the Roads to Recovery (R2R) program found there were compliance issues surrounding the management of the program's projects that concerned the ANAO. It can be expected that compliance will get tougher for councils, not easier, under the expanded commonwealth roads programs.

One disappointment to date has been that Local Community Infrastructure Renewals Fund (LCIRF) proposal was overlooked in this year's federal budget despite the recommendations made in the recent PricewaterhouseCoopers (PWC) report into local government financing. The PWC report drew attention to the local government's infrastructure backlog of \$14.5 billion nationally. An LCIRF would focus on renewing and replacing community infrastructure such as community centres and public halls, swimming pools, walking tracks, ovals and playing fields, libraries and tourism

information centres. It is worth noting that when pressed by ALGA, both the government and opposition indicated that the LCIRF initiative does hold interest for them. The LGAQ, in collaboration with the other state associations and ALGA, have committed to continue to push ahead with the fund in the lead-up to the election campaign.

QUEENSLAND ROAD FUNDING

The Association again welcomed the 2007-08 state budget, which included continued funding commitments for major state and local government infrastructure and provided a significant response to key issues raised with the government by the LGAQ. There are relatively few new funding programs this year, but the substantial gains made last year with the record level of funding to local government have been maintained. Overall, the Transport portfolio received a capital expenditure budget of \$5.53 billion on transport infrastructure, \$3.05 billion on roads infrastructure and \$645 million towards transport infrastructure in 2007-08. For Main Roads, the capital program increased from \$617 million in 2002-03, to \$1.528 billion in 2006-07 and to a record \$2.278 billion in 2007-08, representing an increase of \$750 million or 49 per cent over 2006-07. Also worth noting is this year's overall funding for Transport Infrastructure Development Scheme (TIDS) of \$113.77 million, including special initiatives and carry-overs. TIDS base funding to local transport infrastructure improvements across the state for 2007-08 reflects an increase of \$11 million per annum (ongoing). This comprises \$24 million for priority works on Local Roads of Regional Significance (LRRS) and \$1 million towards improved technical capability in local government. From 2007-08, the Roads Alliance will deliver an extra \$25 million per annum (ongoing) to Regional Road Groups (RRGs) throughout Queensland.

ROAD MANAGEMENT AND INVESTMENT ALLIANCE

The Roads Alliance has experienced a very productive and challenging year throughout 2006-07. All Regional Road Groups (RRGs) delivered a prioritised five-year works program for input into the Roads Implementation Program Addendum. RRGs have also implemented many initiatives, including the development of joint purchasing arrangements, resource sharing, addressing asset management issues and undertaking a wide range of training and capacity-building exercises.

Although the local government reform agenda has created uncertainty for councils, RRGs have continued to stay on course and are working towards their Alliance commitments. Main Roads has given a firm commitment to the Alliance framework and is working with the

Association to develop new business models to expand the opportunities for councils. Throughout 2007-08, the focus of the Association will be to continue to support and assist RRGs' transition into the new arrangements to ensure groups are able to continue in the Alliance.

The Association and Main Roads have agreed to extend the Roads Alliance Memorandum of Agreement and Operational Guidelines scheduled to expire at the end of August 2007 for a period of 12 months. The extension will allow for the outcomes of Local Government Reform and any operational changes that may be needed. A new Roads Alliance agreement will be developed by Main Roads and LGAQ with a view to executing this prior to August 2008.

The Association has made significant progress on two major Roads Alliance initiatives - the asset management strategy and the Roads Alliance Hub. In response to problems experienced by councils in the area of asset management data collection and management, the Association commissioned Local Buy to undertake a new preferred supplier tender for asset management systems and services. Councils will be able to access the preferred supplier list by November, providing them sufficient time to review and test the systems prior to the formation of the new councils. The Roads Alliance Hub build has been completed and three RRGs tested the new database in July. The hub will require modification to accommodate the new council boundaries and will be rolled out to groups in mid-2008.

QUEENSLAND ROAD SAFETY STRATEGY

In response to local government concern over the rising road toll on local roads, the Association held officer level discussions with Main Roads (RAPT), Queensland Transport (QT), Queensland Police Service and the Institute of Public Works Engineering Australia - Queensland, to investigate the best way to assist local government to develop a co-ordinated strategic approach to reducing the road toll on local roads. The Association considers that a regional approach to road user safety delivered through the Roads Alliance framework is likely to be the most effective way to improve coordination. The Association has recently been successful in obtaining in principal agreement from QT and Main Roads to contribute funding to resource a one-year regional road safety officer pilot with a Roads Alliance RRG. Moreton Bay Coast and Country Regional Road Group is likely to be the pilot group as it already has an officer operating within a council that could be extended regionally.

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COST SHARING AGREEMENT

The Association and Main Roads are reviewing the 2002 Cost Sharing Agreement which provides guidance on the allocation of costs where local roads and local government responsibilities interact with the state-controlled road network. The Association consulted widely with its members and received high level and comprehensive feedback. Based on the feedback from councils, a revised approach is being developed which will provide a clear and transparent process which parties will use to negotiate agreements. The proposed approach provides more focus on the process and is designed to provide enough flexibility to achieve local variation to suit the particular circumstances of the negotiating parties. Following further engagement with councils, the new agreement is planned to be signed early in 2008.

COMMUNITY-BASED TRANSPORT

The Association and Queensland Transport jointly released two publications, Community-based Transport Queensland Guidelines and Toolbox, in late 2006. The publications are designed to assist local government investigate and respond to their community's unmet transport needs. To further support councils, the Association also hosted three workshops to assist local governments investigate and develop appropriate community-based transport solutions. The first workshop was held in Brisbane at the 2007 Infrastructure Symposium and two regional workshops were held in Townsville and Longreach in June. Feedback from councils on the publications and the workshops has been very positive. The Association is currently investigating funding opportunities for further workshops in 2008.

ROAD MAINTENANCE PERFORMANCE CONTRACT (RMPC)

The Association and Main Roads have been reviewing various components of the RMPC to streamline and standardise process across Queensland. As part of this review process, Main Roads has produced an Evidence Guide to meet the minimum Quality System requirement for those local governments whose quality systems are not certified due to shortage of skilled technical staff. These minimum standards would provide protection against liability claims. Protection against non feasibility – issue of latent defects, has now been addressed under the RMPC. Main Roads has been promoting and providing training in the use of Contract Maintenance Management (CMM) and awareness of Asset Maintenance Management System (AMMS) and Road Maintenance and Performance Contract (RMPC)

administration in various districts which have been attended by both Main Roads and Local Government staff. Currently, a second training package is being investigated aimed at capturing the interpretation of RMPC delivery system and sharing of consistent message across the state. Work is still continuing in the development of an element management plan, ratings of and explanation in the use of performance measures and investigation of options for increased and improved partnership opportunities in maintenance delivery with local governments.

REGIONAL AVIATION

In 2007, a new program supporting air services regional and remote communities worth \$22 million over four years was announced by the commonwealth. It is anticipated that it will greatly assist those communities having difficulties maintaining airstrips to safe standards. The continuation of the Enroute Charges Payment Scheme for another four years will also assist regional communities by keeping the cost of their air services down.

In Queensland, the state government has finally announced its decision to continue subsidising rural and remote air and bus services for up to five years. The Association has been engaging the department on this issue for some time and welcomes the response as being good for regional communities. The LGAQ will continue to liaise with QT as the department calls for tenders for the continuation of long distance bus and air services. QT has advised that they anticipate there will be no significant changes to the existing contracts and that service levels would not be reduced.

LGAQ has also continued to work on behalf of local government airport operators in Queensland through targeted sessions at the 2007 Infrastructure Symposium. This year's presentation by Nanango Mayor, Cr Roger Nunn, provided excellent examples of how his council has leveraged economic development opportunities from the private sector activities at the airport.

The Association also initiated, in collaboration with QT, the development of an infrastructure audit of local government airports within Queensland. This investigation is intended to continue to review the state of infrastructure at these council run facilities. It has been some time since airport ownership was transferred to local government and many councils have been unable to maintain their facilities beyond minimum safety requirements. The development of the audit is seen as the first step in assessing the viability of local government airports, the state of their assets and in the development of strategies addressing funding gaps and issues of sustainability.

2007 INFRASTRUCTURE SYMPOSIUM

On April 18-20, the Association held the third annual Infrastructure Symposium in Brisbane. The theme of the Symposium was These Turbulent Times. This theme turned out to be very apt as the government's Local Government Reform Agenda was announced on the first day of the symposium.

The symposium provided delegates with the latest developments on a broad range of infrastructure issues including water, sewage, road and transport related issues. The symposium also provided an opportunity for all local government representatives to meet and raise their concerns directly with the minister for Local Government, Planning and Sport at a special local government reform session held on April 20.

More than 90 councils participated in the symposium. There were more than 300 delegates and 24 trade displays. Ergon Energy, Queensland Transport, Department of Main Roads, Department of Local Government, Planning, Sport and Recreation and King & Company provided sponsorships.

Disaster Management and Planning

THE DISASTER MANAGEMENT ALLIANCE

The Disaster Management Alliance between the state of Queensland through the Department of Emergency Services (DES) and the LGAQ on behalf of local government was formally established with the signing of a Memorandum of Agreement in July, 2005. This partnership has been established to build upon existing collaborative arrangements to support implementation of disaster management reforms, such as those arising from the Council of Australian Governments' review into natural disasters in Australia. The Disaster Management Alliance work over the past year has continued to be focussed on issues of relevance to local government.

The Alliance project officer has continued to work with DES on the Strategic Review of the Disaster Management System. This review has now been considered by state cabinet, allowing the implementation of recommendations to be advanced.

The Lessons Learned from Cyclone Larry relating to council activities and operations have been submitted as part of the Strategic Review of the Disaster Management System and will be actioned following the cabinet's consideration of the recommendations.

While the state's Local Government Reform Agenda has hampered further development of the Regional Disaster Management Groups, much of the groundwork has been undertaken to support implementation of these groups that will further develop and support council's disaster

management capacity.

The DM Alliance project has developed and released Pandemic Influenza Planning (Business Continuity Planning) for local government. These guidelines have provided a valuable resource to councils when planning for the maintenance of critical infrastructure and community infrastructure during and after a pandemic event.

The DM Alliance has led the development of resources under Children's and Young People's Resources Project which was funded through a grant from the Australian Government. The Children's Project (Get Ready Kidnas) is a web-based game that encourages children to help make household disaster plans. The Young People's Project (Red Alert!) is a collection of digital stories made by young people (12-18 years) from across Queensland. The digital stories are a collection of young people's voices, art and storytelling about their experiences.

Another project of the Alliance is development of Guidelines for Incorporating Disaster Management into Local Government Planning. Initial development of these guidelines has begun. The guidelines will assist councils in incorporating disaster management activities into the corporate, budgetary and governance arrangements of council.

The DM Alliance provides Planning and Policy Representation of council interests in a diverse range of state level committees and working groups. These currently include the State Disaster Management Group, State Disaster Mitigation Committee, Bushfire Inter-Departmental Committee, Rural Fire Advisory Council, Emergency Services Units Steering Committee, State Disaster Recovery Committee, Pandemic Influenza Planning Committee, Mitigating the Adverse Impacts of Cyclones Working Group and the Storm Tide Mapping Project Advisory Committee.

Water Policy, Reform and Management

With water storage levels dropping below 20 per cent, the state's attention was squarely focused on the south-east corner on all matters relating to water policy, water reform and infrastructure. In this heightened political environment the Association undertook strong representation with the state on water-related undertakings affecting SEQ local governments and maintained vigilance for councils in regional areas.

WATER POLICY AND REFORM AGENDA

The state's water reform agenda for the last year has again been focused on South-East Queensland and the machinations around institutional arrangements to support the state's response to the regional drought.

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The LGAQ has maintained close cooperation with the Council of Mayors –SEQ in ongoing representations to the state during the development of responses to and engagement with the Queensland Water Commission.

Significant issues around asset valuation and proposed structure of the reformed water industry continued to impact on dialogue between the state and local government. In March, the Premier initiated the Somerville Inquiry which was charged with reviewing the State's options including those already proposed by the Queensland Water Commission (QWC).

The LGAQ developed a response to the Somerville Inquiry indicating the Association was concerned that its terms of reference did not cover all feasible options for institutional arrangements. The submission stated the strengths and weaknesses of the two options proposed by the premier could only be properly tested if all options including those developed earlier with the QWC were also evaluated.

Before forwarding the submission to the Somerville Inquiry a special "executive hook-up" was organised in March to get consensus on the proposed response. A fundamental issue considered at the meeting was the possibility that the state government sought to strip SEQ councils' water and waste water assets which have an established value of \$7 billion.

Based on the findings of the Somerville Inquiry, the Queensland Water Commission's published a final report to the Queensland government, Urban water supply arrangements in South East Queensland, in May. The report outlines a range of major structural and regulatory reforms proposed for urban water supply arrangement in SEQ which effectively strips water assets from local governments and establishes government-owned corporations for management of the water grid and bulk water supply.

The Association has continued to support the Council of Mayors - SEQ and SEQ local governments in their ongoing negotiations with the state government and Queensland Water Commission. The Association has also continued to support the SEQ position that retail and distribution remain with local government.

Looking beyond the south-east, the Association, in collaboration with the Queensland Water Directorate has been assessing the implications of the SEQ water institutional arrangements for regional councils and their local communities. In anticipation of the state government's interest in widening water reform beyond the south-east corner, the Association is strengthening its policy position to pursue advocacy on behalf of regional local governments and their water providers. Further engagement of councils on this issue will occur into 2007/08.

From a policy perspective, the Association has also continued to pursue high priority actions identified in our Sustaining Our Urban Water Supplies paper and implementation plan. In November 2006, the LGAQ released a position paper, State Community Service Obligations in Urban Water Pricing and Availability, that examined options to address LGAQ member concerns in relation to affordability and availability of water for urban community needs. Of particular concern has been the potential price impact if new water allocations are to be purchased on the open market when there is competition for high reliability water supplies (e.g. from the mining industry).

This position paper has been submitted to the state with discussions initiated at the end of 2006 around mechanisms for possible Community Service Obligations payments by the state associated with the provision of urban water supplies. While the current local government reform agenda has sidetracked these ongoing discussions, the Association is seeking to renew pressure on the state to respond to the paper.

WATER MANAGEMENT

Outside the south-east corner, the Association has worked closely with the Queensland Water Directorate (QWD) to deliver services and training to regional communities. For the past two years, the QWD has funded a week-long tour of Sewage Treatment Plants in small western councils. Mr Peter Zemek has attended both tours to provide a rapid review of current plant operations and independent advice on possible improvements. The tour also included water supply experts and representatives from relevant areas of Department of Natural Resources and Water (DNRW) and Department of Local Government, Planning, Sport and Recreation (DLGPSR).

The Association has been keen, where possible, to support directly the Queensland Water Directorate in the development of technical advice and tools for local government water providers. This year, the QWD in consultation with NRW, has created a template and guide, with supporting software to assist Water Service Providers in completing their System Loss Management Plan requirements under the Water Act. These resources are available to all Queensland Water Service Providers and have been supported with training from July.

The QWD also has recently reported on the official launch of the Business Water Efficiency Program (BWEP) for Queensland. Mayors and CEOs of every council should have received a letter from DLGPSR announcing the roll-out of the state-wide program. The roll-out is being managed by SEQ Water which has successfully managed the SEQ version of the program for several

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months. BWEP provides funds, via councils, to major water-using industries in Queensland to promote water conservation.

The LGAQ has also actively supported LG Infrastructure Services in its completion of a state-wide study into the \$1.2 billion state-wide Sewerage Treatment Plan Upgrade Program. The state will be funding between 40 and 50 per cent of the program in capital works subsidies. The LG Infrastructure Services study has identified opportunities for regional collaboration and scale based procurement which has the potential to generate savings of around 20 to 30 per cent of the total program cost (around \$200 to \$300 million of savings to councils and the state). It is likely that this program will soon move into the implementation phase, utilising a regional collaboration model similar to that used for the above projects.



Business Enterprises Branch



As outlined earlier in this report the internal branches of LGAQ have been restructured, with the formation of the new Business Enterprises Branch one of the outcomes. The new branch groups LGAQ's commercial and business operations under one area and is responsible for the oversight of these internal and external activities:

- Local Buy Pty Ltd
- Resolute Information Technology Pty Ltd
- Local Government Infrastructure Services
- Local Government Mutual
- Local Government Workcare
- QPG (LG Shared Services)
- Training and Development
- Conferences and Events

The new structure allows LGAQ to focus on delivering commercial benefits to the organisation and its members while ensuring the activities are in line with the organisation's strategic objectives and importantly, in the best interests of local government.

LOCAL GOVERNMENT INFRASTRUCTURE SERVICES CORPORATION (LGISC)

LGInfrastructureServices

A joint initiative of the Local Government Association of Queensland and Queensland Treasury Corporation

LG Infrastructure Services (LGIS) was launched by the premier in September 2005 to offer a comprehensive range of services to local government in Queensland in delivering infrastructure.

LGIS is owned by Queensland Treasury Corporation and the Local Government Association of Queensland in equal shares. It has a five-member board of which the chairman and two other directors are independent.

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The services offered by LGIS have proven to be very popular. LGIS achieved its three-year growth forecast in its first 15 weeks of operations.

LGIS has been awarded over 20 individual mandates of which it has completed 14. Some of the more significant of these include:

- advice on a greywater PPP for a North Queensland council
- advice on a CBD development for a SEQ council
- a review to be conducted for DLGPSR in relation to options for a regional waste water supply strategy

LGIS has also been awarded a series of significant regional and whole of state projects, including:

- the \$90 million South East Queensland water leakage and pressure management project, which is being undertaken on behalf of 18 SEQ councils and the state. This project is the largest of its type ever undertaken in Australia and is a key plank of the state's regional drought strategy. LGIS is managing a regional project collaboration office to deliver centralised procurement of key program components for participating councils. This project office is housed in Level 1 of LGAQ House. The state's \$32 million contribution to this project has been paid to LGIS and invested with QTC with the interest earnings being used to fund the costs of the project office.
- the \$23 million HomeWaterWise Service, which is being delivered for the state and 21 SEQ councils. This project is being delivered from the same project office as is being used for SEQ leakage and pressure management, using a similar funding model.
- a \$1 billion state-wide Sewerage Treatment Plant Upgrade Program. LGIS has completed a statewide study into this capital works program for DLGPSR to identify an optimal approach to program delivery. The state will be funding between 40 and 50 per cent of the program in capital works subsidies. The LGIS study has identified opportunities for regional collaboration and scale based procurement which have the potential to generate savings of around 20 to 30 per cent of the total program cost (around \$200 to \$300 million of savings to councils and the state). It is likely that this program will soon move into the implementation phase, utilising a regional collaboration model similar to that used for the above projects.

There are now six full-time equivalent persons working on LGIS matters and six contractors. This is expected to soon expand to 10 full-time equivalent persons and around 10 contractors.

To date, LGIS has advised on projects with a dollar value in excess of \$1.5 billion. LGIS is presently negotiating mandates with local government and state agencies in the delivery of infrastructure with a value in excess of a further \$1 billion in the areas of water, waste, property, energy, housing, and other community infrastructure, such as airports and tourism facilities.



LGM Queensland

LGM Queensland is Queensland local government's own liability insurance scheme providing a range of legal liability covers including public liability, professional indemnity and councillors and officers liability to 163 local governments, joint local governments and local government-controlled entities.

During 2006/7, LGM's overall contribution increase of 1.8 per cent further highlighted the scheme's capacity to maintain cost stability for members. Continued participation in the national local government liability reinsurance program enabled LGM to strengthen further its financial position while delivering on all operational and member service objectives. Major development work on the RiskMap risk management software took place during the year with successful trial installations being conducted at a number of councils. The software will provide an effective tool for the identification and management of all categories of risk and is being provided free of charge to LGM and LGW members. In early 2007, LGM undertook another round of the popular regional roadshows in conjunction with Local Government Workcare. Representatives from LGM, LGW and the LGAQ held sessions for scheme members in eight regional locations. The LGM Scheme Manager, Jardine Lloyd Thompson, and the LGAQ took further steps to assist community groups affected by insurance costs by launching Local Community Insurance Services. This new scheme is specifically designed to provide public liability and a range of other insurance cover to not for profit community groups.



Local Government Workcare

Local Government Workcare is a joint undertaking of 134 local governments, local government-controlled entities and the LGAQ to hold a workers' compensation self-insurance licence. The scheme is managed on behalf of the LGAQ and members by Jardine Lloyd Thompson. Membership continued to grow during 2006/7 with Ipswich City Council being welcomed back as a member and Calloope Shire Council taking up membership.

There was no increase in the average member contribution rate during 2006/7. The average rate for 2006/7 was 55 per cent lower than the rate applying to local government immediately prior to commencement of the self-insurance scheme in 1998. The continuing strength of LGW's finances coupled with another successful investment year again enabled LGW to distribute a member dividend. During September 2006, a total of \$3 million in dividend payments was forwarded to LGW members. Unlike many insurers, LGW continues to apply the policy of returning surplus funds to members for their immediate use rather than accumulating surpluses in order to subsidise future premiums. As has also been the case in past years, LGW has achieved well above average performance on key claims and injury management benchmarks monitored by the government's workers compensation regulator. These outcomes are vitally important in workers compensation to assist workers recover from injury and minimise the cost of claims.

LGW's unique suite of injury management services was further enhanced in 2007 with the launch of SAFE PLAN 2. This updated version of LGW's flagship workplace health and safety management program takes safety management to a new level by providing councils with practical tools for incorporating safety into organisational planning and reporting processes. Officers from most members have attended SAFE PLAN 2 training sessions and also received accredited WH&S audit training.



QPG (LG Shared Services)

QPG (LG Shared Services) commenced operations in February, following finalisation of the joint venture agreement between the LGAQ and UCMS Pty Ltd. The joint venture will provide Queensland councils with

access to proven systems for evaluating and maximising the effectiveness of customer service activities. Immediate interest in shared services opportunities has been expressed by many councils with QPG being engaged to undertake a number of detailed customer service studies. QPG is on track to commence service delivery operations later in 2007. In June, 17 representatives from Queensland councils took part in a shared services study tour in the United Kingdom. The tour highlighted the flexibility available in shared services arrangements and demonstrated the outcomes being achieved for local government in the UK by UCMS's partner organisation, Capita. QPG is well placed to assist councils impacted by the local government reform process develop new standards in customer service delivery.



Resolute Information Technology

Resolute Information Technology is a provider of IT Services and Solutions, primarily to the local government market. The company experienced continued high growth in the year with an increase in Services revenues of 40 per cent from \$2 million to \$2.8 million. Total revenues (including hardware and software sales) increased from \$2.4 million to \$3.3 million.

The major area of growth has been software development, websites, portal solutions and software implementation. One of the company's goals was achieved during the year when Resolute's non-LGAQ revenues equalled those from LGAQ contracts. It is a goal to continue to build a sustainable business with a spread of revenues across several business sectors.

During the year, Resolute took over responsibility for LGOne from LGAQ. Belyando Council was the first to go live with all the LGOne modules and has quickly achieved benefits from the solution. The LGOne team is focused on many more successful implementations.

The second major initiative for Resolute was becoming an Interwoven partner. Interwoven Inc. is a leading provider of Enterprise Content Management solutions to over 3,500 organisations throughout the world, including Australian clients such as Qantas and Macquarie Bank. Their content management software underpins the logline solution and council websites. With existing in-house skills and experience in implementing their products, sales of projects around the interwoven products will provide another income stream for Resolute.

Resolute is overseen by a board of directors which met 10 times during the year. Staff numbers have fluctuated

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during the year as contracted work levels varied. At the end of May, staff numbers totalled 22.



During the last 12 months, Local Buy has focused on expanding awareness of its services and developing new contractual arrangements which offer best value to local government. Once again the organisation has experienced solid growth in its revenue base increasing income by some 17 per cent. New contracts established in this period include:

- Pressure and Leakage Management services and equipment
- Water Meters
- Lubricants
- Recruitment
- Work Wear
- Temporary Sewer Flow and Rainfall Monitoring Services
- Tyres and Batteries
- Edams
- Truck Vehicles
- Transactional Processing Services: Payroll, Rating, Accounts Receivable/ Accounts Payable and Customer Contact Centre Services

155 Purchasers, of which 144 are Queensland councils, purchase from Local Buy contracts each quarter.

In the previous 12 months local government has spent \$99 Million through Local Buy.

The contracts with the highest dollar value usage are Recruitment, IT Goods and Services, Fuel Products, Plant Equipment, Library Books, and Engineering Consultancy Services.

Directors met seven times throughout 2006/2007. The Local Buy board is comprised of:

- Mr Ian Leckenby (Chair)
- Mr Greg Hallam PSM
- Mr Bill Simpson
- Mr Phil Spencer
- Mr Michael Fullelove
- Mr Brent Reeman

Local Buy employs nine full-time staff at its offices at Evelyn Street, and operates a flat structure, in which all roles embrace the strategic direction of the business and translate this into day-to-day operational tasks.

Strategies for the coming financial year focus on strengthening relationships and improving awareness of Local Buy's products and services. Local Buy aims to develop an additional 10 contracts for new goods/services areas as well as increasing the number

of councils using the LG tender box website to 40. Additionally, Local Buy has commenced a new service offering to local government with the provision of a tender bureau service, whereby Local Buy can manage part of all of a tendering process on behalf of a council or group of councils.

Training and development

As a result of increased requests from councils and staff, LGAQ has focused on formal qualifications across a range of disciplines this year, as well as the ongoing development programs.

Elected member update

This annual program was revamped and revised in response to the announced reform. Over 360 individuals attended 18 regional programs and four in-house programs. Feedback reflected concerns for the future and processes that had been undertaken with regards to the reform.

Diploma in Local Government (Planning)

Following a national award presented to LGAQ and RKConsulting from the Planning Institute of Australia, this program continues to build momentum and increase in numbers. Two councils have undertaken in-house programs, and feedback reflects the growing promotion of para-professional planners – as result of our program

Diploma in Local Government (Administration)

Following the success of the pilot program, LGAQ has delivered three programs in Brisbane and two in Cairns. Requests for this program continue to increase and LGAQ will deliver it in-house to councils.

Indigenous Training

While this contract was temporarily suspended, consultants and LGAQ revised content and redesigned the program to better meet the needs of councils towards the reform process and change management. The majority of candidates are keen to complete their formal qualifications. At the department's Annual Indigenous Forum in Cairns, an LGAQ consultant provided a brief overview of the aims and objectives of the course and intentions of LGAQ to continue developing and extending this program. The course was acknowledged by both the department's minister and director-general at the forum.

Ageing Workforce Initiative

LGAQ continues to work in partnership with QUT to consider strategies for retaining older workers within local government. Two online surveys were completed

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by over 1,100 individuals on each occasion which has resulted in council interviews being held in Cairns City Council, Gold Coast City Council and Cooloolo Shire council to accurately reflect needs of older workers. This work will continue until 2008 with the aim of securing a second ARC funding agreement with QUT.

Local Government Skills Council

In the absence of any State ITAB and limited resources of the government Skills Australia body, this council continues to be well represented and focussed on its Strategic Framework adopted in 2006.

A workshop early this year has resulted in a booklet, Guidelines for retaining our workers. This has been published on the LGAQ website and some copies distributed to various working groups and bodies. The next meeting is scheduled for September, when the focus will be on specific training and skills development requirements of our staff for the future.

South East Queensland and North Queensland Local Government Organisational Development groups

Both these groups continue to meet quarterly to share resources and discuss priorities for workforce planning and retention. The groups continue to be well attended and interest is focused on skills and labour shortages at this time

Diploma courses

In response to requests from councils, two accredited new programs are due to be launched in September

- Financial Management Services and Health and Environment programs. Both programs are intended to establish and qualify para-professionals within the industry as one solution to provide qualified support for the resident qualified officers.

Workplace Health & Safety

In partnership with Jardines Lloyd Thompson, LGAQ has been designing appropriate programs and courses to meet increasing demand. LGAQ plans to extend its scope of registration in this area in August.

Attendance figures

To date, LGAQ has delivered programs, courses and services to over 2,300 individuals in accredited and non-accredited programs. We have extended the specialist areas of our consultants and always welcome comments or requests from council members to ensure the highest of standards and quality are available to our members.



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Workforce and Organisational Services



The Workforce and Organisational Services branch is structured around four strategic operations:

- Corporate Services
- Workforce Relations
- Business Information
- Employment Services

CORPORATE SERVICES

A new Executive meeting format was introduced and the Finance and Audit and P and R Committees have been integrated within the new schedule of six meetings per annum.

Outcome Manager, LGAQ's corporate reporting software, is being used to create quarterly updates for the Executive. The new system has enabled more regular reporting, as well as the ability to add new services/issues as they arise, thus creating a more dynamic program statement/operational plan for the Association.

All staff work plans have now been entered into the Outcome Manager and link directly to the services delivered. This ensures resources are accurately being directed towards the preferred council services identified in corporate plans with consistent reporting against those plans.

Local Government House has recently been revalued and extensive renovations have been progressively taking place over the last 18 months. Due to the increasing numbers of state government projects being delivered by the LGAQ, a shortage of office space has been experienced. As a result, Resolute IT and Local Government Infrastructure Services have relocated off-site, while Jardine Lloyd Thompson acquired additional office space on Level 1. LGAQ will be unable to house

the new shared services company QPG within LG House. The ability to offer cost-effective accommodation to our strategic business partners within a "local government precinct" is diminishing due to growth of our business enterprises. Current tenants are:

- Local Buy Pty Ltd
- Jardine Lloyd Thompson
- Institute of Public Works and Engineering Aust Qld
- Australian Institute of Environment Health
- Local Government Managers Association, and
- Celiac Society

The fringe area of the city has seen land values escalating exponentially and the value of LG House has risen as a result. Rental income is expected to substantially increase in the new financial year guaranteeing that LGAQ members receive an excellent return on their investment in the Association fees by ensuring that the organisation is constantly reviewing its operating expenses/income ratio.

Finances

Appendix 3, Annual Accounts, contains the Association's consolidated and audited financial statements for the year ending May 31, 2007. Attached to these general purpose financial statements is an unqualified audit report signed by the Auditor-General of Queensland.

The LGAQ Audit Committee, comprising Graham Grundy (Chair), Cr Paul Tully (LGAQ Executive member), Stephen Fynes-Clinton (barrister), Graham Carpenter (independent financial and audit expert) and Kathryn McDonald (former director and KM Management consultant, who resigned from the audit committee in 2007) met on four occasions and examined a range of reports and organisational practices including:

- LGM and LGW financials
- Operational reports from Local Buy and Resolute.
- Business plans for LGOne and QPG
- 2006 QAO report.
- Review of LGAQ Financial operating year.
- LGAQ Code of Conduct

The audit committee has also endorsed the published accounts and received an interim report from the Queensland Audit Office on their 2006/2007 audit.

The committee has actively reviewed its operations to ensure its observance of the terms of its charter and paid due regard to Queensland Treasury's Audit Committee Guidelines.

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Business Information



LGO Online

LGO Online has continued in its role as the nation's leading information and web tool service for local government.

The web portal component of the service, with over 18,000 pages of content, continues to deliver information and advice to more than 7,000 registered users.

Newly-added content areas, such as the R³: Reform, Reclaim, Rebuild section of LGO Online, demonstrate the critical importance of the need for a single, trusted and authoritative source for information on those matters that have a high degree of impact on councils.

LGO Online's email notification service also helps ensure elected members, senior council staff and council officers are kept up to date with issues that relate to their areas of personal interest.

The Association's use of SMS to mayors and councillors has also greatly assisted in the communication of critical messages.

Over 80 Queensland councils are now equipped with their council or affiliated websites, powered by LGO Online's TeamSite application. During the year, there were significant advancements in this service, including:

- New design templates
- New online tools
- Streamlined workflows, making it easier to post web content
- Greater system capacity and speed.

LGO Online is also providing a number of interim council websites for those councils identified for amalgamation.

The Exchange, Councillors Online and Community Portals have continued to grow in number over the last 12 months.

Local Government Week



From May 28 to June 3, Queensland councils celebrated Local Government Week 2007. Local Government Week was coordinated by the LGAQ and sponsored by the Department of Main Roads, the Department of Transport, RACQ, the Queensland Police Service, Australian Local Government Women's Association, Dial Before You Dig, Goodyear-Dunlop and Beaurepaires.

The week, themed Roads - Pathways to Progress, highlighted the importance of a well-maintained road network for the economic wellbeing of the state. Councils throughout the state effectively communicated local government's important contribution to managing these assets.

To increase awareness of local government's contribution to this important resource, councils hosted a wide variety of events. Among them, Livingstone Shire held a "Spot the pothole competition" and the Yarrabah Shire hosted a careers fair, specialising in careers in roads.

A highlight was a street naming competition, in which Queensland high school students were given the opportunity to come up with the names of two streets for a newly-constructed estate and explain why they chose those names. The winner was 15-year old Trokon Gbone, of Milpera High School.

Trokon won a cash prize and named his streets Trokon (after his Christian name, which translates as "new world") and Rokla (the name of his aunt, who is also his guardian). Trokon is a humanitarian entrant to Australia, who arrived 11 months ago. He had spent most of his life in refugee camps in Africa after the disappearance of his parents in Liberia six months after he was born. Ms Adele Rice, Milpera High School principal, was delighted Trokon had won.

Mr Rice said when Trokon was told about the competition, it was the first time he realised streets in Australia were named. "He was particularly hopeful his aunt's name would be chosen as he feels she is very kind. He hopes this kindness will be felt by the people living in the street."

The winner of the annual LGWeek primary school colouring competition was Terry Heslin from Warwick Shire District. Terry and his family travelled some 250kms to Brisbane to attend the launch of Local Government Week in Brisbane Square and collect his prize along with Trokon.

A successful Business Breakfast was held at Brisbane's Sebel Hotel, with a topic, Funding for Queensland Roads, Opportunities and Challenges related to the Federal Election of 2007, discussed by keynote speakers, federal MPs, Paul Neville (Hinkler) and Bernie Ripoll (Oxley). Both promised greater consultation with

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local government and increased funding for Queensland Black Spot projects.

Local Government Week next year will be celebrated for the 10th time. It will be bigger and better than ever and will most likely focus on a health and fitness theme.

IT & Telecommunications

The LGAQ finished a two-year project to migrate its entire system from Lotus Notes to a new Microsoft/Interwoven environment.

The new technologies have significantly improved the Association's record-keeping and document management capabilities and had delivered a simpler and more contemporary range of core office applications.

Of particular benefit to members is the Association's new capacity to develop content faster within LGOnline.

There was significant take-up of the new capabilities of LGOnline, particularly:

- Petitions Queensland - an online petitions service which enables councils and community members to have their say on matters of local or regional concern
- Councillor Online - free websites for Queensland councillors which allow them to establish their own personal websites containing pictures, political goals, biographies, events and more.

Communications and Marketing

The LGAQ Marketing and Communications team continues to provide strategic communications direction and developing and implementing effective marketing communications strategies for local government, the Association and its plethora of its service and business operations.

The successful Council Care program, which is about listening, responding, engaging and servicing, has ensured that all councils and CEOs have ready access to the Association and are expeditiously informed of and have ready access to the Association's services.

LGOnline has maintained its status as Australia's most comprehensive council on-line service and has provided councils with immediate and direct access to information, advice and data through the generation of thousands of circulars, fact sheets, information papers and reports.

Council Leader is provided free of charge to every elected member and to every council. A Council Newsbrief newsletter is produced following each Executive meeting.

Workplace Relations

The Workplace Relations function recorded an overall increase in the high volume of phone calls and contacts from councils seeking advice on industrial, training and other staff management matters. The increase has been attributed to the confusion and uncertainty arising out of the federal government's WorkChoices industrial relation reforms, in addition to the state government's Local Government Reform agenda.

PUBLICATIONS

Forty-eight circulars were distributed to councils, providing updates on award and legislative variations as well as information on the latest WorkChoices reforms. Fact sheets on the implications of the industrial relations reforms were progressively designed, developed, updated and distributed to assist councils through the maze of uncertainty caused by the reforms. Additional communiqués were developed and disseminated on the staffing implications of the local government reforms.

Quarterly WR Bulletins provided important information and updates on significant industrial commission and legal decisions and cases that might have implications for councils as employers. Risks for councils identified from analyses of trends in local government and other industries were also highlighted.

The Industrial Relations Advice manual and updates continued to be sought after by councils to complement the phone and email advices provided through the circulars and bulletins.

WORKFORCE PROFILE

The LGAQ again conducted its annual Workforce Census with all mainstream councils providing data. The census showed the trends of the previous year continued, in that the local government workforce numbers continue to increase (from 35,972 in 2006 to 36,956 in 2007). The data is being further analysed and leveraged for use in prompting local government as a preferred employer.

WORKPLACE RELATIONS FORUMS

Workplace Relations Forums maintained their popularity with forums being conducted in 12 locations across the state with 310 employees from more than 112 councils attending.

The forums differed from previous years in that additional focus was provided on the staffing and workforce implications of the local government reform agendas, in addition to industrial relations and employment management issues.

INDUSTRIAL RELATIONS

LGAQ was and continues to be faced with significant challenges in assisting councils come to grips with the changes imposed by WorkChoices. The introduction of the new industrial relations agenda was significant, historically different to that of the past, with attendant new systems, requirements and legal interpretation. As predicted, it was extremely demanding on the staff and resources of LGAQ.

At the business level, there was significant increase in demands for advice and general assistance, with a significant reduction in the paid services provided, as councils either opted to defer enterprise bargaining (on the advice of the Association) and utilised the election lodging now available for councils in the federal industrial relations systems.

It was also a time of significant conflict between the Association, on behalf of councils, and the union movement which was politically opposed to the WorkChoices regime and actively sought to deter its application in councils.

Despite these challenges, LGAQ has undertaken a significant body of work and achieved some important milestones as outlined below:

- LGAQ was the first industry association to meet with the secretariat to the commonwealth government's Award Review Taskforce.
- LGAQ was the first such industry association to submit to the Award Review Taskforce Force. This submission became the basis for other local government submissions to the Taskforce from around Australia.
- LGAQ met formally with the chair of the Taskforce.
- LGAQ participated in the public forums of the Fair Pay Commission, particularly on issues surrounding the minimum wage and the regulation of trainee and apprentice rates.
- LGAQ conducted formal briefings of all mayors and CEOs and prepared and provided "Future of WorkChoices" kits to all participants.
- LGAQ has prepared a dedicated website, The Future of WorkChoices, which posts bulletins, templates, guides and has a Frequently Asked Questions site.
- LGAQ prepared legal guidance to assist councils assess their trading activities pertaining to constitutional corporation status.
- LGAQ has prepared templates for agreement making, model clauses and agreement frameworks, and has worked in close collaboration through a partnership programme

with the Office of the Employment Advocate to prepare this advice and these resources.

- LGAQ has liaised with the commonwealth government's chief counsel on issues surrounding constitutional corporation status.
- LGAQ has funded and conducted seven regional information WorkChoices workshops along the eastern seaboard, Roma and Barcaldine, partnered by the Office of the Employment Advocate, and extended this information and guidance by including WorkChoices in the Workplace Relations Workshops (17 in total) conducted in most regional settings.
- LGAQ conducted an information session on WorkChoices at the North Queensland LGMA conference on Thursday Island for councils from the Far North and in Ipswich for the south-east corner, as well as being a guest speaker at the National Risk Management Institute of Australasia annual conference conducted in Brisbane, at which the LGAQ outlined WorkChoices issues confronting councils.
- LGAQ has maintained an important relationship with both state and national officers of the Department of Employment and Workplace Relations on WorkChoices matters and has liaised with legal officers of the department regarding issues surrounding transitional arrangements, the most recent of which relates to the safety net adjustment decision of the full bench of the Queensland Industrial Relations Commission and proposed regulations on record-keeping.
- LGAQ has introduced a dedicated WorkChoices agreement-making service for Queensland local government.
- LGAQ has established a WorkChoices CEO Steering Group, drawn from all regions of Queensland, to help guide the new industrial relations reforms throughout Queensland local government and to also propose innovation in industrial relations and human resource practice.
- LGAQ has established a WorkChoices Reference Group, comprised of experienced industrial relations and human resource management professionals to help in the operational activities and requirements as set out by the WorkChoices CEO Steering Group.
- LGAQ has developed an ongoing working relationship with Queensland representatives of the Office of Workplace Services (OWS). The OWS executive director was the keynote

Local Government Association of Queensland Inc 111th Annual Conference - EXECUTIVE REPORT

speaker at LGAQ's annual Human Resources Conference last November.

- LGAQ has conducted seminars, workshops, one-on-one mentoring and forums involving mayors, councillors, CEOs and other executive staff, HR managers and relevant specialist staff (including payroll officers) as well as whole-of-council workforces. A forum of mayors and CEOs was staged in Brisbane, 17 regional workshops were held involving 374 participants, and site visits were made to 74 locations in regional Queensland involving 98 councils and 1320 participants.
- In the first three months of 2007, 23 councils signed Terms of Business for LGAQ to prepare their agreements with 12 council agreements developed.
- Visitations, workshops and the production and distribution of the Guide to Agreement Making were made possible because LGAQ successfully obtained grants in October 2006 and February 2007. There is no prospect of further funding through this source in 2007 – 2008.
- LGAQ has assisted many councils over the issue of constitutional corporation status and dealing with actions surrounding the legal challenge.
- LGAQ has met with most Aboriginal and Torres Strait Islander councils regarding improvements in industrial relations governance (including addressing councils that are currently award-free) and has produced a Best Practice Guide and DVD for these councils. LGAQ conducted workshops in Cairns and Bamaga to assist in this consultation.
- LGAQ provided advice and assistance to councils regarding the IR implications of the now defunct SSS.
- LGAQ has co-ordinated a project to develop a new pay and classification structure for local government.
- The IR chapter of the Local Government Act is also subject to review. LGAQ has already had input into the review's terms of reference and addressed the need to ensure continuity of entitlements regarding long service leave and superannuation in the form of statutory protection.

The permanent staff establishment for this section of LGAQ's operations is a manager, an industrial advocate, an information officer and a project officer, who was on contract until May. Additional support was obtained between October 2006 and March 2007 through a grant. Prior to this period, the commercial activity from this

area of LGAQ operations allowed Workplace Services to engage a consultant to assist with certain technical and specialist matters and undertakings.

LOCAL GOVERNMENT REFORMS

In late 2006, significant resources were dedicated towards developing guidelines to assist councils manage the staffing issues associated with the SSS initiative.

From March, these energies were intensified and directed towards working with the state government and unions to design a Workforce Code of Practice to prescribe suitable practices to transit the workforce from abolished councils to newly-amalgamated local governments. This exercise proved resource-intensive and required significant negotiation. However, councils generally will have been satisfied with the outcomes, designed to maximise the retention of local government staff, maintain local government's self-governance flexibility, while providing sufficient guidance to ensure a consistent industry transition to the new local government profile across Queensland.

AWARD SERVICE

The growth of local government employment in types and numbers of employees, as well as turnover in councils' staff, ensured the continuing popularity of the Award Service. There is a significant increase in requests for historical information, which places pressure on the resources available for such research.

There was a noticeable increase in the requirement to educate - rather than just inform - enquirers in an understanding and appreciation of the vagaries, interpretation and application of provisions and processes contained within the industrial relations system which regulates local government employment.

The WorkChoices reforms have resulted in unprecedented scrutiny being placed on councils' industrial relations policies and regulatory application, leading to increased requests for information and advice.

INDUSTRIAL APPEARANCES/DISPUTES

The LGAQ made fewer appearances before the state and federal Industrial Relations Commissions than previous years due to the deferral of many enterprise bargaining agreements by councils. The appearances by the Association were either representing local government at the industry level (over 10 appearances) or individual councils over a range of matters, including disputes around award and agreement application or challenges to the legitimate termination of employees from council. Results have been overwhelmingly favourable for councils.

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There was a slight increase in the number of representations the Association has made on behalf of members in other jurisdictions, including courts and anti-discrimination commissions.

Workplace Health and Safety

The relationship between LGAQ and council WH&S professional staff was enhanced with regular LGAQ attendance at regional WH&S network meetings. The email user group has proven to be effective in improving consultation on industry safety matters, improving the LGAQ's capacity to respond effectively to proposed changes to the WH&S regulatory framework affecting local government.

The annual WH&S conference again proved to be successful, with positive feedback from delegates supporting the innovative and contemporary approach to setting agendas for the conference.

Employment Services

IMPROVING THE POSITIONING OF LOCAL GOVERNMENT IN THE EMPLOYMENT MARKET

The association continued to adopt an aggressive approach to positioning local government in the employment market to ensure its continuing ability to attract skills to the industry.

The 2007 annual workforce census identified that full-time tenured employment dominated the local government workforce (30,481 of the total 36,956) with an increase in the number of part-time employees as well as a reduction in the number of casuals. These characteristics featured prominently in marketing activities promoting local government employment.

Advantage was taken of interest from newspapers to publish articles on the advantages of local government employment, attracting considerable attention from external personnel enquiring about employment in local government.

Local government has been actively promoted amongst tertiary institutions through the development of relationships with, and the distribution of materials to, career guidance sections of universities and colleges. Staff attended a number of career and students nights conducted by several university faculties in industry disciplines required by local government.

The branch continued to test new methods for attracting interested candidates in its commercial recruitment activities with proven success. LGAQ continues to maintain its market share of recruitment for senior positions and has been very successful in placing quality candidates into council positions.

Considerable resources were invested in developing and advancing a local government marketing campaign designed to promote local government in the open employment market. With a Making a Difference Brand, the Think Local campaign produced a number of promotional brochures and TV advertisements featuring real council staff across a range of more than 15 different job categories. However, as a direct result of the state government's hastily-constituted reform agenda, the official launch of the campaign has been deferred until a more suitable time. In the interim, the TV ads are being used on council web-sites and at career fairs to promote local government.

QGRAD

QGrad was actively marketed electronically, in the print media and through direct distribution to students across Australia, reaching more than 350,000 tertiary students. Over 670 students subsequently registered their interest in working with local government.

The take-up by councils generally of the initiative meant that some interested graduates, even those in town planning, had to be turned down. They eventually sought employment outside local government.

BONDING AND SCHOLARSHIPS GUIDELINES

The LGAQ assisted a number of councils develop a cadet or scholarship program for the local engagement of younger people into council employment and worked actively with IPA to establish a formal cadet program for councils which will establish a formal relationship between councils and schools in their areas. Skillready was successfully piloted at the Redcliffe City Council.

RECRUITMENT AND OTHER HUMAN RESOURCE SOLUTIONS

The LGAQ conducted more recruitment activities for councils this year than it had in any previous year, with an increase in the number of positions at a lower management level, while the level of turnover of CEOs, through retirement or relocation, ensured the number of CEO recruitment processes remained reasonably high.

The LGAQ was engaged by a number of councils to conduct organisational and positional reviews and to assist in managing organisational restructures.

The Association conducted over 15 investigations at the request of councils into complaints against council staff from other staff or from members of the public. Most investigations related to allegations of harassment and bullying. Positives for councils included the expeditious way that they responded to the grievances and the findings from the investigations.

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WEBSITE DEVELOPMENT

Other significant activities including assisting councils respond to show cause notices from state government, organisational and positional reviews including restructuring and change management projects.

SKILLS FORMATION STRATEGY

The Association has been instrumental in the establishment of a skills formation strategy for local government. This strategy is oversighted by a Local Government Career Taskforce (Queensland), a joint government/industry initiative established to address the issue of skill shortages across local councils. The taskforce is in the process of establishing sub-committees in four priority areas, Planning, Building Certification, Engineering and Environmental Health.

Two overarching sub-committees have been established to identify the size and scope of the skill shortage problem within councils and to develop mechanisms to support the attraction and retention of workers.

EMPLOYMENT ASSISTANCE PROGRAMS

The LGAQ continued to promote and administer the entry-level employment and training opportunities available to members through state and federal government policies and programs.

Entry-level employment and training opportunities available to members through the state government Breaking the Unemployment Cycle initiative continued throughout the past financial year. The initiative was introduced in 1998 when the Queensland unemployment rate was around 11 per cent and has resulted in over 11,000 additional training opportunities administered by the LGAQ being offered in local government. With the state unemployment rate falling to a 29-year low of 3.4 per cent in June, thereby neutralising the requirement for continuation of such a funding assistance program, the LGAQ is pleased that its partnering with state government to provide training opportunities will be continued under the Skilling Queenslanders for Work initiative, albeit with a reduction in the number of full-time positions offered and the level of funding available.

EXPERIENCE PAYS

- Mature-aged worker employment strategy

The LGAQ identified in 2004 that, as life expectancy rates increase and the birth rate declines, serious concerns would be raised about a significant shortage of available labour over the next few decades and there would be an obvious risk to local government's ability to continue its record of strong growth.

In response to this and other industries' similar

concerns, through the three-year Experience Pays Awareness Strategy program, the state government has recognised the need to encourage all business to promote opportunities for mature-age workers through recruitment, retraining and retention policies. As an employer with a workforce of over 37,000 in Queensland and where some half of these are aged over 45, local government was regarded as a pivotal employer. The LGAQ is pleased to have partnered again with the state government to deliver the program to councils and assist them to develop flexible employee benefits to particularly assist the retention of valued employees. General information sessions have so far been conducted throughout the state at regional launches, Human Resource Consultative Group and Local Government Skills Council meetings, Workplace Relations Forums. A number of visits were made to individual councils to discuss elements of the strategy.

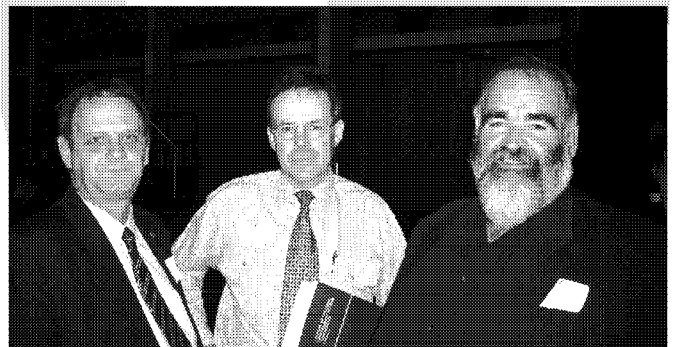
CONSULTATIVE GROUPS

Quarterly meetings for HR managers (held in regional and south-east locations) and training specialists (held in north Queensland and south-east Queensland) were conducted throughout the state to foster networking, discussions on selected topics and setting priorities for collective HR activities.

A special CEO consultative group was also established and convened monthly to provide input in the Association's strategy on industrial relations as well as the process for transitioning staff to newly created and amalgamated councils.

NATIONAL HR CONFERENCE

In recognition that the WorkChoices Industrial Relations reforms and the skills shortages were national issues, the LGAQ, in association with the local government associations from NSW, South Australia and Western Australia, is convening a national HR in Local Government conference in order to attract prominent and national commentators and contributors to the HR agenda and to raise the public profile of local government as an employer.



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The conference scheduled for November and will be held at the Gold Coast.

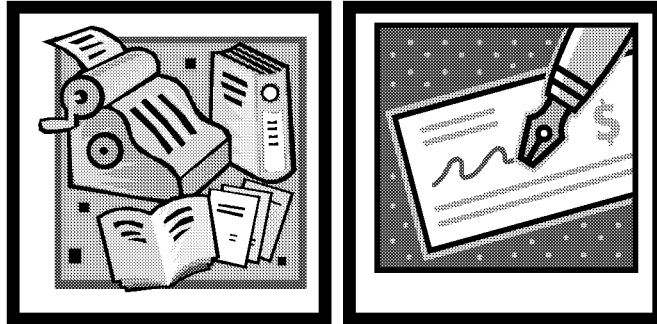
The inaugural National Human Resource conference held in Sydney in 2005 attracted 240 delegates from councils from every state in Australia.

EXTERNAL MEMBERSHIP

The LGAQ continued as a member of the Crime and Misconduct Commission Corruption Prevention Group, responsible for recommending strategies to the CMC's corruption prevention and capacity building programs and training packages.

The association is also active on the Army Reserve Corporate Consultative group, a high-level taskforce charged with improving the relationship between the Army Reserve and employers of army reservists or future reservists.





Annual Accounts

LOCAL GOVERNMENT ASSOCIATION OF QLD INC

General Purpose Financial Report

For the Year Ended 31 May 2007

Local Government Association of Queensland Inc
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LOCAL GOVERNMENT ASSOCIATION OF QLD INC

Financial Report

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DECLARATION BY THE EXECUTIVE

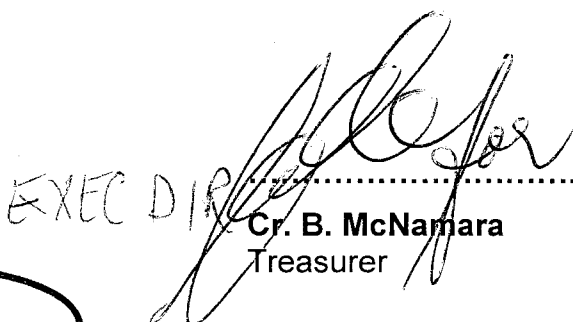
The Executive Members declare that:

- a) The attached financial statements and notes thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view, in accordance with accounting standards, of the financial position and performance of the Association and consolidated entity;
- c) In the Executive Members opinion, the attached financial statements and notes thereto are in accordance with chapter 18 of the Local Government Act 1993; and
- d) In the Executive Members opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the Executive Members



Cr. P. Bell
President



EXEC DIR

Cr. B. McNamara
Treasurer



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Income Statement for the year ended 31 May 2007

		Consolidated	Consolidated	Chief Entity	Chief Entity
	Notes	2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from ordinary activities					
Fees and Service charges	1(b) 2(a)	13,707,023	11,321,609	11,245,550	9,690,948
Contributions and Grants	1(b) 2(b)	3,992,478	2,861,069	3,992,478	2,861,069
Dividends from Subsidiaries	2(c)	-	-	400,000	730,000
Share of Profits in LGIS Joint Venture	7(a)	8,411	62,153	-	-
Interest	1(b) 2(d)	140,456	123,037	111,521	89,131
Total revenue from ordinary activities		17,848,368	14,367,868	15,749,549	13,371,149
Expenses from ordinary activities					
Depreciation	1(e) 2(e)	726,597	638,027	551,828	512,697
Correction for Prior Year Error	2(e)	-	-	-	-
Employee expenses	2(f)	6,237,877	4,851,165	3,813,983	3,424,039
Administration/Branch Management expenses	2(g)	1,616,141	1,435,541	1,372,795	1,363,889
Repairs and maintenance expense	1(d)	335,696	378,146	335,696	372,159
Loss from disposal of assets	1(b)	17,625	15,734	17,625	14,037
Grant Expenditure	2(h)	3,765,477	2,402,419	3,765,477	2,451,510
LGAQ Annual Conference		772,019	833,859	772,019	833,859
LGOnline		562,051	606,528	1,461,777	1,479,028
LGIS Startup		-	52,588	-	52,588
ALGA Annual Subscription		320,825	307,381	320,825	307,381
Share of Loss in QPG Joint Ventures	7(b)	239,203	-	-	-
Other expenses	2(i)	3,764,460	2,555,654	3,621,127	2,248,502
Total expenses from ordinary activities		18,357,969	14,077,043	16,033,150	13,059,689
Borrowing costs	1(c) 2(j)	526	-	526	-
Net result for the reporting period		-510,127	290,826	-284,127	311,460



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Balance Sheet as at 31 May 2007

		Consolidated	Consolidated	Chief Entity	Chief Entity
	Notes	2007	2006	2007	2006
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash Assets	1(f),3	548,552	855,529	99,437	483,587
Receivables	1(g),4	2,489,688	2,408,237	1,912,493	2,006,925
Other - Prepayments	5	413,064	352,196	403,372	330,038
Total current assets		3,451,304	3,615,963	2,415,302	2,820,551
Non-current assets					
Receivables	1(g),4	-	-	650,000	-
Loan to controlled entities	5	-	-	270,000	20,000
Property, plant and equipment	1(e),6	10,750,221	10,650,553	10,241,530	10,268,146
Interest in Joint Ventures	7(a)(b)	181,362	162,153	100,000	100,000
Total non-current assets		10,931,583	10,812,706	11,261,530	10,388,146
TOTAL ASSETS		14,382,887	14,428,669	13,676,832	13,208,697
LIABILITIES					
Current liabilities					
Payables	1(i),8	1,622,164	2,120,419	1,467,533	1,625,004
Borrowings	9	550,526	-	550,526	-
Subscriptions in Advance		272,503	273,832	272,503	273,832
Unearned Income		331,213	32,426	331,213	27,726
Accrued Employee Benefits	1(j),10	176,685	188,622	138,189	164,454
Total current liabilities		2,953,090	2,615,299	2,759,963	2,091,016
Non-current liabilities					
Accrued Employee Benefits	1(j),10	592,953	466,397	511,901	428,584
Total non-current liabilities		592,953	466,397	511,901	428,584
TOTAL LIABILITIES		3,546,043	3,081,696	3,271,864	2,519,600
NET ASSETS		10,836,844	11,346,973	10,404,969	10,689,097
ACCUMULATED FUNDS					
Reserves	11(a)	5,323,559	5,323,559	5,323,559	5,323,559
Accumulated surplus (deficit)	11(b)	5,513,285	6,023,414	5,081,411	5,365,538
TOTAL EQUITY		10,836,844	11,346,973	10,404,969	10,689,097



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Cash Flow Statement for the year ended 31 May 2007

		Consolidated	Consolidated	Chief Entity	Chief Entity
	Notes	2007	2006	2007	2006
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts					
Service charges		16,437,477	10,829,762	14,199,346	10,301,106
Dividends		-	-	150,000	250,000
Interest		140,456	123,037	111,521	89,131
GST input tax credits		1,478,032	2,686,490	1,035,272	2,173,442
		18,055,964	13,639,289	15,496,139	12,813,679
Payments					
Supplier and Employee Payments		-16,126,787	-9,327,480	-14,157,869	-9,684,827
GST remitted to the ATO		-1,692,262	-3,079,129	-1,479,582	-2,092,135
		-17,819,049	-12,406,609	-15,637,451	-11,776,962
Net cash from operating activities	12(b)	236,915	1,232,680	-141,312	1,036,718
Cash Flows from Investing Activities					
Payments for property, plant & equipment		-1,036,790	-955,388	-735,738	-650,193
Sale proceeds from property, plant & equipment		192,900	-	192,900	-
Investment in Joint Venture		-250,000	-100,000	-	-100,000
Net cash from investing activities		-1,093,890	-1,055,388	-542,838	-750,193
Cash Flows from Financing Activities					
Increase In Borrowings		550,000	-	550,000	-
Loan to Controlled Entities		-	-	-250,000	-
Net cash from financing activities		550,000	-	300,000	-
Net movement in cash		-306,975	177,292	-384,150	286,523
Cash at beginning of financial year		855,529	678,239	483,587	197,064
Cash at end of financial year	12(a)	548,552	855,529	99,437	483,587



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**Statement of Recognised Income and Expense
for the year ended 31 May 2007**

	Consolidated	Consolidated	Chief Entity	Chief Entity
Notes	2007 \$	2006 \$	2007 \$	2006 \$
Increase/Decrease in Asset Revaluation Reserve	-	-	-	-
Net Income Recognised Directly in Equity	-	-	-	-
Surplus/Deficit for the Period	-510,127	290,826	-284,127	311,460
Total Recognised Income and Expense	-510,127	290,826	-284,127	311,460
Total Movement in Equity for Period	-510,127	290,826	-284,127	311,460



Local Government Association of Queensland Inc
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Note 1 Significant Accounting Policies

(a) Basis of Accounting

General

This financial report has been prepared on accrual and going concern bases.

The financial report has also been prepared under the historical cost convention and except where specifically stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 May 2007, the comparative information presented in these financial statements for the year ended 31 May 2006.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest dollar.

(b) Revenue Recognition

Subscriptions

Annual membership subscriptions are recognised on an accrual basis.

Rendering of services

Revenue from a contract is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Government contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the Income Statement as Contributions and Grants.

These amounts are matched by a binding legal obligation to either expend the funds for the purpose which they are granted, or return any unspent funds to the grantor. In accordance with accounting standards, grant funds are recorded as ordinary revenue in the financial period they are received, without raising any corresponding liability item to recognise the expenditure or refund obligation. Commonly, grants received in one period are expended over one or more following years.

The underlying performance of the LGAQ is therefore determined by removing the impact of grant revenues and expenditures from the stated amounts. Refer also to note 14.

Sale of assets

The profit or loss on sale of an asset is determined when control has passed to the buyer. In accounting for the sale of non-current assets, gross proceeds from the sales are included as other revenue and the written down value of the assets sold is disclosed as an operating expense.



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Note 1 Significant Accounting Policies (Continued)

(c) Borrowing costs

Borrowing costs are recognised as an expense in the period on which they are incurred.

(d) Recognition and measurement of property, plant and equipment

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

Property, plant and equipment items with a cost or value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Valuation

Land and buildings are measured at fair value. Fair value is determined on the basis of independent valuation. The fair values are reviewed at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair values. Office furniture and equipment and motor vehicles are stated at cost less accumulated depreciation and impairment.

The revaluation of freehold land and buildings was performed in April 2005 in accordance with an independent valuation by Australia Pacific Valuers. The valuation was performed on the basis of current market buying values.

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

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense, in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset, in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated.

Intangible Assets

Development of internally generated software has been recognised as an intangible asset. Intangible assets are stated at cost less accumulated amortisation and impairment.

Impairment of Assets

At each reporting date the carrying amount of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised.



Local Government Association of Queensland Inc
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Note 1 Significant Accounting Policies (Continued)

(e) Depreciation and amortisation of property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

Depreciation on buildings, infrastructure and equipment and motor vehicles 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 Association.

Where assets have separately identifiable components, 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 Association.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

Building	10 - 50 years
Office Furniture and Equipment	3 - 15 years
Motor Vehicles	5 years
Intangibles	3 - 15 years

(f) Cash and Cash Equivalents

For the purposes of the Balance Sheet, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are convertible readily to cash on hand at the Association's option and that are subject to a low risk of changes in value.

(g) Receivables

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

The collectability of receivables is assessed periodically with provision being made for doubtful debts. Bad debts are written off in the period in which they are recognised.

(h) Other Financial Assets

Investments are measured at cost.

Interest and dividend revenue are recognised on an accrual basis.

The loan to Resolute Information Technology Pty Ltd is not currently accruing interest or repayments and there is no term for repayment, therefore there are no related borrowing costs to disclose.

The investment in the joint ventures is accounted for at cost in the chief entity's financial statements and under the equity accounting method in the consolidated financial statements. Refer also to note 7.

(i) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Association. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.



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Note 1 Significant Accounting Policies (Continued)

(j) Accrued Employee Benefits

Employee benefits in respect of wages and salaries, annual leave and long services leave, are accrued on a pro rata basis in respect of services provided by employees up to balance date, having regard to future rates of pay and on-costs. Entitlements expected to be settled within 12 months are accrued at their nominal value. Entitlements not expected to be settled within 12 months are measured as the present value of estimated future cash outflows.

Superannuation

Employees of the Local Government Association of Qld Inc are members of LG Super. Employer contributions to employee superannuation plans are charged as expenses as the contributions are paid or become payable. The Association has no liability to or interest in the scheme other than payment of employer contributions.

(k) Taxation

The activities of the Association are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax ("GST"). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued.

Revenues expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisitions of an asset or as part of an item of expense; or
 - ii. For receivables and payables which are recognised exclusive of GST.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables

(l) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the economic entity, being the Association (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. A list of controlled entities appears in note 16 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.



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Income Statement - disclosures

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 2 (a) Fees and Service charges				
Seminar and Events	931,246	865,556	941,816	887,186
Annual Conference	936,707	823,786	936,707	831,966
Annual Member Subscriptions	2,775,265	2,687,784	2,775,265	2,687,784
Local Government Online	2,219,800	2,084,455	2,219,800	2,084,455
Tenant Revenue	304,183	282,596	389,019	369,436
Local Government Mutual	508,175	459,000	508,175	459,000
Local Government Workcare	587,609	531,000	587,609	531,000
Subscriptions	158,196	156,337	158,196	156,337
Industrial Relations Consultancy	350,028	194,537	350,028	194,537
Human Resources Consultancy	305,668	318,352	305,668	318,352
Training and Development	1,262,105	884,736	1,263,505	884,736
New Elected Member	80,885	46,543	80,885	46,543
Q-Grad	27,000	35,568	27,000	35,568
LG One	413,315	-	413,315	-
General	364,713	281,028	288,561	204,047
Quotation Arrangements	366,381	344,153	-	-
Tender Arrangements	935,622	798,231	-	-
Procurement Services Revenue	7,695	-	-	-
IT services	1,056,318	373,641	-	-
Product and Software Sales	116,111	154,305	-	-
	13,707,023	11,321,609	11,245,550	9,690,948
(b) Contributions and Grants				
Contributions and grants are recognised as revenues during the reporting period and are obtained on the condition that they be expended in a manner specified by the contributor. In some cases, corresponding expenditure is recognised in subsequent periods. Refer also to note 14.				
Local Government Awareness Week	37,839	64,080	37,839	64,080
Local Government OnLine	-	-	-	-
Workforce and Organisational Services	839,836	100,000	839,836	100,000
Sustainability Reform	151,330	295,000	151,330	295,000
Finance, Governance and Community	1,131,171	429,345	1,131,171	429,345
Environment and Planning	1,480,531	1,290,682	1,480,531	1,290,682
Roads, Transport and Infrastructure	351,771	517,156	351,771	517,156
Networking The Nation	-	164,806	-	164,806
	3,992,478	2,861,069	3,992,478	2,861,069
(c) Dividends from Subsidiaries				
Resolute IT Profit Share	-	-	120,000	280,000
Local Buy Profit Share	-	-	280,000	450,000
	-	-	400,000	730,000
(d) Interest	140,456	123,037	111,521	89,131
(e) Depreciation				
Building	160,103	95,446	160,103	95,446
Office Furniture and Equipment	494,423	469,557	323,809	348,391
Motor Vehicles	72,071	73,023	67,916	68,859
	726,597	638,027	551,828	512,697



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Income Statement - disclosures (continued)

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$
(f) Employee Expenses				
Wages and Salaries	5,277,815	4,078,132	3,133,804	2,888,300
Employer superannuation contributions	730,588	518,915	543,435	411,042
Other	229,473	254,118	136,743	124,697
	6,237,877	4,851,165	3,813,983	3,424,039

The Association had 54 full time equivalent employees at 31 May 2007 (56 at 31 May 2006). The consolidated entity had 81 full time equivalent employees at 31 May 2007 (76 at 31 May 2006).

(g) Administration/Branch Management Expenses				
Travel and Accommodation	439,006	420,425	305,744	334,633
Telephone	171,797	154,135	101,912	101,590
Stationery and Office Supplies	143,102	144,280	105,491	113,050
IT Services and Maintenance	124,827	136,888	382,673	418,472
Publication Costs	195,923	177,841	195,923	177,841
Subscriptions and Memberships	26,191	26,926	26,102	26,926
Licenses and Registrations	-	-	-	-
Marketing and Promotions	128,893	181,260	40,342	43,497
General Administration Expenses	386,401	193,785	214,607	147,879
	1,616,141	1,435,541	1,372,795	1,363,889

(h) Grant Expenditure

Refer also to note 14.

Local Government Awareness Week	37,839	48,612	37,839	48,612
Workforce and Organisational Services	492,852	67,420	492,852	67,420
Sustainability Reform	242,663	184,280	242,663	184,280
Finance, Governance and Community	885,119	504,520	885,119	504,520
Environment and Planning	1,702,378	989,747	1,702,378	989,747
Roads, Transport and Infrastructure	404,626	361,659	404,626	361,659
Networking the Nation	-	246,181	-	295,272
	3,765,477	2,402,419	3,765,477	2,451,510

(i) Other Expenses

Consultants	1,149,610	682,392	1,133,290	669,600
LG One	85,825	-	595,690	-
General Conference	502,892	383,604	514,008	546,399
Insurances	94,866	92,069	72,830	70,319
Fringe Benefits Tax	54,743	52,963	44,862	44,872
Industrial Relations Consultancy	52,411	13,497	52,411	13,497
Human Resources Consultancy	100,041	102,610	100,041	102,610
New Elected Member	32,449	29,990	32,449	29,990
Training and Development	760,839	393,854	757,549	393,854
Reference Groups	20,888	29,093	20,888	29,093
General Expenses	263,486	340,419	223,544	309,402
Bad and Doubtful Debts	33,424	4,856	33,424	3,365
Qld Audit Office - external audit fees	56,030	44,750	40,140	35,500
Quotation Arrangement	103,545	-	-	-
Tendered Arrangement	65,424	137,161	-	-
e-Marketplace	114,290	120,000	-	-
Hardware and Software	273,696	128,396	-	-
	3,764,460	2,555,654	3,621,127	2,248,502

(j) Borrowing Costs

Borrowing cost expense - Interest	526	-	526	-
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Balance Sheet - disclosures

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 3 Cash assets				
Cash on hand	1,300	1,300	500	500
Cash at bank	306,061	266,349	89,146	213,196
Deposits at call	241,190	587,880	9,790	269,891
	548,552	855,529	99,437	483,587
The Association has an secured overdraft facility to a limit of \$1,000,000, leaving an unused facility of \$450,000.				
Note 4 Receivables				
<i>Current</i>				
Trade debtors and accruals	2,478,494	2,397,120	1,623,500	1,316,537
Less provision for doubtful debts	-	-1,471	-	-
Dividends Receivable	-	-	280,000	680,000
Other debtors - Travel Advances	11,193	12,588	8,993	10,388
<i>Non-current</i>				
Dividends Receivable	-	-	650,000	-
	2,489,688	2,408,237	2,562,493	2,006,925
Note 5 Other assets				
<i>Current</i>				
Prepayments	413,064	352,196	403,372	330,038
<i>Non-current</i>				
Loan to controlled entities	-	-	270,000	20,000
	413,064	352,196	673,372	350,038
Note 6 Property, plant and equipment				
<i>Freehold Land</i>				
At fair value	2,250,000	2,250,000	2,250,000	2,250,000
	2,250,000	2,250,000	2,250,000	2,250,000
<i>Building</i>				
At fair value	7,626,719	7,633,305	7,626,719	7,633,305
Less accumulated depreciation	1,212,477	774,078	1,212,477	774,078
	6,414,242	6,859,227	6,414,242	6,859,227
<i>Office Furniture and equipment</i>				
At Cost	1,208,378	2,237,054	675,630	1,732,130
Less accumulated depreciation	750,550	1,860,691	432,752	1,663,221
	457,829	376,363	242,879	68,909
<i>Motor Vehicles</i>				
At Cost	392,886	384,625	352,555	344,294
Less accumulated depreciation	72,838	141,545	61,255	134,116
	320,048	243,081	291,300	210,179
<i>Intangibles</i>				
At Cost	1,149,778	569,650	861,278	518,079
Less accumulated depreciation	357,956	209,719	334,449	200,199
	791,822	359,931	526,829	317,880
Capital Work in Progress	516,280	561,951	516,280	561,951
Total	10,750,221	10,650,553	10,241,530	10,268,146



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Note 6 Property, plant and equipment (continued)

Chief Entity Movements During the Reporting Period

	Opening WDV	Opening Transfers	Additions	Disposals	Depreciation	Closing WDV
Land	2,250,000	-	-	-	-	2,250,000
Building	6,859,227	(278,326)	-	6,556	160,104	6,414,242
Office Furniture and Equipment	68,909	278,368	85,819	641	189,575	242,879
Motor Vehicle	210,179	(189)	352,555	203,329	67,916	291,300
Intangibles	317,880	257,372	85,810	-	134,233	526,829
Work in Progress	561,951	(257,225)	211,554	-	-	516,280
Totals	10,268,146	-	735,738	210,526	551,828	10,241,530

Consolidated Entity Movements During the Reporting Period

	Opening WDV	Opening Transfers	Additions	Disposals	Depreciation	Closing WDV
Land	2,250,000		-	-	-	2,250,000
Building	6,859,227	(278,326)	-	6,556	160,104	6,414,243
Office Furniture and Equipment	376,363	278,368	149,943	641	346,204	457,829
Motor Vehicle	243,081	(189)	352,555	203,329	72,070	320,048
Intangibles	359,931	257,372	322,738	-	148,219	791,821
Work in Progress	561,951	(257,225)	211,554	-	-	516,280
Totals	10,650,553	-	1,036,790	210,526	726,598	10,750,221



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Note 7 Interest in Joint Ventures

(a) Local Government Infrastructure Services

On 26 August 2005, LGAQ in conjunction with Queensland Treasury Corporation formed Local Government Infrastructure Services Pty Ltd, each holding 50% of the share capital of the company.

The principal activity of the joint venture is to provide assistance to Queensland local governments in relation to infrastructure procurement.

The joint venture has a reporting date as at 30 June. This date is in line with the reporting date of Queensland Treasury Corporation. Results reported here represent LGAQ's investment at 31 May 2007. Adjustments have been made for the effects of significant transactions or events that occurred from 1 June 2007 to 30 June 2007.

	2007 \$	2006 \$
<i>Results of Joint Venture Entity</i>		
<u>Income Statement</u>		
Revenues	25,789,278	240,635
Expenses	25,772,457	116,329
Profit before income tax expense	16,821	124,306
Income tax expense	-	-
Net profit	16,821	124,306
<u>Balance Sheet</u>		
Current assets	32,957,635	728,966
Non-current assets	-	-
Total assets	32,957,635	728,966
Current liabilities	24,066,508	74,592
Non-current liabilities	8,550,000	300,000
Total liabilities	32,616,508	374,592
Net assets	341,127	354,374

LGAQ's share of the joint venture entity's result and retained profits for the period ended 31 May 2007, including movements in carrying amount of investment, consists of:

<u>Share of post-acquisition retained profits</u>		
Share at beginning of reporting period	62,153	-
Share of net result	8,411	62,153
Share at end of reporting period	70,564	62,153
<u>Movements in carrying amount of investment</u>		
Carrying amount at beginning of reporting period	162,153	-
Investments acquired during the period	-	100,000
Share of net result	8,411	62,153
Carrying amount at end of reporting period	170,564	162,153



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Note 7 Interest in Joint Ventures (Continued)

(b) QPG Shared Services

On 6 February 2007, Prevwood Pty Ltd in conjunction with Partnerships Australia Pty Ltd formed QPG Shared Services Support Centres Venture (Joint Venture) each holding 50% interest in the venture.

The principal activity of the joint venture is to provide assistance to Queensland local governments in relation to shared service arrangements.

The joint venture has a reporting date as at 30 June. This date is in line with the reporting date of Partnerships Australia Pty Ltd. Results reported here represent LGAQ's investment at 31 May 2007. Adjustments have been made for the effects of significant transactions or events that occurred from 1 June 2007 to 30 June 2007.

Subsequent to the balance sheet date, Prevwood Pty Ltd made an additional contribution of \$250,000 to the QPG Shared Services Support Centres Venture (Joint Venture) bringing its total capital contribution to \$500,000.

	2007 \$	2006 \$
<i>Results of Joint Venture Entity</i>		
<u>Income Statement</u>		
Revenues	2,026	-
Expenses	480,431	-
Profit before income tax expense	(478,405)	-
Income tax expense	-	-
Net profit	(478,405)	-
 <u>Balance Sheet</u>		
Current assets	323,752	-
Non-current assets	-	-
Total assets	323,752	-
Current liabilities	302,157	-
Non-current liabilities	-	-
Total liabilities	302,157	-
Net assets	21,595	-

LGAQ's share of the joint venture entity's result for the period ended 31 May 2007, including movements in carrying amount of investment, consists of:

<u>Share of post-acquisition retained profits</u>		
Share at beginning of reporting period	-	-
Share of net result	(239,203)	-
Share at end of reporting period	(239,203)	-

<u>Movements in carrying amount of investment</u>		
Share at beginning of reporting period	-	-
Share at end of reporting period	-	-
Investments during the period	250,000	-
Share of net result	(239,203)	-
Carrying amount at end of reporting period	10,798	-

	Consolidated 2007 \$	Consolidated 2006 \$	Chief Entity 2007 \$	Chief Entity 2006 \$
Note 8 Payables				
Trade creditors	1,650,226	2,046,631	1,510,366	1,584,712
GST Payable	-28,063	73,788	-42,833	40,293
	1,622,164	2,120,419	1,467,533	1,625,004
 Note 9 Borrowings				
QTC Working Capital Facility	550,526	-	550,526	-
	550,526	-	550,526	-



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	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 10 Accrued Employee Benefits				
<i>Current</i>				
Employee Benefits				
- Annual Leave	176,685	151,544	138,189	127,376
- Long service leave	-	37,078	-	37,078
	176,685	188,622	138,189	164,454
<i>Non-current</i>				
Employee Benefits				
- Annual Leave	316,068	265,730	235,015	227,917
- Long service leave	276,884	200,667	276,884	200,667
	592,953	466,397	511,900	428,584
<i>Movements in Benefits</i>				
Balance 1 June	655,019	614,717	593,038	573,313
Additional benefits recognised	567,029	316,950	420,144	208,784
Reductions in benefits as a result of payments	-452,410	-276,648	-363,094	-189,059
Balance as at 31 May	769,637	655,019	650,088	593,038
Note 11 Reserves and accumulated surplus				
(a) Reserves				
<i>Composition of Reserves</i>				
Asset Revaluation Reserve	4,623,300	4,623,300	4,623,300	4,623,300
General Reserve	700,259	700,259	700,259	700,259
	5,323,559	5,323,559	5,323,559	5,323,559
<i>Movements in Reserves</i>				
* Asset revaluation reserve				
Balance at beginning of reporting period	4,623,300	4,623,300	4,623,300	4,623,300
Revaluation increment of non-current assets	-	-	-	-
Balance at end of reporting period	4,623,300	4,623,300	4,623,300	4,623,300
<i>General Reserve</i>				
Balance at beginning of reporting period	700,259	700,259	700,259	700,259
Transfers to operations	-	-	-	-
Transfers from operations	-	-	-	-
Balance at end of reporting period	700,259	700,259	700,259	700,259
(b) Accumulated surplus				
Balance at beginning of reporting period	6,023,414	5,732,589	5,365,538	5,054,078
Add Transfer to/(from) Surplus/(Deficit)	-510,127	290,826	-284,127	311,460
Balance at end of reporting period	5,513,285	6,023,414	5,081,411	5,365,538
* Closing Balance of Asset Revaluation Reserve by Class				
<i>Freehold Land</i>				
Opening Balance	1,070,000	1,070,000	1,070,000	1,070,000
Current Year Revaluation Increment	-	-	-	-
Balance at end of reporting period	1,070,000	1,070,000	1,070,000	1,070,000
<i>Building</i>				
Opening Balance	3,553,300	3,553,300	3,553,300	3,553,300
Current Year Revaluation Increment	-	-	-	-
Balance at end of reporting period	3,553,300	3,553,300	3,553,300	3,553,300



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	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 12 Cash Flow Statement - disclosures

(a) Cash at the end of the year, as shown in the Cash Flow Statement

<i>Cash at hand</i>	3				
Petty Cash		1,300	1,300	500	500
<i>Cash at bank</i>	3				
NAB					
- LGAQ Imprest Account		89,146	213,196	89,146	213,196
- Local Buy Cheque Account		100,626	26,126		
- Resolute Cheque Account		116,289	27,027		
<i>Deposits at call</i>	3				
QTC Investment Trust					
- QTC Cash Fund LGAQ		9,790	269,891	9,790	269,891
- QTC Cash Fund Local Buy		190,743	235,562		
- QTC Cash Fund Resolute		40,657	82,427		
		548,552	855,529	99,437	483,587

(b) Reconciliation of net cash from operating activities to net result for the period

Net result for the period	-510,127	290,826	-284,127	311,460
(Profit)/Loss on Disposals of Non-current assets	17,625	15,734	17,625	14,037
Depreciation of Non-current assets	726,597	638,027	551,828	512,697
Share of Profits in LGIS Joint Venture	-8,411	-62,153	-	-
Share of Loss in QPG Joint Venture	239,203	-	-	-
Change in operating assets and liabilities				
(Increase)/Decrease in Assets				
Prepayments	-60,868	-55,517	-73,334	-62,609
Trade and Other Debtors	-81,451	-651,745	-555,568	-560,164
Increase/(Decrease) in Liabilities				
Creditors & Borrowing Costs	-497,729	1,023,956	-156,946	765,796
Employee Entitlements	114,619	40,303	57,052	19,726
Subscriptions in Advance	-1,329	23,664	-1,329	33,080
Unearned Income	298,787	-30,415	303,487	2,694
Net cash from operating activities	236,915	1,232,680	-141,312	1,036,718



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Note 13 Financial Instruments - Consolidated

- (a) Details of the significant accounting policies and methods adopted, including the criteria for recognition the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

(b) Interest Rate Risk

The following table details the economic entity's exposure to interest rate risk as at the 31 May 2007

Class	Average Interest rate %	Variable Interest rate \$	Fixed interest rate			Non Interest Bearing \$	Total \$
			Less than 1 year \$	1 - 5 years \$	More than 5 years \$		
2007							
Financial Assets							
Cash	6.31%	547,252				1,300	548,552
Trade receivables						2,489,688	2,489,688
		547,252	-	-	-	2,490,988	3,038,240
Financial Liabilities							
Trade payables						1,622,164	1,622,164
Employee entitlements						769,637	769,637
QTC Loan	6.31%	550,526					550,526
		550,526	-	-	-	2,391,801	2,942,327

The following table details the economic entity's exposure to interest rate risk as at the 31 May 2006

Class	Average Interest rate %	Variable Interest rate \$	Fixed interest rate			Non Interest Bearing \$	Total \$
			Less than 1 year \$	1 - 5 years \$	More than 5 years \$		
2006							
Financial Assets							
Cash	5.85%	854,229				1,300	855,529
Trade receivables						2,408,237	2,408,237
		854,229	-	-	-	2,409,537	3,263,766
Financial Liabilities							
Trade payables	5.85%					2,120,419	2,120,419
Employee entitlements						655,019	655,019
		-	-	-	-	2,775,437	2,775,437



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	Consolidated	Consolidated	Chief Entity	Chief Entity
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 14 Unexpended Grant Funds Held by LGAQ				
Opening Balance	1,454,967	1,045,407	1,454,967	1,045,407
Plus current year profit/(loss)	227,002	409,559	227,002	409,559
Balance	1,681,968	1,454,967	1,681,968	1,454,967

Note 15 Remuneration of Executive Members

Remuneration received, or due and receivable by Board Members from the Association in connection with the management of the Association. Remuneration includes salary, fees and commissions and contributions to members' superannuation and other benefits received by Board Members.

The number of responsible persons whose remuneration from the Association was within the following specified bands were:

\$ 0 - \$ 9,999	10	15	10	15
\$ 10,000 - \$ 39,999	3	1	3	1
\$ 40,000 - \$ 59,999	-	-	-	-
\$ 60,000 - \$ 69,000	1	1	1	1

Cr P Bell (President)

Cr B Abbott
Cr A Bennison
Cr J Brent
Cr M Brunker
Cr J Chapman
Cr R Clarke
Cr D Davidson
Cr P Guivarra
Cr R Loughnan

Cr K McDuff
Cr B McNamara
Cr T Mooney
Cr D Neilson
Cr P Taylor
Cr P Tully
Cr G Churchill
Cr D Mosby

Note 16 Controlled Entities

	Country of Incorporation	Ownership 2007	Ownership 2006
Parent Entity			
Local Government Association of Qld Inc	Australia		
Controlled Entities			
DDS Unit Trust - Resolute Information Technology Pty Ltd as trustee	Australia	100%	100%
Local Buy Trading Trust - Local Buy Pty Ltd as trustee	Australia	100%	100%
Local Government Infrastructure Services Pty Ltd	Australia	50%	50%
Prevwood Pty Ltd	Australia	100%	na
QPG Shared Services Support Centres Joint Venture	Australia	50%	na

The above Unit Trusts are under the trusteeship of the respective companies as stated.

These trustee companies are controlled entities of the Local Government Association of Queensland.

Resolute Information Technology Pty Ltd, Local Buy Pty Ltd and Prevwood Pty Ltd have not traded in their own rights.

Note 17 Subsequent Events

Subsequent to the balance sheet date, the Association made an additional loan of \$250,000 to Prevwood Pty Ltd increasing its total loan to \$500,000. Prevwood Pty Ltd subsequently made an additional contribution of \$250,000 to the QPG Shared Services Support Centres Venture (Joint Venture).



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Note 18 The Fred Rogers Memorial Foundation

The Association acts as trustee which was established by trustees to fund research projects. As the Association performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by it and accordingly, are not recognised in the financial statements. They are, however, disclosed in these notes for the information of users.

There were no fees received by the Association for providing these trustee services

Accumulated Funds	2007	2006
	\$	\$
Accumulated Funds	181,781	206,978
Surplus/(Deficit)	-14,074	-25,197
Total Accumulated Funds and Reserves	167,708	181,781
 Current Assets		
BT Australia Local Authorities Investment Trust	294,030	279,075
Accrued Interest	2,657	2435
Total Assets	296,686	281,510
 Current Liabilities		
Payable to LGAQ	128,979	99,729
Total Liabilities	128,979	99,729
 Net Assets	167,707	181,781
 Trust Revenues and Expenses		
Revenue		
Interest - BT Local Authorities Trust	15,176	13,324
Total Income	15,176	13,324
 Expenses		
Bank costs	-	-
Fellowship Grants	29,250	38,521
Total Expenditure	29,250	38,521
 Surplus/(Deficit)	-14,074	-25,197



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Note 19 Mt Emerald Trust

The Association acts as trustee which was established by trustees to fund research projects. As the Association performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by it and accordingly, are not recognised in the financial statements. They are, however, disclosed in these notes for the information of users.

There were no fees received by the Association for providing these trustee services

Accumulated Funds	2007	2006
	\$	\$
Accumulated Funds	77,722	72,275
Surplus/(Deficit)	542	5,447
Total Accumulated Funds and Reserves	78,264	77,722
 Current Assets		
Mt Emerald Trust	78,264	77,722
Accrued Interest		
Total Assets	78,264	77,722
 Net Assets	78,264	77,722
 Trust Revenues and Expenses		
Revenue		
Interest	4,551	5,447
Total Income	4,551	5,447
 Expenses		
Bursery Paid	4,000	-
Bank Charges	9	
Total Expenditure	4,009	-
 Surplus/(Deficit)	542	5,447

The comparative figures have been adjusted to correct errors in prior year carried forward balances.



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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the Local Government Association of Queensland Inc

Report on the Financial Report

I have audited the accompanying financial report of the Local Government Association of Queensland Inc, which comprises the balance sheet as at 31 May 2007 and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Executive Committee of the Local Government Association of Queensland Inc.

The Executive Committee's Responsibility for the Financial Report

The Executive Committee is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free 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 judgment, including the assessment of risks of material misstatement in 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

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Auditor's Opinion

In accordance with the *Financial Administration and Audit Act 1977*, I have audited the Association's financial report, and—

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion the financial report has been drawn up so as to present a true and fair view, in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) of the financial performance and cash flows of the Local Government Association of Queensland Inc for the financial year 1 June 2006 to 31 May 2007 and of the financial position as at the end of that year.



MR HYMAN CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane