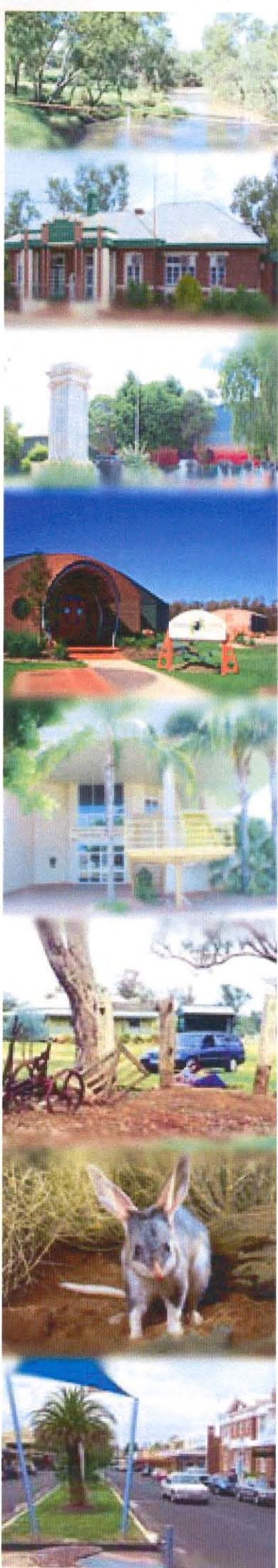
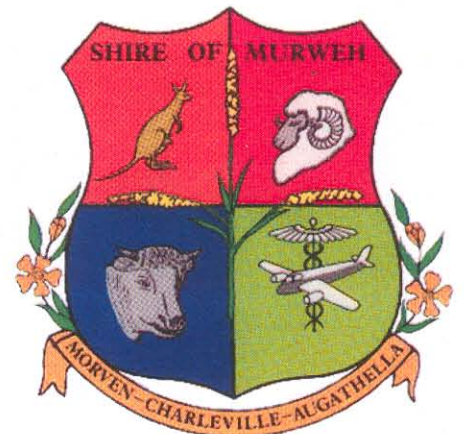


# MURWEEH

*Shire Council*

Annual Report  
for  
Period ending  
30 June 2006



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## Foreword

Welcome to the thirteenth Annual Report produced by the Murweh Shire Council.

The *Local Government Act of 1993* brought with it a number of initiatives geared towards progressing Local Government onto a corporate footing.

This report represents one of those initiatives.

Under further legislation, this report highlights initiatives to provide the community with information about the Council's financial statements in a form that is easily understood by the general public, known as the Community Financial Report and is documented in this annual report.

The purpose of this document is to articulate Council's vision and goals, its' achievements and performance results for the past year.

### ***VISION FOR THE SHIRE***

*“Achievement of sustainable, high quality of life and environment with prosperity, across the whole Shire community.*

### ***VISION FOR COUNCIL***

***Murweh Shire Council will be recognised for the following:-***

*Sound financial and resource management*

*Giving value to the community*

*Well developed and maintained Shire infrastructure*

*Effective communication*

*Sustainable and ongoing economic development*

*Being a good place to work*

### ***COUNCIL'S MISSION***

*To provide effective services and infrastructure to meet the needs of the Murweh community and encourage development, working with the Community to achieve a better future.*



## Composition of Council

Murweh Shire is a Corporate Body consisting of a Mayor and nine (9) Elected Members.

### ***ELECTED MEMBERS***

MAYOR	Cr. M.A O'Brien
DIVISION I	Cr. P.J. Arden Cr. C.J. Russell
DIVISION II	Cr. C.A. Barrett
DIVISION III	Cr. D.M. Cook Cr D.F. Dunne Cr.G.F. Jongkind Cr.A.J. Mobbs Cr.R.W.Bignell Cr.N.G. Swadling

### **SENIOR OFFICERS:**

Chief Executive Officer	Mr. Chris Blanch
Director of Corporate Services	Mr. Neil Polglase
Director of Engineering Services	Mr. Samson Palliyaguru
Director of Health & Environmental Services	Mr Kerry Graham (Contract)

### **COUNCIL CHAMBERS:**

#### Location:

95-101 Alfred Street, Charleville Q. 4470

#### Postal Address:

P O Box 63, Charleville Q. 4470

#### Communication:

Telephone: (07) 4656 8355  
Facsimile: (07) 4656 8399  
E-mail: [ceo@murweh.qld.gov.au](mailto:ceo@murweh.qld.gov.au)



## Meetings of Council

Council meets at the Council Chambers on the second Thursday of each calendar month. Committee meetings are held between 9.00am and 11.00 am with Council meetings held between 1.30pm and 3.30pm.

Meetings are open to the public.

The following Councillors remuneration package was adopted by Council:

1. Mayor and Councillors Attendance Fees

- a. To compensate Councillors for the time spent in attending Council Meetings, deputations, inspections and conferences they be paid \$200 per full day and \$100 per half day. Councillors who attend either before or after the luncheon adjournment or for less than 4 hours will be paid at the half day rate. An hourly fee of \$20.00/hour is applicable after 6.00pm.
- b. Remuneration for attending Regional and State Local Government Conferences, delegates be paid \$200 per day.

2. Mayor Allowance

The annual allowance payable to the Mayor will be \$20,000.00. This allowance will be in addition to the fees payable to the Mayor under Part 1 above.

3. Deputy Mayor Allowance

The annual allowance payable to the Deputy Mayor will be \$5,000.00. This annual allowance will be in addition to the fees payable to the Deputy Mayor under Part 1 above.

4. Travel Allowance

Where the elected member travels in his/her privately owned vehicle during the course of his/her duties, an expense allowance will be paid per kilometre at rates described in Determination No. 12 under the Queensland Public Sector Management Regulations, as amended from time to time..

Where elected members opt to use his/her own vehicle in lieu of a Council provided vehicle they will be reimbursed for the cost of fuel only.

5. Reimbursement of Expenses

Councillors will be reimbursed for out-of-pocket expenses which are reasonably incurred in attending conferences, deputations and inspections where attendance of the Councillor has been specifically authorised by resolution of Council. Reimbursement will be made upon production of a receipt by the Councillor.

The remuneration system is based on that which has been standard practice throughout Local Government in Queensland for many years. Council sees attendance at meetings etc. outlined in this package as being an appropriate remuneration base which reflects efforts by Councillors in carrying out their statutory roles. A Councillor should not be out-of-pocket for attending to the duties of office of a Councillor.

Statistics of Meeting attendance and remuneration for each individual Councillor, is detailed below :-

**STATISTICS OF MEETING ATTENDANCE**  
AND REMUNERATION FOR EACH INDIVIDUAL COUNCILLOR

**Cr Mark O'Brien**

Ordinary Meetings	10
Special Meetings	1
Meetings attended elsewhere	83
Meeting Attendance Fees	13,200.00
Travelling	24.80
Mayoral Allowance	20,000.00
Gross Income	33,224.80
Tax	11,669.72

**Cr Cheryl Barrett**

Ordinary Meetings	10
Special Meetings	1
Meetings attended elsewhere	10
Meeting Attendance Fees	5,500.00
Travelling	4,005.20
Gross Income	9,505.20
Tax	2,424.20

**Cr Patricia Arden**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	22
Meeting Attendance Fees	5,300.00
Travelling	5,049.90
Gross Income	10,349.90
Tax	2,623.90

**Cr Cecil Russell**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	1
Meeting Attendance Fees	2,600.00
Travelling	1,145.76
Gross Income	3,745.76
Tax	1.76

**Cr Denis Cook**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	4
Meeting Attendance Fees	2,900.00
Deputy Mayoral Allowance	5,000.00
Travelling	27.28
Gross Income	7,927.28
Tax	2,231.28

**Cr David Dunne**

Ordinary Meetings	8
Special Meetings	1
Meetings attended elsewhere	2
Meeting Attendance Fees	2,200.00
Travelling	22.32
Gross Income	2,222.32
Tax	383.32

**Cr Roy Bignell**

Ordinary Meetings	8
Special Meetings	
Meetings attended elsewhere	
Meeting Attendance Fees	1,600.00
Travelling	19.84
Gross Income	1,619.84
Tax	267.84

**Cr Guillaume Jongkind**

Ordinary Meetings	8
Special Meetings	1
Meetings attended elsewhere	2
Meeting Attendance Fees	2,500.00
Travelling	22.32
Gross Income	2,522.32
Tax	422.32

**Cr Alison Mobbs**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	20
Meeting Attendance Fees	4,700.00
Travelling	845.06
Gross Income	5,545.06
Tax	1,215.06

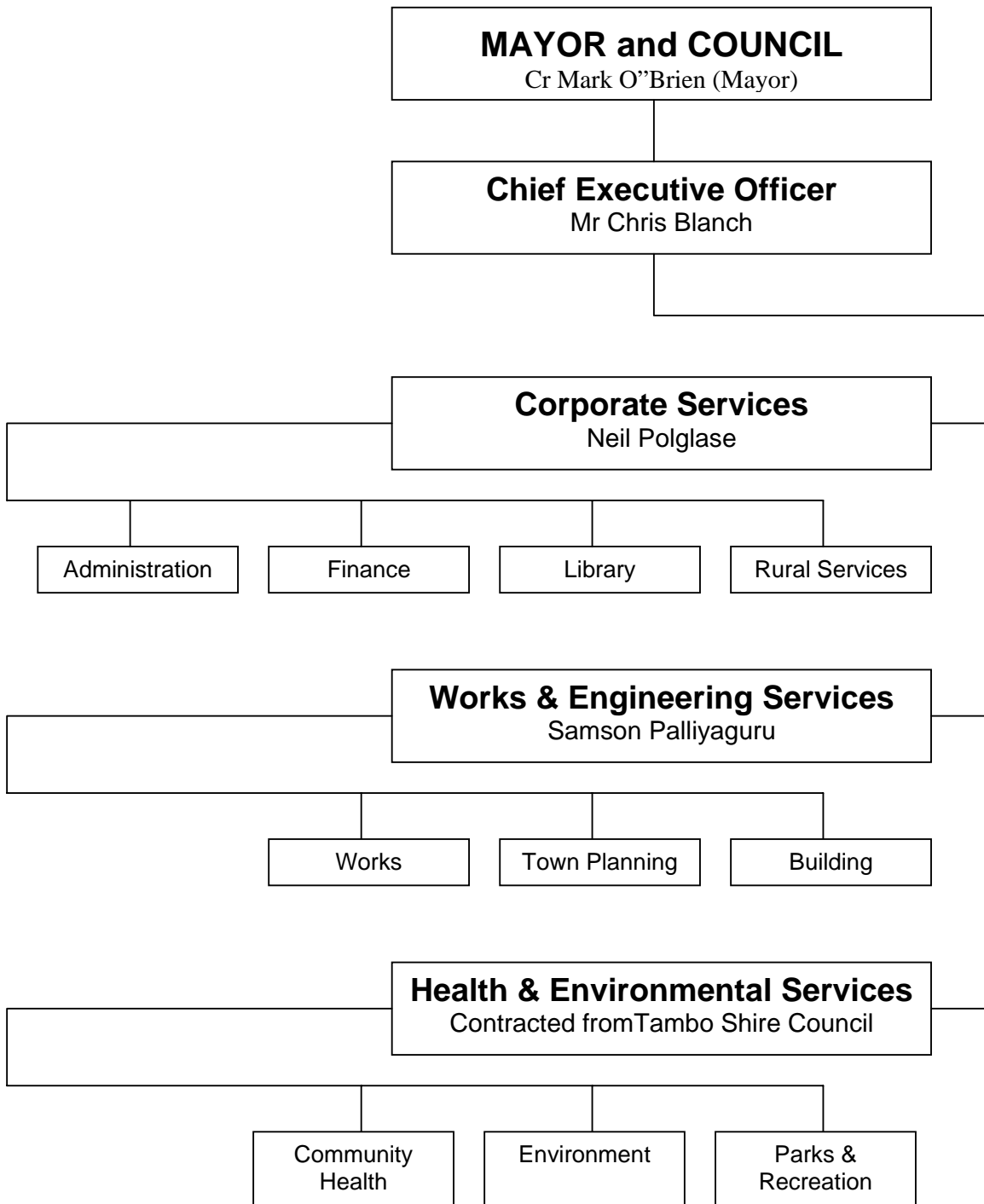
**Cr Nicholas Swadling**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	7
Meeting Attendance Fees	3,300.00
Travelling	27.28
Gross Income	3,327.28
Tax	630.28





## Council's Corporate Structure





## **Council's Major Programs & Objectives**

### **CORPORATE SERVICES**

*To efficiently and effectively manage finances and administration.*

### **HEALTH & ENVIRONMENTAL SERVICES**

*To further develop a healthy living environment.*

### **WORKS & ENGINEERING SERVICES**

*To provide services of a high standard at the most effective cost.*



## Report on Operations 2005-06

### Mayor's Report

On behalf of my fellow Councillors I am pleased to submit this report for the twelve months ending 30<sup>th</sup> June 2006.

Council faced many challenges this year, not the least being the impact the drought is having in our Shire and a major valuation of Shire properties which saw some landholdings increase up to eight times their existing valuation. Council reviewed its rating methodology to reduce the impact of the increases whilst ensuring the fairest possible policy for levying rates across the Shire.

Major projects undertaken during the year included:

- Construction of the Charleville Levee Bank
- Construction of a new ablution block in Morven
- Two new units built in Morven
- Restoration of war memorials in Charleville & Augathella
- Purchase of a twenty inch telescope for the Cosmos Centre
- Commencement of the skatepark in Charleville
- Security upgrade of Charleville airport
- Continuation of water supply upgrade in Charleville

Working with funding from Council resources and the Federal Government's Roads to Recovery programme, Council has embarked on an ambitious four year programme of placing bitumen seals on rural gravel roads. By targeting problem areas on the rural road network we hope to make a real difference for residents and visitors travelling throughout the Shire. We will continue to lobby the Federal and State Governments for funding so that these high priority programmes can be continued.

It was pleasing to see the townships of Morven, Augathella and Charleville win regional prizes in the annual tidy town awards and congratulations to Morven which made the State finals.

There are several major capital projects being pursued in the Murweh Shire and these demonstrate the confidence that residents and business investors have in our Shire.

I would like to take this opportunity to thank the Deputy Mayor Denis Cook and my fellow Councillors for their hard work during the year. I would also express my appreciation to the Chief Executive Officer and his staff for their efforts during the past twelve months.

**Mark O'Brien**  
**MAYOR**

## **Chief Executive Officer's Report**

Twelve months have passed with many tasks and challenges being met by Council. State Government requirements occupied a considerable amount of the administrations time. During the year Council implemented a new records management plan to comply with requirements of the Queensland State Archives.

A new Code of Conduct, Accounting Procedures manual, cultural policy, advertising, entertainment and corporate cards policy were implemented during the year.

Council had to revisit the major rates review it held in 2004/2005 following a massive increase in the Shires valuation. New formulaes were adopted to ensure the fairest rating system will be applied across the Shire.

An unqualified audit was obtained and other administrative targets were met. Council embarked on a program to upgrade staff housing through private investment and this has been very successful.

I am grateful to Councillors and the Council workforce for their support and efforts in providing a professional service to our community.

A handwritten signature in blue ink, consisting of a stylized initial 'C' followed by a long horizontal line.

**C D Blanch**

## Corporate Services Report

Financial results for the year to 30<sup>th</sup> June, 2006 continues a period of consolidation from the previous year with borrowings around **\$2.6M** with Queensland Treasury Corporation; resulting in a small reduction on last year; no further borrowings being undertaken this financial year.

Revenues remained parallel with results from the previous financial year supported by continued recurrent grants of approximately **\$4.2M** and sales contracts and recoverable works of **\$3.4M**.

Expenditures have remained on par with previous financial year, with a decrease in employee benefits of around **\$1.1M** offset by an increase in materials and services costs of around **\$1.5M**. This is largely due to the costs associated with the construction of the Charleville Levee Bank due for completion in the 2006-2007 financial year. Capital grants have significantly increased this year to **\$3.6M** an increase of **\$1.9M** on last year and again largely due to the construction of the Charleville Levee bank and associated works.

Net result of **\$2.1M** reflects continued strengthening of the Council's resources however is tempered by the increase in Roads to Recovery funding received on the 28<sup>th</sup> June, 2006 of **\$743,000** and is reflected in this surplus.

During the year the core business and activities for Murweh Shire Council continued to function in an effective and successful manner.

The final financial position of Council's accounts demonstrates that our capacity to attract and provide additional work for other related activities has continued to increase the sound business management of our organisation. Operation of Murweh Shire Council's activities and financial dealings were in a fiscally responsible and accountable manner.

The year's financial performance was strong with income and expenditure growing at the same rate and a financial performance that was consistent with the organisation's budget. There were no critical audit issues and I believe that our financial position into the future will be sound.

In line with good corporate governance, financial procedures and activities were monitored regularly with review and update of procedures occurring where appropriate, to reflect current policy. Management of business risks is central to the operations of Murweh Shire Council.

We have enhanced our contractual obligations with stakeholders and managed all financial and operating risks that exist in our diverse industry.

I wish to acknowledge and thank the staff of Murweh Shire Council especially the administration staff for their dedication, due diligence and the competent management of the organisation's financial performance

**Neil Polglase**  
**Director Corporate Services**

# Works & Engineering Services Report

## **Airport**

Civil Aviation Authority (CASA) audit requirements have been met during the year. General Maintenance works undertaken through out the year. Security fencing around the Airport 75% complete.

## **Road Maintenance Performance Contract (RMPC):**

All work under this contract was completed to the satisfaction of the Department of Main Roads. One major culvert was replaced on Mitchell Highway near Yanna Bridge Road turn off. Pavement repairs with hot mix continued on sections of Landsborough Highway and Mitchell Highway. Tree clearing on Mitchell Highway to allow 110 Km/h speed zone between Charleville and Augathella completed.

## **Major Projects for the Year are:**

### **Transport Infrastructure Development Scheme (TIDS) and Road Alliance:**

The following works were completed under the above program during the year.

Footpath paving Main St Augathella in front of Town Hall with new kerb and channelling.

Footpath paving in front of Morven State School

Concrete footpath on River Street (Edward St to Galatea St)

Second seal on previously rehabilitated section of (6.8 kms) Old Tambo.

6 Kms of new bitumen seal on Biddenham Road under Road Alliance Program.

### **Morven Road Widening**

9.5 kms section of Morven Charleville Road from 61.2 km to 70.7 km was widened to 8m bitumen standard with funding from Main Roads. In addition, another 18 kms widened on Morven Road by Road Tek with assistance from Shire Council workforce.

### **Main Roads Reseal Program**

Reseal on sections of Main Roads completed under western reseal program.

## **Roads to Recovery**

New bitumen seal completed on Mitchell , Leahey, Coyne, Jupp Howitt, Cook and Old Coolibah (Fishing Club Rd) Streets on the western side of Warrego River in Charleville Town.

New 4 m bitumen seal completed on Mt Tabor Road (6 kms) and 1 km each in the vicinity of residences at Oakwood, Moorak, Chesterton and Torres Park.

Major pavement repairs were undertaken on the bitumen section of Mt Tabor Road.

## **Flood Mitigation Project**

90 % Earth levee bank section in Charleville was completed including fencing and top soil layer. All drainage structure in this section completed. Section C completed except for the last 100m at the Old Bridge on Wills Street.

Of the 6.2 km long levee bank, there are three-earth levee (section A, C & E) and two concrete levee (section B & D) sections.

Section A: 2230m long earth section - from the start (500m north of Erbacher Rd) to 500m south of Hunter St - fully completed.

Section B: 585m long concrete section up to Walter St – yet to start the construction

Section C: 822m long earth wall up to Wills St –fully completed

Section D: 264m long concrete wall up to 150m south of Sturt St – yet to start.

Section E: 2300m long earth wall up to the end at Old Cunnamulla Rd -85% completed.

Design completed for Augathella Levee Bank. The design plans were displaced for comments for three Months.

Floodgates were redesigned to satisfy Main Roads requirements and approval for the construction across Sturt Street near the new bridge sought from Department of Main Roads.

### **Flood Damage**

January 2004 flood damage works estimated at \$569,785 for various roads were completed. Major works consisted on Killarney, Nebine, Nimboy and Barnago Roads.

### **Water Supply and Sewerage**

The construction of 10 ML ground water reservoir was completed by Merit Lining for a contact price of \$374,770.00. Installation of new mains for the distribution system was completed by Council workforce. Because of the extreme aging of water supply and sewerage infrastructure, major repairs at a number of locations were undertaken during the year.

Overflow at the Augathella CED pond that was running towards the cemetery premises was diverted back to an evaporation pond constructed within the project area.

Weekly water sampling was continued for Augathella water and specialist advice was obtained for remedial works.

### **Plant Replacement**

No major plants were purchased during the year.

### **Rural Roads**

Grading activities proceeded on Shire's Rural Road network. Heavy grading works were undertaken on Mt Tabor, Barnago and Allendale Roads.

### **General Works**

Major repairs to swimming pool were completed satisfactorily. Concrete footpaths on a number of streets in Charleville completed using labour force from the work camp. New flower beds were constructed on Wills Street.

**Samson Palliyaguru**  
**Shire Engineer**



## Summary of Results 2005-2006

A summary of Revenues and Expenses for the Council by Function is set out hereunder:

<i>REVENUES</i>	<b>2006 Actual</b>	<b>%</b>	<b>2005 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	6,239	38.0	5,129	35.0
Health & Environmental Services	604	4.0	514	3.4
Works & Engineering Services	9,413	58.0	9,196	61.6
	<b>16,256</b>	<b>100.0</b>	<b>14,839</b>	<b>100.0</b>

<i>EXPENSES</i>	<b>2006 Actual</b>	<b>%</b>	<b>2005 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	3,831	27.0	2,968	21.3
Health & Environmental Services	2,423	17.0	2,270	16.6
Works & Engineering Services	7,812	56.0	8,478	62.1
	<b>14,066</b>	<b>100.0</b>	<b>13,716</b>	<b>100.0</b>



## Workforce

	<b>30 June 2006</b>		<b>30 June 2005</b>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Corporate Services	8	18	8	18
Health & Environmental Services	10	-	10	-
Works & Engineering Services	71	2	71	2

Figures include casual employees





## **Purchasing Policy**

Council's purchasing will comply with the provisions of the Trade Practices Act 1974 (Commonwealth), the Queensland Competition Authority Act 1997 (QCCA) and the Local Government Act 1993 – S.481 to S.492.

Policy for the Acquisition of Goods and Services for less than \$10,000.00

For purchases under \$10,000.00, Council may use:-

- (a) preferred supplier arrangements;
- (b) standing offer arrangements;
- (c) registers of pre-qualified suppliers; and
- (d) Local Government Association arrangements,

where the purchases are frequent or for regular purchases of similar items (eg. stationery or fuel).

Council will review purchasing arrangements every two (2) years as required. It may however, be for a longer period of time if this produces better value for Council.



## **Internal Audit Policy**

Murweh Shire Council decided that due to the minimum number of administration staff engaged by the Murweh Shire Council, the provision of an Internal Audit and Audit Committee is impracticable and unachievable and therefore not established. However, a system of internal checking is in place as is documented throughout the various sections and is controlled by the Director of Corporate Services.

Where possible, work procedures will be developed to ensure that more than one officer is engaged in each process. Another officer for correctness will check all systems. The same officer is not to be responsible for the initial function, correctness of data input and final verification of the system. Control of purchasing of goods and entering into contracts is to be in accordance with Council's Purchasing Policy.

Council will review the Policy about appointing an Internal Auditor at least every three (3) years.



## **Audit Committee Policy**

Council, at a Meeting held on 13 July 2006, resolved that an Audit Committee will not be established.

Council will review the policy about appointing an Audit Committee, at least every three (3) years.



## **Borrowing Policy**

Council borrowings will be kept to a minimum and where possible the term of any loans borrowed will not extend past the current term of the Council's debt with the Queensland Treasury Corporation. Council wishes to keep all borrowings to a minimum, however should the funds be needed for capital investments, additional loans will be taken out over the shortest term possible.

No further borrowings were taken up in the 2005/2006 financial year.



## **Revenue Policy 2005-2006**

### **1.0 LEGISLATIVE AUTHORITY**

Local Government Act 1993 Sections 513A, 513B, 520(1)  
Local Government Finance Standard 1994 Section 3(e), 8A

### **2.0 INTRODUCTION**

Under the *Local Government Act 1993* Council is required to review and adopt its Revenue Policy prior to the end of each financial year. The Revenue Policy is intended to be a strategic document. Its adoption, in advance of setting the budget, allows Council to set out the principles that it will use to set its budget and to identify in broad terms the general strategy to be used for raising revenue. This Revenue Policy will be of interest to ratepayers, federal and state departments, community groups and other interested parties seeking to understand the revenue policies and practices of Council.

### **3.0 PURPOSE**

The purpose of the policy is to identify the planning framework within which Council operates and to set out the principles used by Council for:

- Making of rates and charges;
- Levying of rates;
- Recovery of rates and charges; and
- Concessions for rates and charges.

### **4.0 PLANNING FRAMEWORK**

The *Local Government Act 1993* sets a general planning framework within which Council must operate. There are a number of elements to the planning framework including the preparation and adoption of a Corporate Plan and Operational Plan. Section 513A (1) of the Act also requires each local government to adopt a Revenue Policy as part of its annual budget.

Council considers that the best way of setting its revenue objectives, and to achieve them, is to effectively plan through each of the elements of the planning framework. The revenue policy effectively cascades down through the Corporate Plan.

Council's 2003 – 2007 Corporate Plan includes the following corporate objective:

*“Effective, prudent management of Council's funds, optimum management of Council's assets and resources”.*

This will be achieved by maintenance of Council's existing revenue sources through the following strategies:

- *Maintaining an equitable system of rating and charging through annual review of the rating and charging structure; and*
- *Maximising other revenue sources, grants and subsidies.*

## **5.0 PRINCIPLES**

### **5.1 Making of rates and charges**

In general Council will be guided by the principle of user pays in the making of rates and charges so as to minimise the impact of rating on the efficiency of the local economy. However, Council provides services that are not fully cost recoverable but are deemed to be provided as a Community Service Obligation and are cross subsidised, any subsidy will be clearly identified in accordance with Council's Community Service Obligation Policy.

Council will also have regard to the principles of:

- transparency in the making of rates and charges;
- having in place a rating regime that is simple and inexpensive to administer;
- equity by taking account of the different levels of capacity to pay within the local community;
- responsibility in achieving the objectives, actions and strategies in Council's Corporate and Operational Plans;
- flexibility to take account of changes in the local economic, adverse seasonal conditions and extraordinary circumstances;
- maintaining valuation relativities within the shire;
- maintaining shire services to an appropriate standard;
- meeting the needs and expectations of the general community; and
- assessing availability of other revenue sources.

### **5.2 Levy of rates**

In levying rates Council will apply the principles of:

- making clear what is the Councils and each ratepayers responsibility to the rating system;
- making the levying system simple and inexpensive to administer;
- timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- equity through flexible payment arrangements for ratepayers with a lower capacity to pay.

### **5.3 Recovery of rates and charges**

Council will exercise its rate recovery powers in order to reduce the overall rate burden on ratepayers. It will be guided by the principles of:

- transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations;
- making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective;
- capacity to pay in determining appropriate arrangements for different sectors of the community;
- equity by having regard to providing the same treatment for ratepayers with similar circumstances; and
- flexibility by responding where necessary to changes in the local economy.

### **5.4 Concessions for rates and charges**

In considering the application of concessions, Council will be guided by the principles of:

- equity by having regard to the different levels of capacity to pay within the local community,
- the same treatment for ratepayers with similar circumstances;
- transparency by making clear the requirements necessary to receive concessions, and
- flexibility to allow Council to respond to local economic issues, adverse seasonal conditions and extraordinary circumstances; and
- fairness in considering the provision of community service concessions.



## Revenue Statement 2005-2006

### 1.0 LEGISLATIVE AUTHORITY

Local Government Act 1993 Section 520A.  
Local Government Finance Standard Section 28

### 2.0 INTRODUCTION

Under the Local Government Act 1993 Council is required to review and adopt its Revenue statement as part of its annual budget.

### 3.0 PURPOSE

The revenue statement is an explanatory statement that accompanies the budget, outlining and explaining the revenue measures adopted in the budget. Matters that must be included in the revenue statement include:

- (a) an outline and explanation of the revenue raising measures adopted, including, for example, an outline and explanation of –
  - (i) the rates and charges to be made and levied in the financial year; and
  - (ii) the rebates and concessions to be granted in the financial year;
- (b) whether the local government has made a resolution limiting the increases in rates and charges;
- (c) the extent to which physical and social infrastructure costs for new development are to be funded by charges for the development;
- (d) whether the operating capability of the local government is to be maintained, increased or decreased and, if it is to be increased or decreased, the extent to which it is to be increased or decreased; and
- (e) whether depreciation and other non-cash expenses are to be fully funded.

### 4.0 BUDGET REVENUES

Rates and charges are a significant component in a local government's overall revenue raising system. Rates and charges revenues included in Council's budget for the financial year 2005/2006 are as follows:-

#### *4.1 General Rates*

General Rates are based on an annual valuation as set by the Department of Natural Resources and Mines and Council has in terms of Section 966 of the Local Government Act 1993 established a policy on making and levying differential general rates for the 2005/2006 Financial Year.

The Council is required to raise an amount of revenue it sees as being appropriate to maintain assets and provide services to the Shire as a whole. In deciding how that revenue is raised, the Council is able to take into account the following factors:-

- the rateable value of the land and the rates which would be payable if only one general rate was adopted; and
- the level of services provided to that land and the cost of providing those services compared to the rate burden that would apply under a single general rate; and
- the use of the land in so far as it relates to the extent of utilisation of Council's services; and

- location and access to services.

The scheme will have nine (9) categories of land. The categories adopted, and the criteria for each category including the considerations which have led to the creation of each category, are as follows:-

### **Town (Urban) lands within the Murweh Shire**

#### Category 1

Urban land within the township of Charleville as defined in Council's Town Plan. The town of Charleville is the main urban centre of the Shire and as such has ready access to a greater range of Council services than other areas in the Shire.

#### Category 2

Urban land within the township of Augathella as defined in Council's Town Plan. The town of Augathella is approximately 90 kilometres north of Charleville and does not have the same level of facilities and services available as Charleville.

#### Category 3

Urban land within the township of Morven as defined in Council's Town Plan. The town of Morven is approximately 85 kilometres east of Charleville and does not have the same level of facilities and services available as Charleville or Augathella.

#### Rural lands within the Murweh Shire

A recent revaluation of the unimproved capital values (UCV) has identified inequities in the incidence of rural rate levies based solely on UCV. This occurs primarily because the intensity of rural land use, and consequent impact on service needs, relates more to the improved nature of the land. As such a classification system based on rural property area providing a mechanism to overcome the current inequities where UCV is used for rating across such a large and diverse portion of the Shire has been used.

There is an identifiable relationship between property area and the need for a basic level of Council service.

#### Category 6

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area of less than 700 ha.

#### Category 7

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area between 700 ha but less than 5,000ha.

#### Category 8

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area greater than 5,000 ha but less than 10,000 ha.

#### Category 9

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area

greater than 10,000 ha but less than 20,000 ha.

#### Category 10

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area greater than 20,000 ha.

#### Category 11

All lands within category 9 and 10 with valuations (UCV) of \$75,000.00 or less.

Owing to low valuations, these lands are identified as sharing an unequitable rating distribution and disadvantaged by the current rating system and minimum general rates for rate categories 9 and 10.

### **4.2 Minimum General Rates**

Owing to the diversity of lands held in the Murweh Shire, and the identifiable relationship between property area and the need for a basic level of Council service, with subsequent differential rating categories, has allowed the Council in terms of Section 967 of the Local Government Act 1993 the use of differential minimum general rates for each category. Differential minimum general rates for each category are as follows: -

<b>Differential Rate Categories</b>	<b>Differential Minimum General Rate</b>
<b><u>Town (Urban) categories</u></b>	
Rate Categories 1 (Charleville)	<b>\$ 420.00</b>
Rate Categories 2 & 3 (Augathella / Morven)	<b>\$360.00</b>
<b><u>Rural Categories</u></b>	
Rate Category 6	<b>\$600.00</b>
Rate Category 7	<b>\$1,020.00</b>
Rate Category 8	<b>\$2,446.00</b>
Rate Category 9	<b>\$3,366.00</b>
Rate Category 10	<b>\$4,697.00</b>
Rate Category 11	<b>\$3,000.00</b>

### **5.0 Utility Charges**

#### **5.1 Sewerage Charges**

A sewerage charge will be levied on each occupied property that Council has or is able to provide with sewerage services.

A separate utility charge for water and sewerage will be set to primarily recover all of the costs associated with the provision of water, sewerage and wastewater services provided by Council in the financial year. These costs include loan interest, depreciation and the on-going maintenance and operation of the system, including treatment plant operations.

A sewerage charge will be set for each pedestal on the above occupied property.

For the first WC pedestal, a base sewerage charge will apply. Where a lot is comprised of more than one unit and each unit is capable of separate use, a sewerage charge will apply for the first pedestal in each unit.

Residential dwellings with more than one WC pedestal, only the first WC pedestal shall be subject to a base sewerage charge with each additional pedestal to be charged at a concessional rate to be decided by Council.

Sewerage charges for commercial properties including motel, flats, aged persons units, retirement villages, schools, hospital etc will be on the basis charged for each connected pedestal at an amount equivalent to the base sewerage charge.

As the township of Augathella has a reduced service with regard to a Common Effluent Drainage (C.E.D.) Scheme as opposed to a fully sewered scheme, reduced charges apply to this township. No scheme currently exists in the township of Morven and as such, these charges do not apply to the township of Morven.

## **5.2 Cleansing Charges**

The Murweh Shire Council will levy a cleansing charge on the owner of each parcel of occupied land or structure within the urban areas of the Shire. Where there is more than one structure on land capable of separate occupation a charge will be made for each structure.

Where a service is provided for part of the year cleansing charges will be levied on a pro rata time basis.

### *Township of Charleville*

For domestic and commercial users the charge will be for a weekly collection of a 240 litre mobile bin.

### *Townships of Augathella and Morven*

For domestic and commercial users the charge will be for a weekly collection of a standard size bin and lid or other container approved by the Council. Additional charges will apply for collection of bins with capacity greater than a standard size bin.

The costs incurred in the operation and maintenance of all waste management functions of Council will primarily be funded by cleansing charges. The proceeds from the charges will fund the acquisition, operation and maintenance of all Council rubbish tips and the protection of the environment generally.

## **5.3 Water**

A separate utility charge for water and sewerage will be set to primarily recover all of the costs associated with the provision of water, sewerage and wastewater services provided by Council in the financial year. These costs include loan interest, depreciation and the on-going maintenance and operation of the system, including treatment plant operations.

As far as practical Water Charges will be levied on a unit rate basis with the number of units to reflect the expected use for respective categories. Excess water charges are applied to those consumers who exceed the expected use.

A base unit charge is set at Council's budget each year, with a basic domestic dwelling allocated ten (10) units for water consumption. The applicable water charge (based for a domestic dwelling) is as follows:-

Base unit charge (as per yearly budget) x No. of units 10 (domestic dwelling.).

Annual water allocations are then assigned to each category with excess water being levied to consumers who exceed their annual allocation.

Water allocations for the financial year 2004/05 is 120 kilolitres per unit of water allowable, with an



additional 100 kilolitres being allowed at no additional charge.

Water allocation for a basic domestic dwelling is as follows:

**Allocation 120kl /per unit x No. of units (10) = Yearly allocation 1,200 kl plus**  
**Additional units at no charge = Yearly allocation 100 kl**  
**Domestic dwelling = 1,300 kl**

Schedule of categories and units allocated are as follows:-

<b>CATEGORY</b>	<b>CHARLEVILLE</b>	<b>AUGATHELLA</b>	<b>MORVEN</b>
	<u>Unit</u>	<u>Unit</u>	<u>Unit</u>
Dwelling	10	10	10
Vacant	3	3	3
Shed, Hall	6	6	6
Church, Flat, Shop, Office, Lodge, Hairdresser, Fire Station, Picture Theatre	8	8	8
Building not specified	10	10	10
Squash Court, Service Station / Garage, Milk Depot, Sawmill, Kangaroo Chiller, Bank / Residence, Bakery	18	18	13
Butcher Shop	18	10	10
Cafe Milk Bar	25	25	14
Clubs – Warrego, RSL, Golf, Bowls, Oil Depot, Laundry, Rodeo Grounds	30	30	
Hotel/Hostel	35	35	9
Per Room	1	1	1
Motels/Caravan Park	10	10	10
Per room/site	1	1	1
Schools – Government	200	50	50
Pre-School, Convent			
School Oval	100	24	
Police Station	60	30	30
Post Office	40	8	3
Court House	50		
Hospital	400	65	40
Nursing Home	400		
Railway Station	160		
Aerodrome	250		
Meat Processing Plant	100		
Pig Farm		10	10
Dairy			10
Guest House	10	20	
Racecourse		10	10
Retirement Village	44		
Nursery / Market Garden	8		
Horse Stables	6		
Readymix Concrete	15		
Gun Club	3		
Small Bore Rifle Club	3		
Cosmos Centre	18		

### *Meter readings.*

Six monthly meter readings are conducted around January and end of June, early July each year.

### *Damaged or Meters Registering Inaccurately.*

Under Council's current legislation, if any meter ceases to register, is reported out of order or registers inaccurately, Council may estimate the charge for the water supplied during the period such meter was not in working order by taking an average of the quantity used during the previous year or during the corresponding period of the previous year, as the Council deems fit, or alternatively the Council may cause a check meter to be installed and estimate the charge upon the registration thereof.

## **6.0 Regulatory Fees**

Regulatory fees comprise a not insignificant proportion of a local government's own source revenue. Council under Section 1071A of the Local Government Act 1993 may, by local law or resolution fix a regulatory fee for any of the following: -

- An application for, or the issue of an approval, consent, licence, permission, registration or other authority under a local government Act
- Recording a change of ownership of land
- Giving information kept under a local government Act
- Seizing property or animals under a local government Act

The criteria adopted by the Council in setting the level of all regulatory fees is that the Council seeks, as far as practicable, to set such fees at a level which will generate sufficient revenue to meet the costs incurred for the matter to which the fee relates. In doing so, Council recognises the necessity to comply always with the statutory requirement that a regulatory fee must not be more than the cost to the local government of providing the service or taking the action for which the fee is charged.

The proceeds of a regulatory fee must be used to provide the particular service or facility, to which the fee relates, to the community.

### *Commercial Charges*

General powers granted to local government by the State in Section 36(2)(c) of the Local Government Act, allow Council's to make commercial charges for services and facilities they provide.

As distinct from regulatory fees, commercial charges are subject to the Commonwealth Government's Goods and Services Tax.

Council is required to keep a register of regulatory fees and to separate regulatory fees from commercial fees in the register and to have the register open for inspection to the public.

## **7.0 Rebates and concessions on rates and charges**

In considering the application of concessions, Council will be guided by the principles of :

- Equity by having regard to the different levels of capacity to pay within the local community
- The same treatment for ratepayers with similar circumstances

- Transparency by making clear the requirements necessary to receive concessions, and
- Flexibility to allow Council to respond to local economic issues

Local Government is required to provide a remission to all eligible persons in receipt of a pension through the State Government's Rate Subsidy Scheme on application to the Council.

An annual pensioner concession on General Rates to aged Pensioners on the same criteria adopted by the State Government will be made by Council to the ratepayer and such concession will be determined each year at Council's Budget Meeting.

In terms of Section 1033 (1) of the Local Government Act 1993, Council may –

- Remit the whole or a part of unpaid rates; or
- Accept a composition or another arrangement for unpaid rates

Owing to the significant community involvement of the following organisations, and upon application to Council, Council has resolved to remit the payment of general rates for the financial year 2004/2005: -

0012/00000	Augathella Tourist & Progress Assoc (75-77 Main St, Augathella)
0013/00000	Augathella Tourist & Progress Assoc (73 Main St, Augathella)
0059/00000	Augathella Cultural Assoc. Inc. (96-98 Main St, Augathella)
1007/00000	Charleville & District Youth Centre (Hixons – 92 Parry St, Charleville)
1353/20000	Retirement Village, Charleville (Watson St, Charleville)
1353/21000	Retirement Village, Charleville (Burke St, Charleville)
1645/50000	Multifunctional Child Care Centre (2 Baker St, Charleville)
1722/00000	Charleville Kindergarten Assoc (Railway Land, King St, C'ville)
1967/00000	Trustees Morven Racecourse
2043/00000	Trustees Augathella Racecourse
2048/50000	Augathella Pony Club Paddock
2168/52100	Warrego Pony Club, Charleville (Pony Club Paddock 323 ha)
2171/10000	Charleville Field Archers Assoc Inc. (Bollon Road, Charleville)

In terms of Section 957 of the Local Government Act 1993, Council may exempt from rating land used for religious, charitable, educational or public purposes. The following organisations have been given exemption under this provision until further notice:-

0017/00000 Anglican Church, Augathella  
(59-61 Main St, Augathella)

0084/00000 Masonic Lodge Augathella  
(55-57 Cavanagh St, Augathella)

0107/00000 Catholic Church, Augathella  
(96-98 Cavanagh St, Augathella)

0108/00000 Q.C.W.A., Augathella  
(100-102 Cavanagh St, Augathella)

0303/00000 Anglican Church, Charleville  
(Church/Rectory, Alfred St, C'ville)

0324/00000 Historic House, Charleville  
(Alfred St, Charleville)

0327/00000 Charleville & Dist. Senior Citizens  
(107-109 Alfred St, Charleville)

0515/00000 Q.C.W.A., Charleville  
(73 Galatea St, Charleville)

0604/00000 Presbyterian Church Charleville  
(Church/Hall Galatea St, C'ville)

0605/00000 Masonic Lodge, Charleville  
(70-72 Galatea Street, Charleville)

0612/00000 Presbyterian Church Charleville  
(Residence 56 Galatea St, C'ville)

0661/00000 Saint Vincent de Paul  
(63 Edward St, Charleville)

0805/00000 Catholic Church, Charleville  
(Presbytery Wills/Watson St, C'ville)

0868/00000 Sisters of Mercy, Charleville  
(Dwelling 92 Watson St, C'ville)

0869/11000 Girl Guides Assoc, Charleville  
(80 Watson St, Charleville)

0872/00000 Catholic Church, Charleville  
(School Oval 68 Watson St, C'ville)

0873/10000 Convent School, Charleville  
(Watson St, Charleville)

1252/00000 Presbyterian Church, Charleville  
(Dwelling 4 Warrego St, C'ville)

1288/00000 Boy Scouts Assoc, Charleville  
(44 Sturt St, Charleville)

1311/00000 Catholic Church, Charleville  
(Vacant Land 67 Wills St, C'ville)

1425/30000 Lions Club of Charleville  
(47 Hilda St, Charleville)

1591/00000 Jehovah Witnesses Church, Charleville

	(Bentwell St, Charleville)
1592/00000	Jehovah Witnesses, Vacant Land, Charleville
1756/20000	Christian Outreach Centre Charleville (Sturt St, Charleville)
1923/00000	Morven Historical Museum, Morven (53 Albert St, Morven)
1925/00000	Morven Historical Museum, Morven (55 Albert St, Morven)
1932/00000	Catholic Church, Morven (Church 44-50 Eurella St, Morven)
1935/00000	Anglican Church, Morven (Church, 33 Eurella St, Morven)
2166/00000	Royal Flying Doctor Service (Land used for radio communications)
2303/20000	Scout Association of Australia (Mangalore)

In terms of Section 1019 of the Local Government Act 1993, Discount on rates and charges will be available where all rates and charges are paid before the discount date, or within the discount period. Such discount rate will be determined each year at Council's Budget Meeting.

Discount is not applicable to Interest, Fire Levy or Excess Water Charges.

## **8.0 Limitation on increases in rates and charges**

A recent revaluation of the unimproved capital values (UCV) has seen a disparity of increases in both urban and rural lands in the Murweh Shire Council, with flood free urban land in the township of Charleville increasing by 50% and rural lands increasing between 15 and 120%. In lessening the impact of these significant rises in valuation, Council has resolved to both implement differential rating and to phase in increases in the urban rating through the use of Section 1036 of the Local Government Act 1993, Limitation on increases in rates and charges.

Council undertakes in terms of Section 1036 of the Local Government Act 1993 to limit increases in the following categories for the Financial Year 2005/2006 –

Township of Charleville Rate Category 1 –	20%
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## **9.0 The extent physical and social infrastructure costs for new development are to be funded by charges for the development**

As a consequence of the *Integrated Planning Act 1997* the Council is required to produce an infrastructure charges plan.

Development of such plan has not been commenced to date and will be undertaken when time permits.

Until such time as the plan comes into force Council's Local Planning Policy - Developer Contributions will be the basis for Council's charging practices.

Headworks Charges for water and sewerage to be determined by Council on an annual basis will be levied.

Council's intention is that these charges will, so far as practicable, fund the whole of the cost of the provisions of development infrastructure for new development.

### **10.0 Operating capability**

Council has again budgeted for a decrease in operating capability. This result is largely due to the difficulties experienced by smaller rural Councils in obtaining sufficient own source revenues to meet ever increasing demands and infrastructure replacement including the road network. This Shire having such a large road network places an enormous strain on Council resources to meet the full cost of replacement and is limited purely to the external funds received to meet this shortfall.

### **11.0 Funding of Depreciation**

Council has elected not to fund depreciation expenses in circumstances where the respective assets will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works other than for those asset groups identified below.

Asset groups which the council has elected not to fund are :

**Roads** – owing to the large road infrastructure in the shire and it's current operating capability the Council relies on external grants to further improve and upgrade this infrastructure.

**Aerodromes** – Council currently maintains an infrastructure maintenance reserve for this group of assets, established when handed over from the Commonwealth.

**Emergency Services** – These assets have been provided by grants from the Commonwealth and State Governments and as such, Council would rely on replacement through the same mechanism.



## Landing Charges – Charleville Airport

That for the purposes of establishing liability for charges a flight by an aircraft may be identified by documentation which includes:-

- (a) Flight strip summary used to compile records of movements of aircraft in relation to aerodromes.
- (b) Messages extracted from the Aeronautical Telecommunication Network
- (c) A flight plan submitted to Air Traffic Control
- (d) Information supplied by the Civil Aviation Authority
- (e) Recordings of messages broadcast to or from the aircraft
- (f) Recordings of movement of aircraft by ground staff (Aerodrome Attendant)

That airport charges are payable by:

- the holder of the certificate of registration for the aircraft as recorded by the Civil Aviation Authority, or;
- where the aircraft is operated under an airline or cargo licence, by the holder of the licence.

That charges and fees are payable by the end of the month in which they are billed, after which they become overdue for payment. That overdue amount attracts a late payment fee calculated as the greater of \$25.00 or 1.5% of the unpaid amount for each month or part month they remain overdue.

That aircraft for which charges are overdue for payment may be prohibited from using the airport, except in a declared emergency.

That Avdata Services be engaged to act as agent for the purpose of collecting airport charges, as per their Terms and Conditions.



## Policy for the making of Contracts

In entering into contracts for the carrying out of work, or the supply of goods or services, Council shall have regard to the following principles in the Local Government Act 1993 S.481

- open and effective competition;
- value for money;
- enhancement of the capabilities of local business and industry;
- environmental protection;
- ethical behaviour and fair dealing

Council shall invite written quotations before making a contract for the carrying out of work or the supply goods and services, with regard to the Local Government Act 1993 S485, for purchases between \$10,000.00 and \$100,000.00.

Tenders are required before making a contract for the carrying out of work, or the supply of goods or services, involving a cost of more than \$100,000.00 in line with the Local Government Act 1993 S.484.



## **Registers held by Council**

Register of Councillor's Interests

Register of Investments

Register of Town Planning Consent Permits

Register of Lawful Non-Conforming Uses

Register of Local Planning Policies

Register of Delegations of Authority by Council

Register of Delegations of Authority by the Chief Executive Officer

Contract Register

Register of Enterprises

Register of Interests

Register of Legal Documents

Register of Receipt Book & Receipts

Cemetery Register

Road Register

Building Application Register

Register of Local Laws

Register of Local Laws Policy

Register of Charges

Use of Council Seal





## Community Financial Report 2005-2006

As part of the further development of the reporting requirements, this report is provided to highlight Council's performance and achievements for the 2005/2006 financial year and to provide information about the Council's Financial Statements in a manner easily understood by the general public.

For those who have an interest in the technical aspect of council's finances, a copy of the full audited Financial Statement is attached to the Councils Annual Report.

### **Our Year in Review**

Below is a summary of major activities and projects undertaken to address the key outcomes outlined in the Corporate Plan. Further details of these activities are described in greater detail within the report.

### **Key Achievements**

#### **Roads**

- Road and street maintenance \$1.654M
- Shire road & street improvement \$1.192M  
(including State and Federal Grants )
- Kerbing & Channelling \$12,000
- Continuation of paving works \$129,000

#### **Water / Sewerage**

- Water maintenance – Morven \$106,760
- Water maintenance – Cville \$184,591
- Water maintenance – Augathella \$80,875
- Sewerage maintenance – C'ville \$275,983
- Sewerage maintenance – Augathella \$24,594
- Water Supply upgrade – Cville \$1.124M

#### **Other Structures**

- Construction of the flood levee bank \$1.453M
- Aerodrome Upgrade \$303,674
- Improv. Morven Ablution Block \$90,074

#### **Plant & Equipment / Furniture & Fittings**

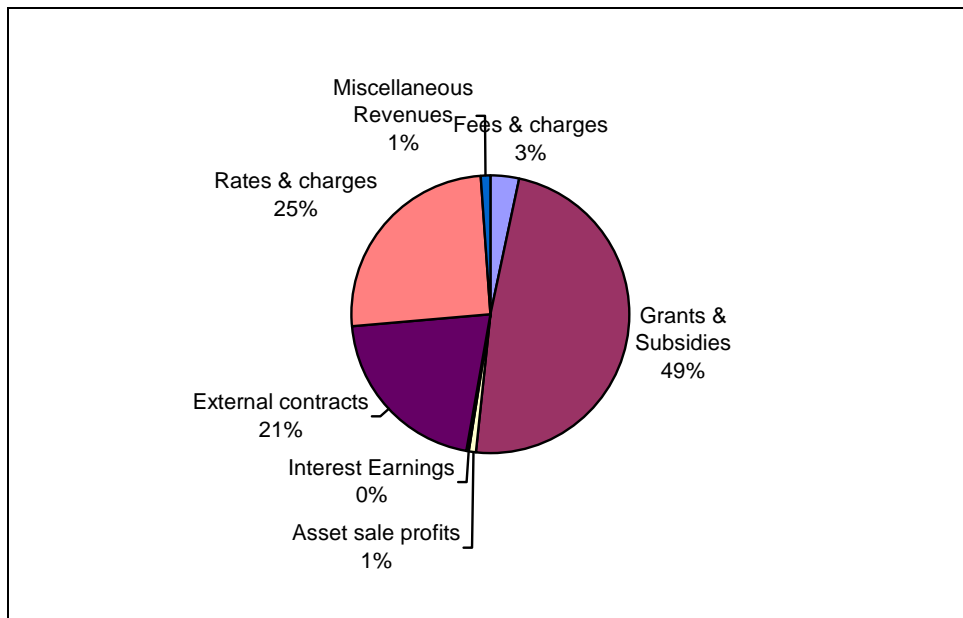
- Replacement value of Council heavy plant and equipment \$593,239

Trade-ins and sales of plant & equipment returned a gain on disposal to the Community of \$264,716 in 2005-2006.

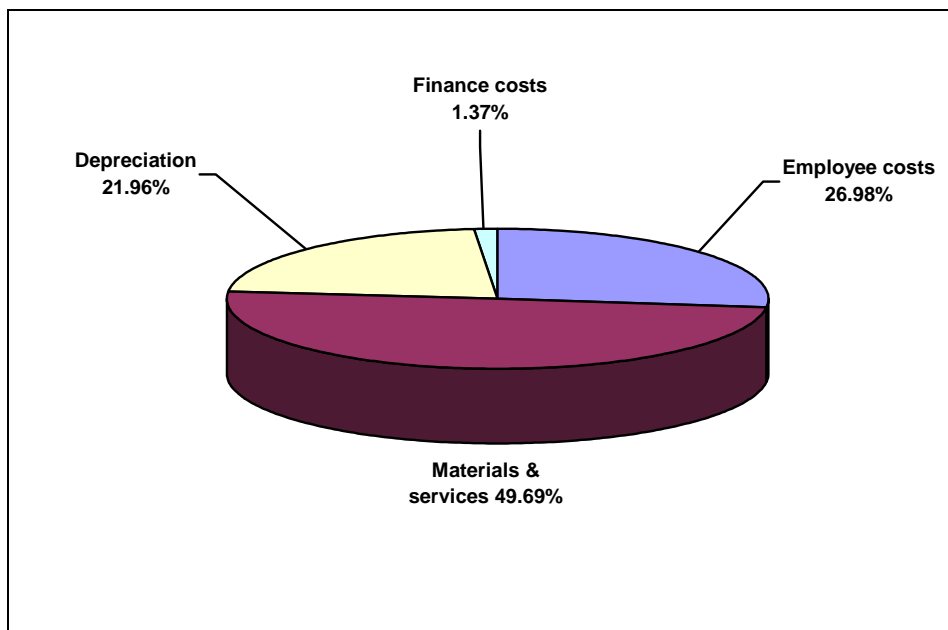
#### **Loan Repayments**

Total Loan Repayments (Principal only) \$137,000.

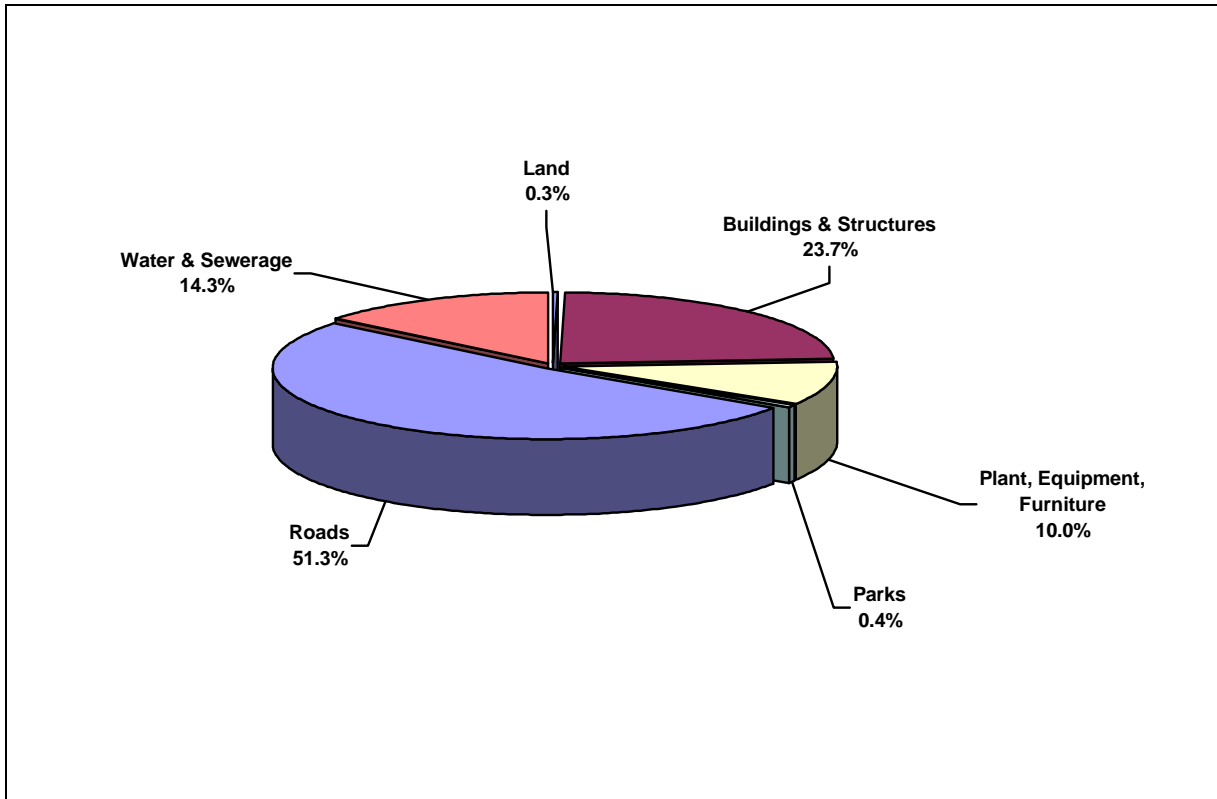
## Where does the money come from?



## Where does the money go?



**What assets does the community own?**



**What does the Council owe money for ?**

<b>Function/Activity</b>	<b>Balance 30 June 2006</b>
Administration Building Extension	\$ 202,729
Construction of Cosmos Centre	\$ 440,715
Roadworks	\$ 712,069
Residential Development	\$1,311,354

# MURWEH SHIRE COUNCIL

## ANNUAL

## FINANCIAL STATEMENTS



**FOR THE YEAR ENDED 30 JUNE 2006**

# MURWEH SHIRE COUNCIL

## ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2006

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# MURWEH SHIRE COUNCIL

## Income Statement

For the year ended 30 June 2006

	Notes	2006 (\$'000)	2005 (\$'000)
<b>1. Income</b>			
<b>1.1 Revenue</b>			
<b>1.1.1 Recurrent revenue</b>			
Net rate and utility charges	4	4,078	3,963
Fees and charges	4	546	454
Interest received	4	55	80
Sales - contract and recoverable works	4	3,401	3,871
Other recurrent income	4	195	63
Grants, subsidies, contributions and donations	5	4,258	4,290
<b>Total recurrent revenue</b>		<b>12,533</b>	<b>12,721</b>
<b>1.1.2 Capital revenue</b>			
Grants, subsidies, contributions and donations	5	3,605	1,767
<b>Total capital revenue</b>		<b>3,605</b>	<b>1,767</b>
<b>Total revenue</b>		<b>16,138</b>	<b>14,488</b>
<b>1.2 Capital income</b>	6	<b>117</b>	<b>351</b>
<b>Total income</b>	3a	<b>16,255</b>	<b>14,839</b>
<b>2. Expenses</b>			
<b>2.1 Recurrent expenses</b>			
Employee benefits	7	(3,756)	(4,894)
Materials and services	8	(6,919)	(5,418)
Finance costs	9	(191)	(247)
Depreciation and amortization	10	(3,058)	(3,157)
<b>Total recurrent expenses</b>		<b>(13,924)</b>	<b>(13,716)</b>
<b>2.2 Capital expenses</b>			
Revaluation decrements	11	(142)	0
<b>Total expenses</b>		<b>(14,066)</b>	<b>(13,716)</b>
<b>Net result attributable to council</b>	3a	<b>2,189</b>	<b>1,123</b>

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

# MURWEH SHIRE COUNCIL

## Balance Sheet

As at 30 June 2006

	Notes	2006 (\$'000)	2005 (\$'000)
<b><u>Current Assets</u></b>			
Cash and cash equivalents	12	1,433	673
Trade and other receivables	13	1,269	1,592
Inventories	14	814	916
Other financial assets	15	51	55
<b>Total current assets</b>		<b><u>3,567</u></b>	<b><u>3,236</u></b>
<b><u>Non-current Assets</u></b>			
Property, plant and equipment	16a	56,336	56,591
Capital works in progress	17	6,576	3,341
<b>Total non-current assets</b>		<b><u>62,912</u></b>	<b><u>59,933</u></b>
<b>TOTAL ASSETS</b>	<b>3a</b>	<b><u>66,478</u></b>	<b><u>63,168</u></b>
<b><u>Current Liabilities</u></b>			
Trade and other payables	18	1,063	1,569
Interest bearing liabilities	19	147	137
Other	21	130	0
<b>Total current liabilities</b>		<b><u>1,340</u></b>	<b><u>1,706</u></b>
<b><u>Non-current Liabilities</u></b>			
Trade and other payables	18	826	701
Interest bearing liabilities	19	2,520	2,667
<b>Total non-current liabilities</b>		<b><u>3,346</u></b>	<b><u>3,368</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>4,686</u></b>	<b><u>5,074</u></b>
<b>NET COMMUNITY ASSETS</b>		<b><u>61,792</u></b>	<b><u>58,095</u></b>
<b><u>Community Equity</u></b>			
Asset revaluation reserve	22	31,591	30,126
Retained surplus/ (deficiency)	23	29,086	27,098
Other reserves	24	1,115	871
<b>TOTAL COMMUNITY EQUITY</b>		<b><u>61,792</u></b>	<b><u>58,095</u></b>

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

**MURWEH SHIRE COUNCIL**  
**Statement of Changes in Equity**

For the year ended 30 June 2006

	Asset revaluation reserve		Retained surplus		Other reserves		Total	
	Note 22		Note 23		Note 24			
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
<b>Opening balance</b>	<b><u>30,126</u></b>	<b><u>30,126</u></b>	<b><u>27,098</u></b>	<b><u>25,586</u></b>	<b><u>871</u></b>	<b><u>1,260</u></b>	<b><u>58,095</u></b>	<b><u>56,971</u></b>
Revaluations of property, plant and equipment	1,465	0	0	0	0	0	1,465	0
Available for sale investments:								
Valuation gains/ (losses)	0	0	0	0	0	0	0	0
Transferred to income statement on sale	0	0	0	0	0	0	0	0
Transfer to Shire Capital	<u>0</u>	<u>0</u>	<u>43</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43</u>	<u>0</u>
<b>Net income recognised directly in equity</b>	<b><u>1,465</u></b>	<b><u>0</u></b>	<b><u>43</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>1,508</u></b>	<b><u>0</u></b>
Surplus for the period	<u>0</u>	<u>0</u>	<u>2,189</u>	<u>1,123</u>	<u>0</u>	<u>0</u>	<u>2,189</u>	<u>1,123</u>
	<b><u>31,591</u></b>	<b><u>30,126</u></b>	<b><u>29,330</u></b>	<b><u>26,709</u></b>	<b><u>871</u></b>	<b><u>1,260</u></b>	<b><u>61,792</u></b>	<b><u>58,095</u></b>
<b>Total recognised income and expense</b>								
<b>Transfers to and from reserves</b>								
Transfers to general reserves	0	0	(3,652)	(31)	3,652	31	0	0
Transfers from general reserves	0	0	3,409	420	(3,409)	(420)	0	0
<b>Total transfers to and from reserves</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(244)</u></b>	<b><u>389</u></b>	<b><u>244</u></b>	<b><u>(389)</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Closing balance</b>	<b><u>31,591</u></b>	<b><u>30,126</u></b>	<b><u>29,086</u></b>	<b><u>27,098</u></b>	<b><u>1,115</u></b>	<b><u>871</u></b>	<b><u>61,792</u></b>	<b><u>58,095</u></b>

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



# MURWEH SHIRE COUNCIL

## Statement of Cash Flows

For the year ended 30 June 2006

	Notes	2006 Actual (\$'000)	2005 Actual (\$'000)
<b><u>Cash flows from operating activities:</u></b>			
Receipts from customers		16,619	13,452
Payments to suppliers and employees		(11,047)	(9,873)
		<b>5,572</b>	<b>3,579</b>
Interest received		45	80
Borrowing costs		(183)	(238)
<b>Net cash inflow (outflow) from operating activities</b>	29	<b>5,434</b>	<b>3,421</b>
<b><u>Cash flows from investing activities:</u></b>			
Payments for property, plant and equipment		(5,114)	(5,425)
Payments for Land Development Cost		0	(74)
Proceeds from Sale of Development Land		59	119
Proceeds from sale of property, plant and Equipment	6	517	660
<b>Net cash inflow (outflow) from investing activities</b>		<b>(4,538)</b>	<b>(4,720)</b>
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from borrowings		0	0
Repayment of borrowings	20	(137)	(596)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(137)</b>	<b>(596)</b>
<b>Net increase (decrease) in cash held</b>		<b>760</b>	<b>(1,895)</b>
<b>Cash at beginning of reporting period</b>		<b>673</b>	<b>2,568</b>
<b>Cash at end of reporting period</b>	12	<b>1,433</b>	<b>673</b>

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

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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### **1: Basis of preparation**

#### **1.01 General**

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS and other policy changes are provided in Note 32.

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

This financial report has been prepared as a general purpose financial report and complies with the requirements of the Local Government Act 1993, the Local Government Finance Standard 2005, and the Australian Accounting Standards including AAS27.

Except where otherwise stated the financial report has been prepared in accordance with the historical cost basis.

There were no adjustment to comparative balance because of the introduction IFRS.

#### **1.02 Early adoption of new Accounting Standards.**

The following Australian Accounting Standards are not mandatory for the financial year 2005-06 but, as permitted, have been applied in preparing this report:

AASB7  
AASB2005-1, 4, 5, 6, 9, 10  
AASB2006-1

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

#### **1.03 Currency**

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

#### **1.04 Constitution**

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

#### **1.05 Date of authorisation**

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

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

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

---

### 2: Summary of significant accounting policies

#### 2.01 Rates, Grants and Other Revenue

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

##### *(i) Rates*

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

##### *(ii) Grants and Subsidies*

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

##### *(iii) Non-Cash Contributions*

Non-cash contributions in excess of the recognition thresholds set out in note 2.09 in value are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

##### *(iv) Other Revenue Including Contributions*

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

#### 2.02 Cash and Cash Equivalents

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

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

#### 2.03 Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 30 June 2006.

#### 2.04 Other Financial Assets

Other Financial Assets are recognised at cost.

#### 2.05 Inventories

All inventory held are valued at average purchased cost.

Inventories held for distribution are:

- Inventory distributed at cosmos centre and VIC at a nominal charge. And
- Goods to be used for the provision of services at no, or nominal, charge.

These goods are valued at the lower of cost and replacement cost.

## **2.06 Land Held for Resale**

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

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

Land acquired for use by the Council which is no longer required is reclassified within property, plant and equipment to land held for development and resale. It continues to be measured at fair value until it is actively being marketed and expected to be sold within one year. When this occurs it is transferred to Non-current assets held for resale and revalued at fair value less costs to sell.

## **2.07 Investments**

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

Interest revenues are recognised on an accrual basis.

## **2.08 Property, Plant and Equipment**

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

### **(i) Acquisition of Assets**

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

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

### **(ii) Capital and operating expenditure**

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

The Council has determined that individual items of plant and equipment with a cost in excess of \$1m are of high value to the local government. There are no items which meet these criteria. All other items of plant and equipment are measured on the cost basis.

### **(iii) Valuation**

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

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

Details of valuers and methods of valuations are disclosed in Note 16(b).

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

#### **(iv) Depreciation**

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 16 (a).

#### **(v) Unfunded Depreciation**

Murweh Shire Council has elected not to fund depreciation expenses in circumstances where the respective assets will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works other than for those asset groups identified below:-

**Roads** - owing to the large road infrastructure in the shire and its current operating capability the Council relies on external grants to further improve and upgrade this infrastructure.

**Aerodromes** - Council has currently maintained an infrastructure maintenance reserve for this asset, established when handed over from the Commonwealth for improvements.

**Emergency** - These assets have been provided by grants from the Commonwealth and State Governments and as such Council would rely on replacement through the same mechanism.

### **2.9 Capital Work in Progress**

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

### **2.10 Impairment**

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

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

## **2.11 Payables**

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

## **2.12 Liabilities - Employee Benefits**

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

### *(i) Salaries and Wages*

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

### *(ii) Annual Leave*

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

### *(iii) Sick Leave*

A liability for non vested sick leave is recognised and based on current wage and salary levels with an additional allowance being made for employee on-costs.

### *(iv) Superannuation*

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 27.

### *(v) Long Service Leave*

A liability for long service leave is measured as the present value of the estimated future cash outflows be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

## **2.13 Borrowings**

Loans payable are measured at amortized cost. Interest is recognised as it accrues.

Borrowing costs are treated as an expense and not capitalized.

## **2.14 Asset Revaluation Reserve**

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

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

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

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

## **2.15 Reserves held for future capital expenditure**

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

### *(i) Constrained works reserve*

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purposes of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred to retained surplus. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor.

### *(ii) Town water reserve*

This reserve was created to contribute to future funding for new water infrastructure and provide a contingency amount to offset any major unforeseen water supply works which are required.

### *(iii) Building Reserve*

This reserve was created to contribute to future funding of new buildings and provide a contingency amount to offset any major unforeseen infrastructure works which are required.

### *(iv) Plant Renewal and Purchases Reserve*

This reserve was created to provide future funds for new major road plant and equipment items.

### *(v) Reserve held for Future Recurrent Expenditure*

These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability. Note 24.

#### *(i) Charleville Aerodrome Maintenance Reserve*

This reserve was created to provide funding to meet unexpected maintenance requirements.

#### *(ii) Non Capital Grants Reserve*

This reserve was created to provide for funding to meet unexpected maintenance requirements.

## **2.16 Retained Surplus**

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs. The main part of this amount is not available for Council to spend as it has already been invested in assets used to provide services.

## **2.17 National Competition Policy**

The Council has reviewed its activities and has decided that it will no longer apply the code of competitive conduct to any of its activities.

## **2.18 Rounding and Comparatives**

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

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

## **2.19 Financial Risk Management**

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

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

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

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

Details of financial instruments and the associated risks are shown at note 30b.

## **2.20 Funds Held for Outside Parties**

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

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

## **2.21 Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.



**MURWEH SHIRE COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT**

For the year ended 30 June 2006

**3a: Analysis of Results by Function**

	Grants revenue		Other revenue		Total revenue		Total expenses		Net result for period		Assets	
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
<b>Corporate Services</b>	2,533	2,131	3,706	2,998	6,239	5,129	3,831	2,968	2,408	2,162	28,174	11,718
<b>Engineering Services</b>	4,333	3,488	3,155	3,800	7,488	7,288	6,862	7,345	626	(57)	28,257	42,391
<b>Environmental /Health Services</b>	105	53	498	461	604	514	2,423	2,270	(1,820)	(1,756)	0	0
<b>Water and Sewerage Services</b>	354	385	1,570	1,523	1,925	1,908	950	1,133	974	775	10,046	9,059
<b>Total Council</b>	<b>7,325</b>	<b>6,057</b>	<b>8,930</b>	<b>8,782</b>	<b>16,255</b>	<b>14,839</b>	<b>14,066</b>	<b>13,716</b>	<b>2,189</b>	<b>1,123</b>	<b>66,478</b>	<b>63,168</b>

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

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

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**Note 3b:** The activities relating to the Council's components reported on in Note 3. (a) are as follows:

### **Corporate Services**

Includes general administration functions (clerical support, records, purchasing, payroll, costing, creditors and payments), strategic support (meetings, policy development, budgeting), human resources management (personnel, recruitment, training and development) public relations, revenue, etc.

### **Engineering services**

Includes construction and maintenance of shire and state controlled roads, stormwater drainage, footpaths, bicycle ways, other private works, street lighting, plant management, engineering development and design.

### **Health/Environmental Services**

Includes animal control, pest control, health regulation and compliance, immunisation, environmental monitoring, river management, parks and garden maintenance, refuse collection, waste management, and aged housing management.

### **Water and Sewerage services**

The provision of reticulated untreated bore water and the treatment of sewer waste water. Also provide refuse collection and disposal service.

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

Note	2006 (\$'000)	2005 (\$'000)
<b>4 Revenue analysis</b>		
<b><u>(a) Rates and charges</u></b>		
General rates	2,431	2,409
Water	1,070	1,029
Water consumption, rental and sundries	26	46
Sewerage	606	585
Garbage charges	346	334
Total rates and utility charge revenue	<b><u>4,478</u></b>	<b><u>4,403</u></b>
Less: Discounts	(384)	(383)
Less: Pensioner remissions	(16)	(57)
Net rates and utility charges	<b><u>4,078</u></b>	<b><u>3,963</u></b>
<b><u>(b) Fees and charges</u></b>		
Fees and Charges	546	454
	<b><u>546</u></b>	<b><u>454</u></b>
<b><u>(c) Interest received</u></b>		
Interest received from investments	45	80
Interest from overdue rates and utility charges	10	0
	<b><u>55</u></b>	<b><u>80</u></b>
<b><u>(d) Sales - Contract and recoverable works</u></b>		
Sales - Contracts and recoverable works	3,401	3,871
	<b><u>3,401</u></b>	<b><u>3,871</u></b>
<b><u>(e) Other recurrent income</u></b>		
Other income	195	63
	<b><u>195</u></b>	<b><u>63</u></b>

The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

**MURWEH SHIRE COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT**

For the year ended 30 June 2006

Note	2006 (\$'000)	2005 (\$'000)
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**5 Grants, Subsidies, Contributions and Donations**

**(1) Recurrent - government grants, subsidies, and other contributions are analyzed as follows**

General purpose grants	3,402	3,063
Government subsidies Specified Project and grants	856	1,227
<b>Total recurrent revenue</b>	<b><u>4,258</u></b>	<b><u>4,290</u></b>

**(2) Capital - government grants and subsidies, and other contributions are analyzed as follows**

State Government subsidies and grants	3,565	1,767
Contributions	40	0
<b>Total capital revenue</b>	<b><u>3,605</u></b>	<b><u>1,767</u></b>

**6 Capital incomes**

**Gain (loss) on the disposal of non-current assets**

Proceeds from the sale of property, plant and Equipment	517	660
Less: Book value of property, plant and equipment Disposed	(400)	(309)
<b>Total gain (loss) on the disposal of non-current assets</b>	<b><u>117</u></b>	<b><u>351</u></b>

**7 Employee costs**

Total staff wages and salaries	3,670	4,726
Councillors' remuneration	84	93
Annual, sick and long service leave entitlements	204	124
Superannuation	509	441
	<b><u>4,468</u></b>	<b><u>5,384</u></b>
Less: Capitalized employee expenses	(713)	(490)
	<b><u>3,756</u></b>	<b><u>4,894</u></b>

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

**Total Council employees at period end**

Permanent Staff	106	106
Casual Staff	14	2
<b>Total full time equivalent employees</b>	<b><u>120</u></b>	<b><u>108</u></b>
Elected Members (Mayor & 9 councillors)	10	10

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

Notes	2006	2005
	(\$'000)	(\$'000)

### 8 Materials and services

Audit services	21	24
Donations paid	114	99
Other material and services	6,785	5,295
	<u>6,919</u>	<u>5,418</u>

### 9 Finance costs

Finance costs charged by Queensland Treasury Corporation	181	238
Bank charge	10	8
	<u>191</u>	<u>247</u>

### 10 Depreciation

#### Depreciation of non-current assets

Buildings and other structures	567	427
Parks (Recreation Grounds)	165	7
Aerodrome (Landing Strip)	30	30
Plant and equipment	738	1042
Road, drainage and bridge network	1,280	1,356
Water	151	149
Sewerage	127	146
<b>Total depreciation of non-current assets</b>	<u>3,058</u>	<u>3,157</u>

### 11 Revaluation decrement

Revaluation down of property, plant and equipment	142	0
	<u>142</u>	<u>0</u>

### 12 Cash and cash equivalents

Cash at bank and on hand	99	290
Deposits at call*	1,334	382
<b>Balance per Statement of Cash Flows</b>	<u>1,433</u>	<u>673</u>

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

#### Unspent government grants and subsidies

Constrained Work Reserve	775	0
Non Capital Grant Reserve	48	59
<b>Total unspent restricted cash for capital projects</b>	<u>823</u>	<u>59</u>

Deposits at call are held with Queensland treasury Corporation. The deposits are bearing interest between 6.01% and 6.18%.

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

	Notes	2006 (\$'000)	2005 (\$'000)
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### 13 Trade and other receivables

#### Current

Ratable revenue and utility charges		276	306
Other debtors		971	1,286
Less: Provision for doubtful debts		(6)	(6)
GST recoverable		<u>28</u>	<u>7</u>
	30b	<b><u>1,269</u></b>	<b><u>1,592</u></b>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

### 14 Inventories

#### Current

#### **Inventories for consumption:**

Miscellaneous Store items		142	198
Floating Plant & Equipment		29	31
Cosmos-Inventory		<u>23</u>	<u>0</u>
		<b><u>194</u></b>	<b><u>228</u></b>

#### **Non Current Asset classified as Current as held for sale**

Residential Land purchased for development and Resale		<u>619</u>	<u>688</u>
<b>Total inventories</b>		<b><u>813</u></b>	<b><u>916</u></b>

### 15 Other Financial Assets

#### Current

Prepayments	30b	<u>51</u>	<u>55</u>
		<b><u>51</u></b>	<b><u>55</u></b>

**Murweh Shire Council**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2006**

Note 16 (a)	Property, Plant and Equipment							Totals \$'000
	<u>Land</u> \$'000	<u>Buildings Other Structure</u> \$'000	<u>Furniture &amp; Fittings, Plant &amp; Equipment</u> \$'000	<u>Parks</u> \$'000	<u>Road Infrastructure</u> \$'000	<u>Water &amp; Sewerage Infrastructure</u> \$'000	<u>Aerodrome Landing Strip</u> \$'000	
<b>Asset Values</b>								
Opening Balance at Cost	67	3,200	12,018	532	1,884	1,351	1,072	20,124
Opening Balance at Valuation	513	15,085	434		58,566	16,300		90,898
Total Opening 1/07/05	<b>580</b>	<b>18,285</b>	<b>12,452</b>	<b>532</b>	<b>60,450</b>	<b>17,651</b>	<b>1,072</b>	<b>111,022</b>
Additions at Cost	3	233	634		961	8	-	1,839
Disposal	(37)	(295)	(501)		-	-	-	(833)
Revaluation adjustment to ARR		10,117			3,134	312	390	13,953
Revaluation adjustment to Income	(142)							(142)
Donated Asset	-	-	40		-		-	40
Closing balance at cost	<b>33</b>	<b>3,138</b>	<b>12,625</b>	<b>39</b>	<b>961</b>	<b>8</b>	<b>-</b>	<b>16,804</b>
Closing balance at valuation	<b>371</b>	<b>25,202</b>	<b>-</b>	<b>493</b>	<b>63,584</b>	<b>17,963</b>	<b>1,462</b>	<b>109,075</b>
<b>Total Gross Cost/Valuation</b>	<b>404</b>	<b>28,340</b>	<b>12,625</b>	<b>532</b>	<b>64,545</b>	<b>17,971</b>	<b>1,462</b>	<b>125,879</b>
<b>Accumulated Depreciation</b>								
Opening balance	-	8,590	6,904	11	28,566	9,288	1,072	54,431
Depreciation provided in period		567	738	165	1280	278	30	3,058
Written off on disposal		(198)	(235)					(433)
Revaluation adjustment to ARR		1,484			11,613	179	(788)	12,488
Internal transfers								
<b>Closing balance</b>	<b>-</b>	<b>10,443</b>	<b>7,407</b>	<b>176</b>	<b>41,459</b>	<b>9,744</b>	<b>314</b>	<b>69,543</b>
<b>Written down value at 30 June 2006</b>	<b>404</b>	<b>17,897</b>	<b>5,218</b>	<b>356</b>	<b>23,086</b>	<b>8,227</b>	<b>1,148</b>	<b>56,336</b>
<b>Written down value at 30 June 2005</b>	<b>580</b>	<b>9,695</b>	<b>5,548</b>	<b>521</b>	<b>31,884</b>	<b>8,363</b>	<b>-</b>	<b>56,591</b>
Depreciation Rates (ranges)		0-25	0-35	0-34	0-50	0-15	0-8	

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENT

For the year ended 30 June 2006

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### **16b Property, Plant and Equipment Valuations**

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

#### **Land**

Land has been included at current market value as at 30 June 2006 as determined by Australian Pacific Valuers.

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

#### **Buildings and other structures:**

Buildings and other structures were independently valued to fair value by the Australian Pacific Valuers Pty Limited as at 30 June 2006.

#### **Furniture & fittings Plant and Equipment**

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

#### **Infrastructure**

##### Water and Sewerage Infrastructure -

Included at the written down replacement cost determined by Mr Bryan Radford, qualified engineer, as at 30 June 2006.

##### Road and Drainage Infrastructure -

Included at the written down replacement cost determined by Mr Bryan Radford, qualified engineer, as at 30 June 2006.



# MURWEH SHIRE COUNCIL

## NOTES TO FINANCIAL STATEMENT

For the year ended 30 June 2006

Notes	2006 (\$'000)	2005 (\$'000)
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### 17 Capital works in progress

Capital works in progress	6,576	3,341
	<b><u>6,576</u></b>	<b><u>3,341</u></b>

### 18 Trade and other payables

#### Current

Creditors and accruals	548	1,040
Annual leave payables	396	430
Sick leave payables	40	51
Long service leave payables	68	65
Other entitlements payables (Toils & RDO)	12	(17)

30b

**1,063**      **1,569**

#### Non-current

Annual leave	168	115
Long service leave	598	529
Sick Leave	60	57
	<b><u>826</u></b>	<b><u>701</u></b>

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

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

### 19 Borrowings

#### Current

Loans QTC	20	147	137
		<b><u>147</u></b>	<b><u>137</u></b>

#### Non-current

Loans QTC	20	2,520	2,667
		<b><u>2,520</u></b>	<b><u>2,667</u></b>

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

Notes	2006 (\$'000)	2005 (\$'000)
<b>Note 20 Loans</b>		
<b>Queensland Treasury Corporation</b>		
Opening balance	2,804	3,400
Loans raised	0	0
Principal repayments	(137)	(596)
<b>Book value at period end</b>	<b><u>2,667</u></b>	<b><u>2,804</u></b>
<b>Classified as:</b>		
Current	147	137
Non-current	2,520	2,667
30b	<b><u>2,667</u></b>	<b><u>2,804</u></b>

The loan market value at the reporting date was **\$2,728,057.47**. This represents the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

The interest rate in Queensland Treasury Corporation borrowings ranges from **6.09%** to **6.58%**. Expected final repayment dates vary from 01 June 2015 to 30 November 2021.

The loans are guaranteed by the Queensland State Government.

## 21 Other liabilities

### Current

Unearned Revenue	130	0
	<b><u>130</u></b>	<b><u>0</u></b>

## 22 Asset revaluation reserve

### (i) Asset revaluation reserve

Movements in the asset revaluation reserve were as follows:

<b>Balance at beginning of the period</b>	<b><u>30,126</u></b>	<b><u>30,126</u></b>
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Less: Net adjustment to non-current assets at end of period to reflect a change in current

Fair value:		
Land and improvements	0	0
Buildings & Other Structures	8633	0
Aerodrome (Landing Strip)	1178	0
Road, drainage and bridge network	(8479)	0
Water & Sewerage	133	0
Net revaluation adjustments	<b><u>1,465</u></b>	<b><u>0</u></b>

<b>Balance at end of the year</b>	<b><u>31,591</u></b>	<b><u>30,126</u></b>
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### (ii) Asset revaluation reserve analysis

The closing balance of the asset revaluation reserve is comprised of the following asset categories:

Land and improvements	0	0
Buildings & Other Structures and Aerodrome (Landing Strip) Reserves	9,812	0
Road, drainage and bridge network Reserves	19,760	28,126
Water & Sewerage Reserves	2,019	1,886
	<b><u>31,591</u></b>	<b><u>30,126</u></b>

# MURWEH SHIRE COUNCIL

## NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2006

Notes	2006 (\$'000)	2005 (\$'000)
<b>23 Retained surplus</b>		
Movements in the retained surplus were as follows:		
Retained surplus / (deficit) at the beginning of the Financial year	27,098	25,586
Result from ordinary activities	2,189	1,123
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:		
Town Water Reserve	219	0
Asset replacement reserve	0	420
Constrained works reserve	(775)	0
Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	312	(31)
Transfers (to)/from Shire Capital	43	0
<b>Retained surplus at the end of the financial year</b>	<b><u>29,086</u></b>	<b><u>27,098</u></b>
<b>24 Other reserves</b>		
<b><u>(a) Summary of reserves held for future capital expenditure:</u></b>		
(i) Buildings Reserve	84	84
(ii) Town Water Reserve	0	219
(iii) Constrained works reserve	775	0
	<b><u>859</u></b>	<b><u>303</u></b>
<b><u>(b) Summary of reserves held for future recurrent expenditure:</u></b>		
(i) Recurrent expenditure reserve	256	568
	<b><u>256</u></b>	<b><u>568</u></b>
<b>Total reserves</b>	<b><u>1,115</u></b>	<b><u>871</u></b>
<b><u>(c) Movements in capital reserves are analyzed as follows:</u></b>		
<b>(i) Building Reserve</b>		
Balance at the beginning of period	303	303
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	(219)	0
<b>Balance at the end of period</b>	<b><u>84</u></b>	<b><u>303</u></b>
<b>(ii) Asset replacement reserve</b>		
Balance at the beginning of period	0	420
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	0	(420)
<b>Balance at the end of period</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>(iii) Constrained works reserve</b>		
Balance at the beginning of period	0	0
Transfer from retained earnings for future expenditure	3,622	0
Transfer to the retained earnings funds expended in the period	(2,847)	0
<b>Balance at the end of period</b>	<b><u>775</u></b>	<b><u>0</u></b>
<b><u>(d) Movements in recurrent reserves are analyzed as follows:</u></b>		
<b>(i) Recurrent expenditure reserve</b>		
Balance at the beginning of period	568	537
Transfer from retained earnings for future expenditure	31	59
Transfer to retained earnings	(342)	(28)
<b>Balance at the end of period</b>	<b><u>257</u></b>	<b><u>568</u></b>

# MURWEH SHIRE COUNCIL

## NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2006

Notes	2006 (\$'000)	2005 (\$'000)
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### 25 Commitments for expenditure

#### Operating leases

Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	0	23
One to five years	0	0
	<b>0</b>	<b>23</b>

#### Contractual commitments

Contractual commitments at balance date but not recognised in the financial statements are as follows:

Ablution Block Morven	0	50
Warrego River Levee Bank Charleville	601	900
Charleville Water Supply Augmentation	212	1,176
	<b>813</b>	<b>2,126</b>

### 26 Contingent liabilities

(a) The Council is a member of the Local Government self-insurance scheme, Local Government workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any on part of the guarantee should the above circumstance arise.

The Council maximum exposure is:

**133**      **112**

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

(b) Murweh Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

As at June 2005 the financial statements reported an accumulated Surplus **\$2,907,519**. As at the reporting date the Council's share of any liability can not be reliably estimated.

### 27 Superannuation

Murweh Shire Council contributes to the Local Government Superannuation Scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

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

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

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

The audited general purpose financial report of the scheme as at 30 June 2005 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet the accrued benefits.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2005. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

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

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

<b>Contributions</b>	<b>509</b>	<b>441</b>
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**MURWEH SHIRE COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**

For the year ended 30 June 2006

Notes	2006 (\$'000)	2005 (\$'000)
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**28 Trust funds**

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	13	46
	<b>13</b>	<b>46</b>

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

**29 Reconciliation of result from ordinary activities to net Cash inflow (outflow) from operating activities**

<b>Result from ordinary activities</b>	<b>2,189</b>	<b>1,124</b>
<b><u>Non-cash operating items:</u></b>		
Depreciation and amortisation	3,058	3,157
Revaluation down of property, plant and equipment	142	0
	<b>3,200</b>	<b>3,157</b>
<b><u>Investing and development activities:</u></b>		
Net (profit) loss on disposal of non-current assets	(117)	(351)
Net (Profit) Loss on sale of Land	(59)	(29)
	<b>(176)</b>	<b>(380)</b>
<b><u>Changes in operating assets and liabilities:</u></b>		
(Increase) decrease in receivables	323	(925)
(Increase) decrease in other operating assets	149	(72)
Increase (decrease) in payables	(250)	517
	<b>222</b>	<b>(480)</b>
<b>Net cash inflow from operating activities</b>	<b>5,434</b>	<b>3,421</b>

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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### **30a Financial Instruments**

#### **(a) Credit risk exposures**

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

#### **(b) Interest rate risk**

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

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

#### **(c) Net fair value of financial assets and liabilities**

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

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

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

**MURWEH SHIRE COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**

For the year ended 30 June 2006

**30b financial instruments**

	Note	Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
		2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
<b>Financial assets</b>									
Cash and cash equivalents	12	1,431	672	0	0	2	1	1,433	673
Receivables	13	0	0	276	306	993	1,286	1,269	1,592
Prepayments	15	0	0	0	0	51	55	51	55
		<b>1,431</b>	<b>672</b>	<b>276</b>	<b>306</b>	<b>1,046</b>	<b>1,342</b>	<b>2,753</b>	<b>2,319</b>
Weighted average interest rate		<b>5.76%</b>	<b>6.18%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>0.0%</b>	<b>0.0%</b>		
<b>Financial liabilities</b>									
Payables – Current & Non Current	18	0	0	0	0	1,889	2,270	1,889	2,270
Loans from - Queensland Treasury Corporation	20	0	0	2,667	2,804	0	0	2,667	2,804
		<b>0</b>	<b>0</b>	<b>2,667</b>	<b>2,804</b>	<b>1,889</b>	<b>2,270</b>	<b>4,556</b>	<b>5,074</b>
Weighted average interest rate		<b>0.0%</b>	<b>0.0%</b>	<b>6.58%</b>	<b>6.58%</b>	<b>0.0%</b>	<b>0.0%</b>		
<b>Net financial assets</b>		<b>1,431</b>	<b>672</b>	<b>(2,391)</b>	<b>(2,498)</b>	<b>(843)</b>	<b>(828)</b>	<b>(1803)</b>	<b>(2,755)</b>

# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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### 31 National Competition Policy

#### Activities to which the code of competitive conduct is applied

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

*(a) Roads business activity:*

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

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

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

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

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective were to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

***Murweh Shire Council has elected not to apply the code to any activity of the council. It does not undertake Roads Business Activity as defined above.***



# MURWEH SHIRE COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

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### **32 Transition to International Financial Reporting Standards**

Changes have been made to the Australian Accounting Standards to align Australian practice more closely with accounting in the international community. These changes required the Council to adopt a number of different accounting policies and to present its financial reports differently for the year ending 30 June 2006 and subsequent years.

The areas which have changed significantly are set out below.

#### **Property, plant and equipment**

The main area of impact is in recognition and measurement of property, plant and equipment. The Council has adopted permitted methods which measure Land, Buildings and infrastructure on the revaluation basis. Plant and equipment is measured at its depreciated actual or deemed cost.

#### **Impairment testing**

Most assets are subject to impairment testing. This means the council has to assess whether the benefits to be obtained from the asset (value in use) or its realisable value exceed the value at which it would be shown in the books. If they both fall short, the asset will be written down to the higher of those two values. For the council these requirements are less severe than for many organisations as the council carries many of its assets at depreciated replacement cost where this is equivalent to fair value, and this is one of the measures for value in use for a Not-for-Profit organisation.

#### **Provisions for disposal and restoration of long lived assets**

The council has an obligation to meet future costs for the disposal of some of its long lived assets, or for the restoration of land on which they stand. This obligation is now recognised as a liability and added to the cost of the asset. In effect this change is reflected in the revaluation reserve in respect of those assets.

**MURWEH SHIRE COUNCIL  
MANAGEMENT CERTIFICATE**

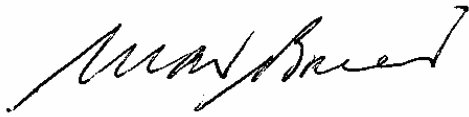
**For the year ended 30 June 2006**

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

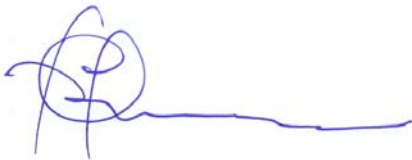
In accordance with Section 48 of the Standard we certify that:–

- (i) The local government considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) The financial statements for the year ended 30 June 2006 and supporting notes present the Council's income, equity, balance sheet and cash flows as required by the Local Government Act 1993.



.....  
Councillor Mark A. O'Brien  
Mayor

Date: 1<sup>st</sup> November 2006



.....  
Mr Chris Blanch  
Chief Executive Officer

Date: 1<sup>st</sup> November 2006

## INDEPENDENT AUDIT REPORT

To the Mayor of *Murweh Shire Council*

### Scope

#### *The Financial Report*

The financial report of *Murweh Shire Council* consists of the *Income Statement, Balance Sheet, Statement of Changes In Equity, Statement of Cash Flows* and notes to and forming part of the financial report and certificates given by the Mayor and Chief Executive Officer for the year ended 30 June 2006.

#### *Council's Responsibility*

The Council is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit Approach*

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards*, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements.

#### Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

#### 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 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.

### Audit Opinion

In accordance with s.532 of the *Local Government Act 1993* I have audited the Council's financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the transactions of the Murweh Shire Council for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.

  
R A Lindley FCA  
as Delegate of the Auditor-General of Queensland

20 NOV 2006

Toowoomba