



# MURWEH

*Shire Council*

**ANNUAL REPORT**  
for  
period ending  
**30 June 2007**

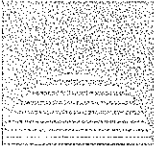


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## Foreword

Welcome to the fourteenth 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*

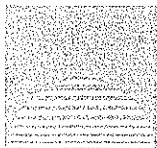
*Effective communication*

*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 (resigned 23/04/2007)
DIVISION III	Cr. D.M. Cook Cr D.F. Dunne (resigned 09/03/2007) Cr.G.F. Jongkind Cr.A.J. Mobbs Cr.R.W.Bignell Cr.N.G. Swadling Cr .J.L. Tanzer (appointed 10/05/2007)

### **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	Contract from Balonne Shire Council

### **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 at its' meeting held 14<sup>th</sup> September, 2006: -

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 \$210 per full day and \$105 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
- b. Remuneration for attending Regional and State Local Government Conferences, delegates be paid \$210 per day.

2. Mayor Allowance

That the Councillor for the time being holding the office of Mayor shall receive an annual allowance of \$22,000.00. This annual allowance will be in addition to the fees payable to the Mayor under Part 1 above.

3. Deputy Mayor Allowance

That the Councillor for the time being holding the office of Deputy Mayor shall receive an annual allowance of \$6,000.00. 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.

6. Telephone Allowance

That the Councillor holding the office of Mayor for the time being shall receive an annual allowance of \$1,000.00 with all other Councillors including the Deputy Mayor shall receive an annual allowance of \$250.00 to defray the costs of official Council telephone calls made from their private residences, miscellaneous stationery, postage, casual inspections and other incidental expenses.

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	11
Special Meetings	1
Meetings attended elsewhere	134
Telephone Allowance	1,000.00
Meeting Attendance Fees	23,320.00
Travelling	1,085.06
Mayoral Allowance	19,833.32
Gross Income	45,238.38
Tax	12,469.38

**Cr Cheryl Barrett**

Ordinary Meetings	8
Special Meetings	0
Meetings attended elsewhere	12
Telephone Allowance	250.00
Meeting Attendance Fees	3,130.00
Travelling	2,537.70
Gross Income	5,917.70
Tax	1,025.78

**Cr Patricia Arden**

Ordinary Meetings	10
Special Meetings	0
Meetings attended elsewhere	19
Telephone Allowance	250.00
Meeting Attendance Fees	5,200.00
Travelling	4,461.60
Gross Income	9,911.60
Tax	2,134.56

**Cr Denis Cook**

Ordinary Meetings	8
Special Meetings	1
Meetings attended elsewhere	2
Telephone Allowance	250.00
Meeting Attendance Fees	2,185.00
Deputy Mayor Allowance	6,000.00
Travelling	23.76
Gross Income	8,458.76
Tax	2,103.72

**Cr David Dunne**

Ordinary Meetings	6
Special Meetings	0
Meetings attended elsewhere	8
Telephone Allowance	20.83
Meeting Attendance Fees	2,485.00
Travelling	14.88
Gross Income	2,520.71
Tax	446.71

**Cr Roy Bignell**

Ordinary Meetings	8
Special Meetings	0
Meetings attended elsewhere	0
Telephone Allowance	250.00
Meeting Attendance Fees	1,565.00
Travelling	21.12
Gross Income	1,836.12
Tax	306.08

**Cr Guillaume Jongkind**

Ordinary Meetings	11
Special Meetings	1
Meetings attended elsewhere	3
Telephone Allowance	250.00
Meeting Attendance Fees	2,810.00
Travelling	26.40
Gross Income	3,086.40
Tax	479.16

**Cr Alison Mobbs**

Ordinary Meetings	9
Special Meetings	1
Meetings attended elsewhere	17
Telephone Allowance	250.00
Meeting Attendance Fees	4,080.00
Travelling	868.56
Gross Income	5,198.56
Tax	937.52

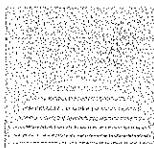
**Cr Nicholas Swadling**

Ordinary Meetings	7
Special Meetings	1
Meetings attended elsewhere	0
Telephone Allowance	250.00
Meeting Attendance Fees	1,365.00
Travelling	15.84
Gross Income	1,630.84
Tax	270.80

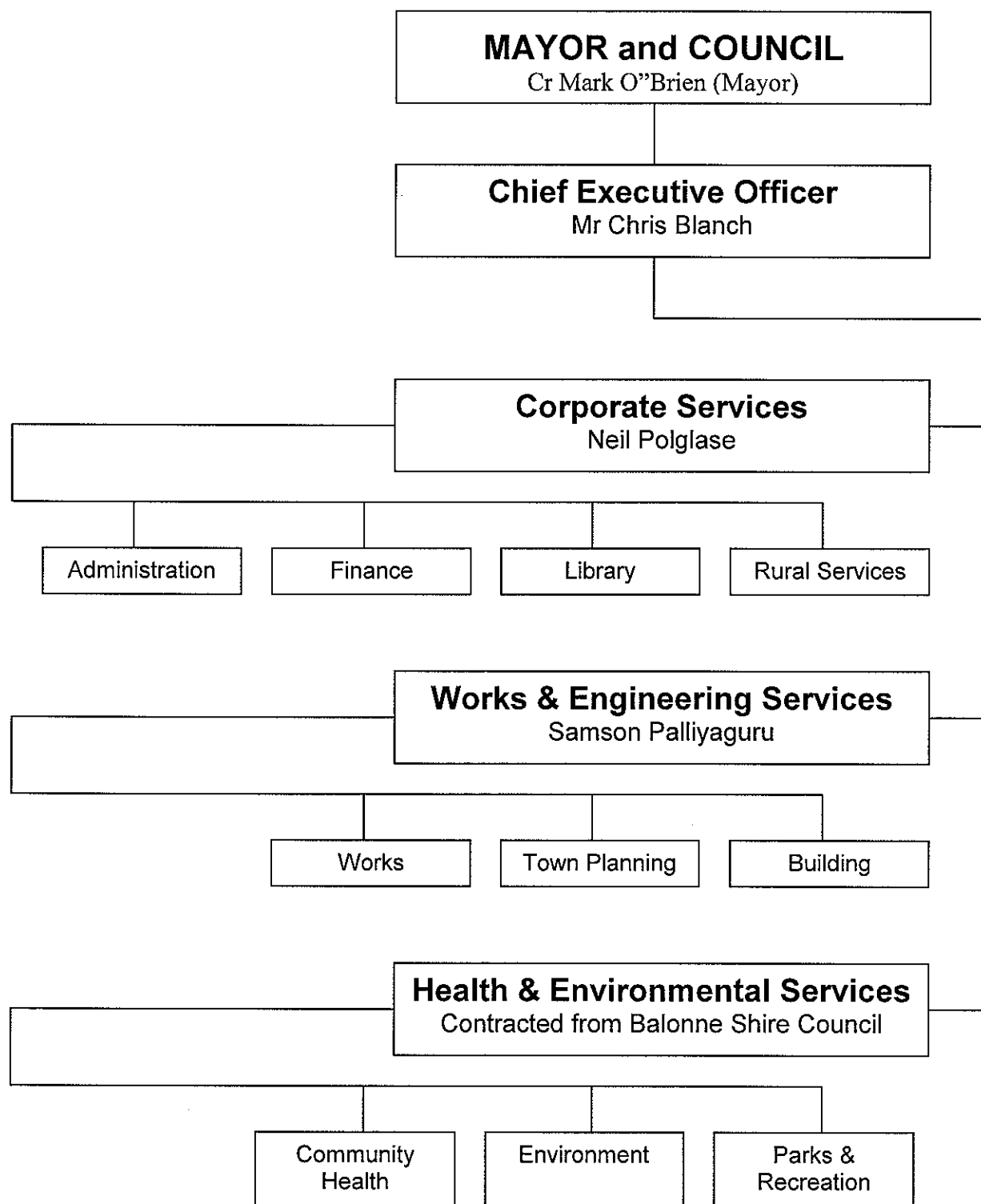
**Cr Jacqueline Tanzer**

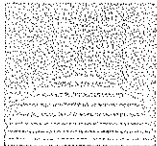
Ordinary Meetings	2
Special Meetings	0
Meetings attended elsewhere	4
Telephone Allowance	
Meeting Attendance Fees	1,050.00
Travelling	5.28
Gross Income	1,055.28
Tax	203.28





## 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 2006-07

### 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 2007.

Whilst it was business as usual for Council during the year, some major reforms implemented by the State government have impacted dramatically on Local Government in Queensland. Eighty Councils will disappear following elections in March 2008. This has occurred following the Government's acceptance of recommendations from the Local Government Reform Commission. What impact these significant amalgamations will have on local government is yet to be seen.

Murweh Shire Council will remain as it was before the amalgamations with the main exception being the reduction in Councillors from nine and mayor to four and mayor. Divisions in our Shire will also be abolished and all electors will vote for or against every candidate at the next election.

While business confidence and the housing sector are travelling well in the Shire the drought continues to hamper operations in our rural sector. This impacts on all the Shire and we hope that the next 12 months bring much needed rain. This report will be the last full report of this Council which will face elections in March next year. Despite many challenges we have achieved some major outcomes for the Shire.

Highlights during the term include the commencement of the levee banks in Charleville and Augathella which are scheduled for completion this year. A major upgrade to the Charleville water supply has been finished and has greatly improved water pressure to our ever expanding town.

Roadworks have included significant widening of stretches of the Morven to Charleville road. Council also commenced sealing works on our rural roads and will continue with this innovation during the next 12 months. The airport at Augathella was sealed and funding was finally approved for a new pool at the Augathella School. Significant projects were also completed at the Charleville showgrounds including new secretary's office and grandstands. More major capital works are planned for the coming year.

Tourism which brings many economic benefits to our Shire has grown significantly over the past year. Council was fortunate to secure over \$6M in federal funding to construct a national bilby centre and to expand the Cosmos Centre operations. These projects should commence early in 2008.

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 12 months.

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

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

2006/2007 was a challenging period for Council administration. Reforms were announced by State Government reviewing Local Government boundaries and amalgamations, a review of the Local Government Act 1993 and a review of local laws. There are many changes to local government occurring from these and other reviews that will impact upon our operations into the future.

Rating policy which has required detailed examination during the past two years appears to have finally been settled with the adoption of fair assessment across the Shire. It has been of assistance that no revaluation of the Shire occurred during this year and we understand this will be the case in 2007/2008.

Roadworks continue to be a main core business of Council and it is pleasing that the Federal Government has indicated that the Roads to Recovery program will be extended a further four years. Completion of the Charleville levee which has had a significant impact on Council's budget over the past two years is nearing completion.

Council received an unqualified audit report for the year and complied with other major statutory requirements.

I would like to take this opportunity to thank Councillors and staff for their efforts during the year.

A handwritten signature in black ink, consisting of a stylized 'C' and 'B' followed by a horizontal line.

**C D Blanch PSM MLGMA**  
**Chief Executive Officer**

## Corporate Services Report

While Council has recorded a small deficit this year around **\$400K** there were a significant number of activities that were unable to be undertaken which impacted on Councils' bottom line. Significantly was the loss of sale revenue of two council houses around **\$230K** which were unable to be undertaken till the next financial year. Several capital works projects were not taken up due to subsidy not being available to Council namely the Charleville Leisure Centre estimated at around **\$2.5M** with Council to borrow **\$500K**. Construction of the Charleville and Augathella Levee Banks are still impacting on council resources with council meeting an estimated 20% of the cost of this construction, however this project should see finalisation in the middle of the following year. Council has embarked on the construction of Aurora Stage 2 (23lots park residential estate) with most of the capital costs being retained this financial year with revenues to be received from sale next financial year.

These projects are reflected in the downturn of capital revenues from the previous year from **\$16M** in 2005-2006 to **\$13M** in 2006-2007. Recurrent and capital expenses have remained consistent at around **\$13-14M** each year. An increase in depreciation of around **\$1M** has been recorded detailing the increase in assets and the revaluation undertaken in 2006. A further reduction in councils' debt from **\$2.67M** to **\$2.52M** has occurred this financial year.

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.

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.

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

All work under this contract was completed to the satisfaction of the Department of Main Roads. An additional \$100,000 provided by Main Roads was used for vegetation & tree clearing on Bollon Road.

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

### **Transport Infrastructure Development Scheme (TIDS) and Roads to Recovery:**

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

- Footpath paving Wills St. (Galatea St to Edward St –Corones Hotel side)
- New Bitumen seal on Biddenham 2km section
- Adavale Road New Bitumen Seal 5kms, jointly funded by Roads to Recovery, Road Alliance and Council
- Khyber Road New Bitumen Seal 6kms, jointly funded by Roads to Recovery, Road Alliance and Council
- Mt Tabor Road 5kms new bitumen seal, fully funded under Roads to Recovery Program.

### **Under Roads to Recovery supplementary program, the following works have been completed.**

- Augathella Cemetery Access Road –second seal
- Barnago Road at Torres Park 1km- second seal
- Biddenham Road ( 0.to 6.14km) - second seal
- Biddenham Road Oakwood 1km – second seal
- Killarney Road Moorak 1km –second seal
- Mt Tabor Road (52.7 to 58.7) 6km –second seal
- Mt Tabor Road Chesterton 1km – second seal
- Mt Tabor Road (0 to 40km existing bitumen section) – second seal in sections
- Dilallah Bridge Road new bitumen seal 4.3km

## **Morven Road Widening**

20.5 kms section of Morven Charleville Road from 36.2 to 61.5km was widened to 8m bitumen standard by Road Tek with Council assisting on minor works.

## **Flood Mitigation Project**

Levee bank construction continued for the whole year with a expenditure of \$ 1,385,647. During the year Augathella levee bank was fully completed, and earthworks on Charleville levee bank was completed except for the section at the old bridge.

A tender for the construction of concrete section of the levee bank was awarded to Sudholz Pty Ltd. Additional funding application submitted based on tender prices. Additional funding to be 50:50 basis from Commonwealth and State Governments with no contribution from Council.

### **Flood Damage**

No flood damage works during the year.

### **Water Supply and Sewerage**

Charleville water supply Telemetry System upgraded with a total cost of \$98,421.00.

Water supply distribution system upgraded and booster pump installed at bore No. 2 & 3.

Due to the occasional poor test results observed, a chlorinator was installed to disinfect any contamination in the Augathella water supply. This was done after engaging a consultant to investigate the probable course of contamination.

### **Plant Replacement**

The following plants were purchased during the year.

A new street sweeper was purchased through Queensland Treasury Corporation on a long term lease agreement. The old street sweeper was purchased from Queensland Treasury Corporation at a cost of \$74,000 and sold to the supplier of the new machine at a cost of \$104,000 making a profit of \$25,000 to the Council.

One Kubota Mower  
One Bobcat Loader  
One Twin Drum Roller  
One Jet Patcher

### **Rural Roads**

Grading activities proceeded on Shire's Rural Road network. Heavy grading works were undertaken on Nooraloo, Mt Tabor, Khyber, Mt Morris, Valeravale, Old Quilpie, Newstead, Newholme, and Doobiblah Roads.

### **General Works**

Bitumen sealed Augathella Air Strip at a cost of \$239,075 with a contribution of \$105,000 from Queensland Transport.

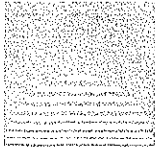
New Secretarial office at Showground

Aurora Estate stage 2 Survey and Preparation completed.

Refurbishment of toilets at Historic House -Charleville, Nebine Community Centre, Charleville Airport and Charleville Netball premises.

Major Repairs done to Langlo River Bridge on Adavale Road replacing old timber deck with part concrete slabs and part new timber deck at a cost of \$203,459.00

Concrete footpath on Alfred St , Walter St and part of Parry St. completed using labour from works camp.

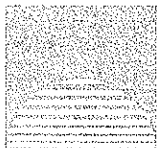


## Summary of Results 2006-2007

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

<b>REVENUES</b>	<b>2007 Actual</b>	<b>%</b>	<b>2006 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	6,193	48.0	6,239	38.0
Health & Environmental Services	514	4.0	604	4.0
Works & Engineering Services	6,204	48.0	9,413	58.0
	<b>12,911</b>	<b>100.0</b>	<b>16,256</b>	<b>100.0</b>

<b>EXPENSES</b>	<b>2007 Actual</b>	<b>%</b>	<b>2006 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	3,425	25.7	3,831	27.0
Health & Environmental Services	2,550	19.2	2,423	17.0
Works & Engineering Services	7,340	55.1	7,812	62.1
	<b>13,315</b>	<b>100.0</b>	<b>14,066</b>	<b>100.0</b>



## Workforce

	<b>30 June 2007</b>		<b>30 June 2006</b>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Corporate Services	5	33	8	18
Health & Environmental Services	3	-	10	-
Works & Engineering Services	84	3	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.

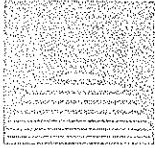
Council will review the Policy about appointing an Internal Auditor at least every three (3) years.



## **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 2006/2007 financial year.



## **Revenue Policy 2006-2007**

### **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 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.

## **6.0 COMMUNITY SERVICE OBLIGATIONS**

### **6.1 Policy on Community Service Obligations**

Council recognizes the need to provide a range of services to its community which are resourced from general revenues and which are in the nature of public services undertaken for valid social, equitable or environmental reasons. Accordingly, Council resolves to adopt the following policies in relation to its community service obligations.

- **Sport, Recreation and Community Facilities**

Council believes that the provision of sporting and recreational facilities for use by organizations or the public in general is a community service reflecting community expectations of an appropriate use of general funding.

The costs of provision and maintenance of such facilities cannot be recovered on a full cost basis from users nor would that be in the community's best interests. The treatment in each case has been identified below. This policy decision encourages participation and a healthier community lifestyle and recognizes the fact that many community members have an involvement in a number of sporting and recreation associations and contribute considerable time and effort.

- **Halls and Community Centres**

The maintenance and depreciation on Council's halls and community centres ensures they are available for community functions such as memorial services, commemorative occasions, public meetings and meeting places for special non-profit interest groups, as well as being available for hire to schools, sporting, businesses, entertainment and social functions. To encourage greater use of all facilities and to foster junior

sporting and recreational pursuits, Council has undertaken not to charge junior representatives for use of these facilities. An apportionment of costs will be made to ensure that the charges levied on senior (adult) and other interest groups reflects the apportionment of the common costs (above), as well as the direct costs of lighting, cleaning, staffing and the provision of consumables.

- **Stock Routes**

Operation and maintenance of an extensive stock route network throughout the Shire is undertaken by Council on behalf of the Department of Natural Resources and Mines. These stock routes were first established prior to Federation in the mid 1800s providing an essential route between watering holes for travelling stock. Over time they have not only provided a much needed facility for the rural landholders but now provide ready access for recreational pursuits for the fishing enthusiast.

Council believes that these facilities used by the general public are a community service which reflects community expectations of an appropriate use of general funding.

This policy decision encourages participation and a healthier community lifestyle and recognizes the fact that many community members have an involvement in a number of sporting and recreational pursuits. The costs of operation and maintenance of such facilities cannot be recovered on a full cost basis from users nor would that be in the community's best interests and are identified as a CSO.

- **Cemeteries**

The costs of burials at the cemetery will be recovered in full from the fee charged. This fee will also offset part of the costs of grounds maintenance and the tending of gravesites. The community as a whole has an ongoing obligation to care for cemeteries as a mark of respect for its previous generations. Those costs are identified as a CSO.

- **Television**

Council provides relay facilities for the transmission of four channels to the Shire area to overcome a "blackspot" deficiency in reception quality. A user pays charge for the operation and use of this would be impractical. Access to quality television, whilst not a basic function of local government, is nonetheless a community expectation. These costs are therefore treated as a CSO.

- **Showgrounds**

The showgrounds incorporates a sports oval and indoor sporting amenities. It also has an extensive canteen and kitchen. In addition to its annual use by the Show Society, the showgrounds are used by sporting clubs regularly and for catering functions, with senior (adult) participants being charged for use. The charging of fees and bonds for sporting clubs ensures the facilities are properly maintained however to encourage greater use of all facilities and to foster junior sporting and recreational pursuits, Council has undertaken not to charge junior representatives for use of these facilities. The annual show represents an opportunity for the Shire to showcase its products, services and talents to the world in a way that fosters trade, commerce and entertainment. To ensure maximum community participation, the fee is set at a nominal amount. The balance of the attributable costs in maintaining and upgrading facilities at the Showgrounds are to be treated as a CSO.

- **Racecourse**

The racecourse was built with special purpose grant funding and incorporates a new community hall. Revenue comes from race meeting fees (8 events per annum), stabling fees and various meetings and functions. The community hall has largely replaced the town hall in terms of utilization and the costs for upkeep of the community hall and racecourse excluding hire service fees, are treated as a CSO.

The racecourse complex was built through grant funding. Running expenses are met by the Council but it is envisaged that any substantial replacement works would also only be undertaken if grant funding were available.

- **Swimming Pool**

No swimming pool is self funding. Patrons, including schools, clubs and other participating organizations, are charged a nominal fee which encourages use of the facility and promotes water safety. This fee is established by the resident lessee and approved by Council. All fees and receipts from the operation of the canteen are retained by the lessee. Whilst the Charleville pool is leased for operating, training and promotional purposes, Council is responsible for all maintenance expenditure. Council treats as a CSO, costs which amount to 90% of the benchmark for the operation of a 50 metre pool in Western Queensland.

- **Aged Care**

Council runs an accredited aged care facility, which raises funds for its operations through government grants, contributions and rentals charged to its guests. These rentals have been established based on similar facilities in Central Queensland offering a comparable level of service, as well as the reasonable capacity of individuals or families to pay.

A rigorous application of full cost allocations has not previously been undertaken for this facility and there are issues to be addressed in relation to the maintenance and sustainability of existing infrastructure.

Council recognizes that costs may rise but it also recognizes a higher order of community benefit.

Council believes that its older citizens should have the right to choose to remain in their own community so that they may enjoy quality of life in later years from contact with family and friends and in familiar surroundings. It benefits both the individual and the community at large.

Therefore, Council will meet, out of general rate funding, a proportion of the costs of operating the aged care facility where this is not recovered from government grants, contributions or rentals. The proportion, or absolute amount, will be established each year during the budget process and will be recognized as a CSO.

- **Water Supply**

Metering of all residential, commercial and industrial users is being undertaken by the Council to ensure that usage is correctly monitored. While the water supply system as a whole is intended to be self funding, there is some cross subsidy between the operations of the separate town systems. This will be identified and quantified in the budget documents.

In relation to Fire Brigade usage for fire fighting purposes, Council regards the provision of the water as a CSO.

- **Aerodromes**

Council maintains three airstrips within the Shire – at Augathella, Morven and Charleville. Apart from irregular use by the Royal Flying Doctor Service (RFDS) and emergency services, Augathella and Morven strips are only used occasionally by local graziers and there are no hangers or lockdown areas.

Consequently, no charges apply at these airstrips either for annual usage or for landing fees. Council does not intend to change this policy nor does it intend to levy those communities separately for the costs of maintaining the facilities. It is Council's view that a wider community service is involved given the nature of its principal purpose, and that the costs should be borne by all ratepayers.

Charleville aerodrome is in a different category. It is the major air link for the Shire.

Whilst the present fee structure does not recover the full operating and maintenance costs of the aerodrome, it has been developed to reflect the relative uses by the different categories of user. For instance:

Concessional rates apply to the RFDS and to flying schools which practise touchdowns on the strip.

Local aircraft owning ratepayers pay an annual charge which includes an adjustment for landing fees.

Helicopter musterers pay a reduced annual fee including landing fee adjustment because of the reduced use of the runway.

In addition to fees for landing rights, passenger fees and a head tax are levied on Registered Passenger Transport (RPT).

Rentals are levied for hangers and lockdown areas to cover use of space and facilities.

Council believes that, with the exceptions outlined below, users should pay their full share of the aerodrome costs.

In relation to the RFDS, Council will reduce the full costs in recognition of the special services offered to the people of the Shire.

The costs of the upkeep of Morven and Augathella airstrips will be met from general funding.

These will be recognized as community service obligations of Council.

- **Refuse Management**

One of Council's strategic objectives is the promotion of a clean and healthy environment and it has instituted several initiatives to further this objective.

Council is actively encouraging the use of greenways (reusing green waste) and recycling through publications and community promotions. All refuse tips are free to householders for the disposal of normal rubbish. Use of the services of an oil collection agency is encouraged. Substantial EPA fines apply for illegal dumping.

Council levies charges for industrial waste and excessive volumes of disposal by individuals. Fees for these will reflect the appropriate portion of the real costs of disposal.

Council will continue, in accordance with its corporate policy, to subsidise the operations of its refuse tips and will treat these as a community service obligation.

It is noted that the operation of town garbage services will continue on a cost recovery basis.

- **Cosmos Centre**

Charleville Cosmos Centre (ex Skywatch facility) is an important tourism facility for Charleville and the Shire becoming a significant tourist attraction in South West Queensland. The volume of visitors is not yet sufficient to recover costs and it is envisaged that this situation will prevail until the full effect of the major marketing initiatives are achieved.



## **Revenue Statement 2006-2007**

### **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 2006/2007 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 2006/2007 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 seven (7) 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 701 ha.

### **Category 7**

All lands outside the defined urban areas stated in Council's Town Plan as rural land containing an area greater than 700 ha but less than 5,001 ha

### **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 10,001 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.

### **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 Category 1	<b>\$437.00</b>
Rate Categories 2,3	<b>\$375.00</b>
<b><u>Rural Categories</u></b>	
Rate Category 6	<b>\$624.00</b>
Rate Category 7	<b>\$1,060.00</b>
Rate Category 8	<b>\$2,550.00</b>
Rate Category 9	<b>\$3,200.00</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 sewerred 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 2006/07 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 Councils 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, Council has resolved to remit the payment of general rates for the financial year 2006/2007: -

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 industrial urban land in the township of Charleville increasing by around 250% and rural lands increasing between 200 to 800%. In lessening the impact of these significant rises in valuation, Council has resolved to both implement differential rating and to phase in increases in both the urban and rural 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 2006/2007 –

Township of Charleville Rate Category 1 –	50%
Rate Category 6 - Rural land less than 700ha	50%
Rate Category 7 – Rural land greater than 700 ha but less than 5,000 ha	50%
Rate Category 8 – Rural land greater than 5,000 ha but less than 10,001 ha	50%
Rate Category 9 - Rural land greater than 10,000ha	50%

## 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 or partially fund are:

**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 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.



## **Additional matters for annual report as required under Section 24 of LGFS**

### **Overseas Travel**

Council advise that no overseas travel was undertaken for the financial year 2006-2007 by either Councillors or staff of the Murweh Shire Council.

### **Consultancies**

No consultancies were undertaken in the financial year 2006-2007 as such no report provided.

### **Grants to Community Organisations.**

Council has made no cash grants to community organisations in the financial year 2006-2007 as such no report provided.

### **Advertising**

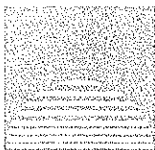
Expenditure undertaken in the financial year 2006-2007 for advertising is summarised as follows: -

<b>MEDIA –</b>		
<b>CATEGORIES OF SERVICE</b>	<b>PRINT</b>	<b>VOICE (RADIO)</b>
General Services	\$7,774	\$4,969
Human Services (vacancies emp)	816	
Tourism (Promotions)	594	
Engineering / Works (Tenders)	568	
<b>Total Expenditure</b>	<b>\$9,752</b>	<b>\$4,969</b>

Entertainment or hospitality services: -

Summary of entertainment and hospitality provided by Council including represenatives and staff as per Coucnil policy is as follows: -

Official Visitors to Council	\$ 261.00
Workshops / Seminars	\$1,308.00
Social Functions	\$ 671.00
Misc. Functions – Australia Day Celebrations / Mayors Morning Tea	\$1,670.00
<b>Total Expenditure</b>	<b>\$3,910.00</b>



## **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 2006-2007**

As part of the further development of the reporting requirements, this report is provided to highlight Council's performance and achievements for the 2006/2007 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**

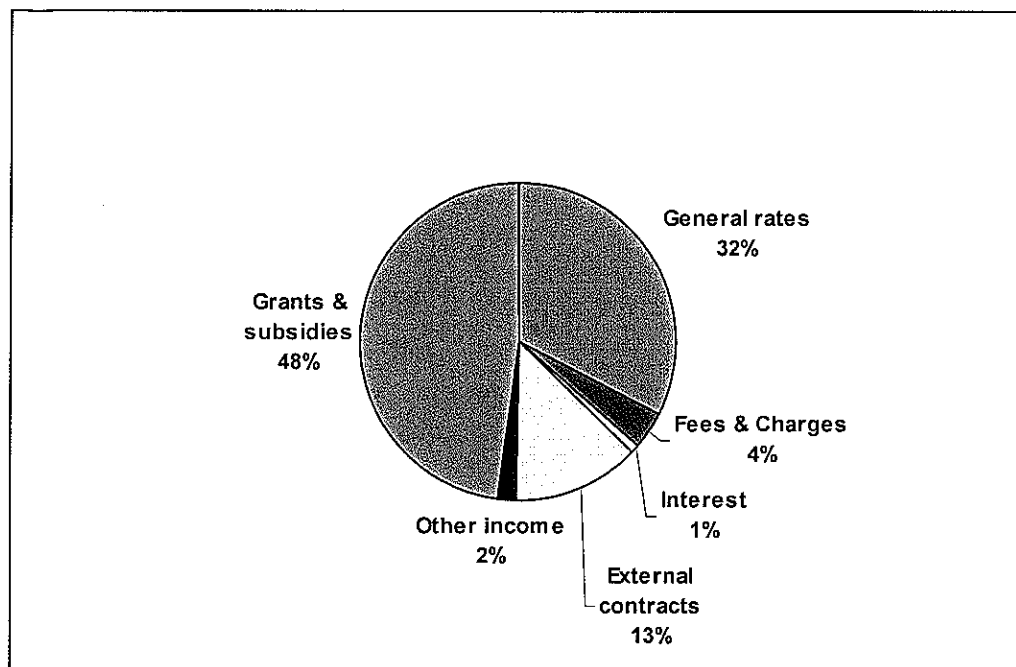
- Replacement value of Council heavy plant and equipment \$593,239

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

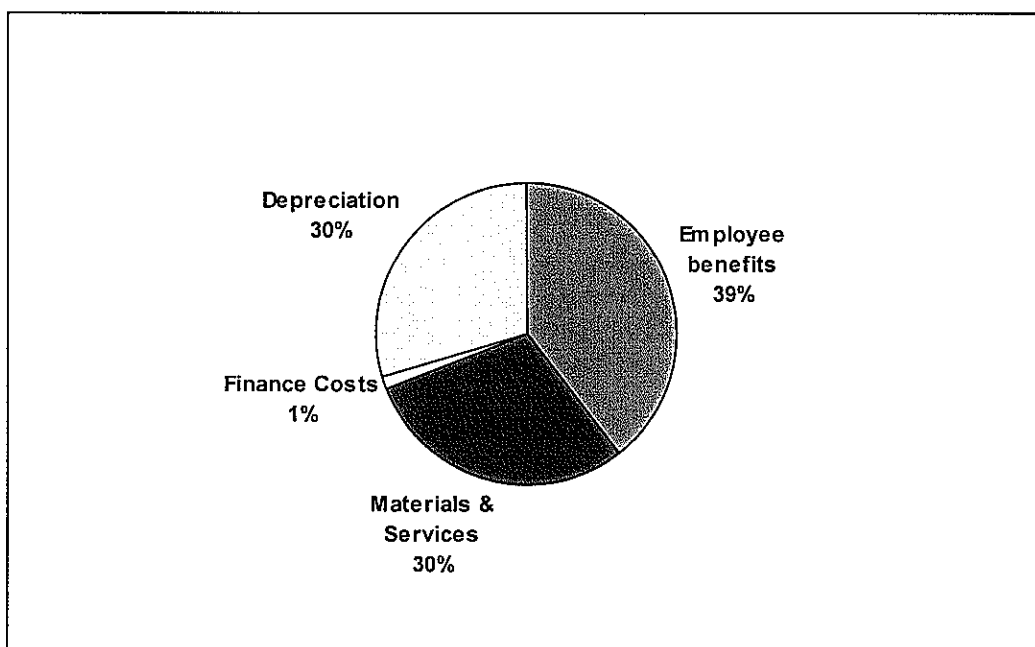
### **Loan Repayments**

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

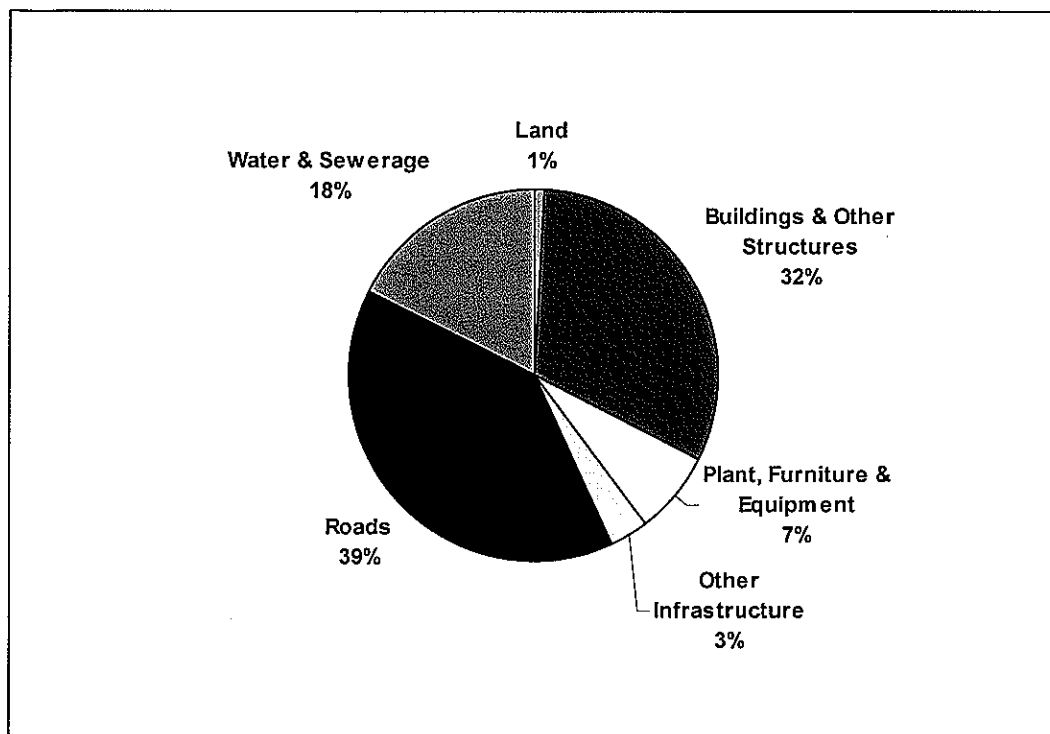
## Where does the money come from?



## Where does the money go?



## What assets does the community own?



## What does the Council owe money for ?

Function/Activity	Balance 30 June 2007
Administration Building Extension	\$ 194,586
Construction of Cosmos Centre	\$ 423,013
Roadworks	\$ 651,879
Residential Development	\$1,250,031

**MURWEH SHIRE COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**



# MURWEH SHIRE COUNCIL

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# MURWEH SHIRE COUNCIL

## Income Statement

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
<b>1. Income</b>			
<b>1.1 Revenue</b>			
<b>1.1.1 Recurrent revenue</b>			
Net rate and utility charges	3	4,184	4,078
Fees and charges	3	525	546
Interest received	3	99	55
Sales - contract and recoverable works	3	1,679	3,401
Other recurrent income	3	218	195
Grants, subsidies, contributions and donations	4	4,320	4,258
<b>Total recurrent revenue</b>		<b><u>11,024</u></b>	<b><u>12,533</u></b>
<b>1.1.2 Capital revenue</b>			
Grants, subsidies, contributions and donations	4	1,901	3,605
<b>Total capital revenue</b>		<b><u>1,901</u></b>	<b><u>3,605</u></b>
<b>Total revenue</b>		<b><u>12,925</u></b>	<b><u>16,138</u></b>
<b>1.2 Capital income</b>	5	<b><u>(14)</u></b>	<b><u>117</u></b>
<b>Total income</b>		<b><u>12,911</u></b>	<b><u>16,255</u></b>
<b>2. Expenses</b>			
<b>2.1 Recurrent expenses</b>			
Employee benefits	6	(5,243)	(5,206)
Materials and services	7	(3,932)	(5,469)
Finance costs	8	(182)	(191)
Depreciation	9	(3,958)	(3,058)
<b>Total recurrent expenses</b>		<b><u>(13,315)</u></b>	<b><u>(13,924)</u></b>
<b>2.2 Capital expenses</b>			
Revaluation decrements	10	0	(142)
		<u>0</u>	<u>(142)</u>
<b>Total expenses</b>		<b><u>(13,315)</u></b>	<b><u>(14,066)</u></b>
<b>Net result attributable to council</b>		<b><u>(404)</u></b>	<b><u>2,189</u></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 2007

	<u>Notes</u>	<u>2007 Actual</u> (\$'000)	<u>2006 Actual</u> (\$'000)
<b>Current Assets</b>			
Cash and cash equivalents	11	482	1,433
Trade and other receivables	12	1,080	1,269
Inventories	13	918	814
Other financial assets	14	63	51
<b>Total current assets</b>		<b>2,541</b>	<b>3,567</b>
<b>Non-current Assets</b>			
Property, plant and equipment	15	58,045	56,336
Capital works in progress	16	5,509	6,576
<b>Total non-current assets</b>		<b>63,554</b>	<b>62,912</b>
<b>TOTAL ASSETS</b>		<b>66,095</b>	<b>66,478</b>
<b>Current Liabilities</b>			
Trade and other payables	17	1,223	1,063
Interest bearing liabilities	18	157	147
Other	20	52	130
<b>Total current liabilities</b>		<b>1,432</b>	<b>1,340</b>
<b>Non-current Liabilities</b>			
Trade and other payables	17	913	826
Interest bearing liabilities	18	2,362	2,520
<b>Total non-current liabilities</b>		<b>3,275</b>	<b>3,346</b>
<b>TOTAL LIABILITIES</b>		<b>4,707</b>	<b>4,686</b>
<b>NET COMMUNITY ASSETS</b>		<b>61,388</b>	<b>61,792</b>
<b>Community Equity</b>			
Asset revaluation reserve	21	31,591	31,591
Retained surplus/(deficiency)	22	28,993	29,086
Other reserves	23	804	1,115
<b>TOTAL COMMUNITY EQUITY</b>		<b>61,388</b>	<b>61,792</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 2007

	Asset revaluation reserve		Retained surplus		Other reserves		Total
	Note 21		Note 22		Note 23		
	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)
Opening balance	31,591	30,126	29,086	27,098	1,115	871	61,792
Revaluations of property, plant and equipment	0	1,465	0	0	0	0	1,465
Transfer to Shire Capital	0	0	0	43	0	0	43
Net income recognised directly in equity	0	1,465	0	43	0	0	1,508
Surplus for the period	0	0	(404)	2,189	0	0	(404)
Total recognised income and expense	31,591	31,591	28,682	29,330	1,115	871	61,388
Transfers to and from reserves							
Transfers to general reserves	0	0	(169)	(3,652)	169	3,652	0
Transfers from general reserves	0	0	480	3,409	(480)	(3,409)	0
Total transfers to and from reserves	0	0	311	(244)	(311)	244	0
Closing balance	31,591	31,591	28,993	29,086	804	1,115	61,388
							61,792

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 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		(\$'000)	(\$'000)
<b>Cash flows from operating activities:</b>			
Receipts from customers		11,019	13,007
Payments to suppliers and employees		<u>(8,934)</u>	<u>(11,047)</u>
		<b>2,085</b>	<b>1,960</b>
Interest received		84	45
Borrowing costs		<u>(178)</u>	<u>(183)</u>
<b>Net cash inflow (outflow) from operating activities</b> <sup>28</sup>		<b>1,990</b>	<b>1,822</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment		(4,851)	(5,114)
Payments for/Proceeds from sale of developed land		(80)	59
Proceeds from sale of property, plant and equipment	5	<u>236</u>	<u>517</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b>(4,695)</b>	<b>(4,538)</b>
<b>Cash flows from financing activities</b>			
Grants, subsidies, contributions and donations		1,901	3,612
Repayment of borrowings	19	<u>(147)</u>	<u>(137)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<b>1,754</b>	<b>3,475</b>
<b>Net increase (decrease) in cash held</b>		<b><u>(951)</u></b>	<b><u>760</u></b>
Cash at beginning of reporting period		1,433	673
<b>Cash at end of reporting period</b>	11	<b><u>482</u></b>	<b><u>1,433</u></b>

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

# **MURWEH SHIRE COUNCIL**

For the year ended 30 June 2007

## **Note 1: Summary of significant accounting policies**

### **1. A Basis of Preparation**

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

### **1. B Statement of Compliance**

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

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

### **1. C Early Adoption of New Accounting Standards.**

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

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

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

### **1. D Currency**

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

### **1. E Constitution**

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

### **1. F Date of Authorisation**

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

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

### **1. G Changes to Accounting Policies**

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



## **1. H Rates, Grants and Other Revenue**

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

### **(i) Rates**

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

### **(ii) Grants and subsidies**

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

### **(iii) Non-cash contributions**

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

### **(iv) Other revenue including contributions**

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

## **1. I 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.

## **1. J 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.

## **1. K Other Financial Assets**

Other Financial Assets are recognised at cost.

## **1. L Inventories**

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

Inventories held for distribution are:

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

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

## **1. M 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 Statement of Financial Performance on the signing of a valid unconditional contract of sale.

## **1. N Investments**

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

Interest and dividend revenues are recognised on an accrual basis.

## **1. O Investment Property**

Investment property, which is property held for the primary purpose of earning rentals and/or capital appreciation. Property which is held for future development and sale, and property held by the Council without any specific purpose (such as land no longer required for its original purpose) is investment property.

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

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

## **1. P Property, Plant and Equipment**

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

### **(i) Major plant**

The Council has determined that plant which has an individual cost in excess of \$150,000 is of high value to the Council. Plant which meets these criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete.

### **(ii) Acquisition of assets**

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

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

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

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

The Council has determined that individual items of plant and equipment with a cost in excess of \$150,000 are of high value to the local government. All other items of plant and equipment are measured on the cost basis.

### **(iv) Valuation**

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

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



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

(v) 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 15 (a).

(vi) Unfunded depreciation

Murweh Shire Council has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works other than 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.

## **1. Q Capital Work in Progress**

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

## **1. R Impairment of Non Current Assets**

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 department 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.

## **1. S Leases**

Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

### **(i) Finance leases**

Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

### **(ii) Operating leases**

Payments made under operating leases are expensed in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## **1. T Payables**

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

## **1. U 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**

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

### **(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 26.

### **(v) Long service leave**

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

## **1. V Borrowings**

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

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

## **1. W Asset Revaluation Reserve**

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

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

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

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

## **1. X Reserves**

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) 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.

### **(ii) 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.

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

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

### **(iv) Constrained works reserve**

This reserve is created 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.

### **(v) Reserve held for future recurrent expenditure**

This is a cash backed reserve and represent amounts 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. Murweh Shire Council currently has the following recurrent reserves:-

#### **Charleville Aerodrome Reserve**

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

#### **Non Capital Grants Reserve**

This reserve is created with all operating grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purposes of funding specific operating projects.

## **1. Y 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.

## **1. Z 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.

## **1. AA 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.

## **1. AB Financial Risk Management**

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

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

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

When the Council borrows, it borrows from the Queensland Treasury Corporation 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 29.

## **1. AC Trust Funds Held for Outside Parties**

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

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

## **1. AD 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**  
**Note 2a: Analysis of Results by Function**

For the year ended 30 June 2007

	Grants revenue		Other revenue		Total revenue		Total expenses		Net result for period		Assets	
	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)
Corporate Services	3,179	2,533	3,014	3,706	6,193	6,239	3,425	3,831	2,768	2,408	28,418	28,174
Engineering Services	2,819	4,333	1,706	3,155	4,525	7,488	5,897	6,862	(1,372)	626	27,483	28,257
Environmental & Health Services	25	105	489	498	514	604	2,550	2,423	(2,035)	(1,820)	0	0
Water and Sewerage Services	31	354	1,648	1,570	1,679	1,925	1,443	950	236	974	10,194	10,046
<b>Total Council</b>	<b>6,054</b>	<b>7,325</b>	<b>6,858</b>	<b>8,930</b>	<b>12,911</b>	<b>16,255</b>	<b>13,315</b>	<b>14,066</b>	<b>(404)</b>	<b>2,189</b>	<b>66,095</b>	<b>66,478</b>

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

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 2b: Components of Council Functions

The activities relating to the Council's components reported on in Note 2 (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.

Also provide refuse collection and disposal service.

### **Water and Sewerage service**

The provision of reticulated untreated bore water and the treatment of sewer waste water.

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 3: Revenue analysis

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
<b>(a) Rates and charges</b>			
General rates		2,495	2,431
Water		1,116	1,070
Water consumption, rental and sundries		26	26
Sewerage		631	606
Garbage charges		363	346
Total rates and utility charge revenue		<u>4,631</u>	<u>4,478</u>
Less: Discounts		(401)	(384)
Less: Pensioner remissions		(46)	(16)
Net rates and utility charges		<u>4,184</u>	<u>4,078</u>
<b>(b) Fees and charges</b>			
Fees and Charges		525	546
		<u>525</u>	<u>546</u>
<b>(c) Interest received</b>			
Interest received from investments		84	45
Interest from overdue rates and utility charges		15	10
		<u>99</u>	<u>55</u>
<b>(d) Sales - Contract and recoverable works</b>			
Sales - Contracts and recoverable works		1,679	3,401
		<u>1,679</u>	<u>3,401</u>

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.

### (e) Other recurrent income

Other income	218	195
	<u>218</u>	<u>195</u>

## Note 4: Grants, Subsidies, Contributions and Donations

### (a) Recurrent - government grants, subsidies, and other contributions are analysed as follows

General purpose grants	3,752	3,402
Government subsidies Specified Project and grants	568	856
<b>Total recurrent revenue</b>	<u>4,320</u>	<u>4,258</u>

### (b) Capital - government grants and subsidies, and other contributions are analysed as follows

State Government subsidies and grants	1,901	3,565
Contributions	0	40
<b>Total capital revenue</b>	<u>1,901</u>	<u>3,605</u>



# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)

## (c) Conditions over contributions

Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition they be expended in a manner specified by the contributor but had not been expended at the reporting date.

Grants expenditure on infrastructure	1,744	2,862
--------------------------------------	-------	-------

Contributions and grants which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with Council's obligations.

Grants expended on infrastructure	440	0
-----------------------------------	-----	---

## Note 5: Capital income

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

Proceeds from the sale of property, plant and equipment	236	517
Less: Book value of property, plant and equipment disposed	(250)	(400)
<b>Total gain (loss) on the disposal of non-current assets</b>	<b>(14)</b>	<b>117</b>

## Note 6: Employee benefits

Total staff wages and salaries	4,405	4,411
Councillors' remuneration	94	84
Annual, sick and long service leave entitlements	957	915
Superannuation 26	508	509
	<b>5,964</b>	<b>5,919</b>
Less: Capitalised employee expenses	(721)	(713)
	<b>5,243</b>	<b>5,206</b>

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

### Total Council employees at period end

Permanent Staff	109	106
Casual Staff	21	14
<b>Total council employees</b>	<b>130</b>	<b>120</b>
Mayor & Councillors	10	10



# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 7: Materials and services

Notes	2007 Actual (\$'000)	2006 Actual (\$'000)
Advertising	14	15
Audit services	29	21
Consultants	36	43
Donations paid	92	114
Entertainment and Hospitality	5	7
Other material and services	<u>3,756</u>	<u>5,269</u>
	<b>3,932</b>	<b>5,469</b>

## Note 8: Finance costs

Finance costs charged by Queensland Treasury Corporation	171	181
Bank charges	<u>11</u>	<u>10</u>
	<b>182</b>	<b>191</b>

## Note 9: Depreciation

Buildings & Other Structure	611	567
Parks (Recreation Grounds)	6	165
Aerodrome (Landing Strip)	70	30
Plant and equipment	1,040	738
Road, drainage and bridge network	1,923	1,280
Water	152	151
Sewerage	<u>156</u>	<u>127</u>
	<b>3,958</b>	<b>3,058</b>

## Note 10: Revaluation decrement

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

## Note 11: Cash and cash equivalents

Cash at bank and on hand	199	99
Deposits at call	<u>283</u>	<u>1,334</u>
<b>Balance per Statement of Cash Flows</b>	<b>482</b>	<b>1,433</b>

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

Constrained works reserves	492	775
Non capital grants reserves	<u>19</u>	<u>48</u>
<b>Total unspent capital grants and subsidies</b>	<b>511</b>	<b>823</b>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 12: Trade and other receivables

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
(a) Current			
Rateable revenue and utility charges		247	276
Other debtors		744	971
Less: Provision for doubtful debts		(6)	(6)
GST recoverable		95	28
		<u>1,080</u>	<u>1,269</u>

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

## Note 13: Inventories

Miscellaneous Store items*	163	142
Floating Plant & Equipment **	27	29
Cosmos-Inventory*	25	23
	<u>214</u>	<u>194</u>

\*Valued at the lower of cost and selling price less cost to sell.

\*\*Valued at the lower of cost and replacement value.

Land purchased for development and sale	<u>703</u>	<u>619</u>
<b>Total inventories</b>	<u>918</u>	<u>814</u>

## Note 14: Other financial assets

Prepayments	29	<u>63</u>	<u>51</u>
		<u>63</u>	<u>51</u>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 15a: Council Property, Plant and Equipment

Asset Values	Land \$'000	Buildings Other Structures \$'000	Plant & Equip Fittings \$'000	Parks \$'000	Road Infrastructure \$'000	Water & Sewerage Infrastructure \$'000	Aerodrome Landing Strip \$'000	Totals \$'000
Opening Balance at Cost	33	3,138	12,625	39	961	8	-	16,804
Opening Balance at Valuation	371	25,202	-	493	63,584	17,963	1,462	109,075
<b>Total Opening 1/07/06</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>
Additions at Cost	54	955	617		1,776	2,276	239	5,917
Disposal	-13		- 594					-607
Closing balance at cost	87	4,093	12,648	39	2,737	2,284	239	22,127
Closing balance at valuation	358	25,202	-	493	63,584	17,963	1,462	109,062
<b>Total Gross Cost/Valuation</b>	<b>445</b>	<b>29,295</b>	<b>12,648</b>	<b>532</b>	<b>66,321</b>	<b>20,247</b>	<b>1,701</b>	<b>131,189</b>
<b>Accumulated Depreciation</b>								
Opening balance	-	10,443	7,407	176	41,459	9,744	314	69,543
Depreciation provided in period								
Written off on disposal		611	1,040	6	1,923	308	71	3,958
Internal transfers		-140	329	-159			-30	-
<b>Closing balance</b>		<b>10,914</b>	<b>8,418</b>	<b>23</b>	<b>43,382</b>	<b>10,052</b>	<b>355</b>	<b>73,144</b>
<b>Written down value at 30 June 2007</b>	<b>445</b>	<b>18,382</b>	<b>4,229</b>	<b>509</b>	<b>22,939</b>	<b>10,195</b>	<b>1,346</b>	<b>58,045</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>Estimates life in years</b>	<b>0</b>	<b>5-50</b>	<b>1-15</b>	<b>5-30</b>	<b>0-50</b>	<b>5-80</b>	<b>10-30</b>	
<b>Residual values</b>	<b>-</b>	<b>503</b>	<b>1,549</b>				<b>44</b>	

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 15b: 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 Ltd as at 30 June 2006.

### Furniture & fittings and Plant and Equipment

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

### 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.

## Note 16: Capital works in progress

Capital works in progress

5,509	6,576
<u>5,509</u>	<u>6,576</u>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
<b>Note 17: Trade and other payables</b>			
<b>Current</b>			
Creditors and accruals		654	548
Annual leave		413	396
Sick leave		54	40
Long service leave		70	68
Other entitlements		32	12
	29	<u>1,223</u>	<u>1,063</u>
<b>Non-current</b>			
Annual leave		223	168
Long service leave		629	598
Sick Leave		60	60
		<u>913</u>	<u>826</u>

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.

## Note 18: Borrowings

<b>Current</b>			
Loans QTC	19	<u>157</u>	<u>147</u>
		<u>157</u>	<u>147</u>
<b>Non-current</b>			
Loans QTC	19	<u>2,362</u>	<u>2,520</u>
		<u>2,362</u>	<u>2,520</u>

## Note 19: Loans

### (i) Queensland Treasury Corporation

Opening balance		2,667	2,804
Loans raised		0	0
Principal repayments		<u>(147)</u>	<u>(137)</u>
<b>Book value at period end</b>		<u>2,520</u>	<u>2,667</u>
Classified as:			
Current		157	147
Non-current		<u>2,362</u>	<u>2,520</u>
	29	<u>2,520</u>	<u>2,667</u>

The loan market value at the reporting date was \$2,490,848.17. 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 6.12% 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.

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

Notes	2007 Actual (\$'000)	2006 Actual (\$'000)
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## Note 20: Other liabilities

Unearned Revenue	52	130
	<u>52</u>	<u>130</u>

## Note 21: Asset revaluation reserve

### (a) Asset revaluation reserve movement

Movements in the asset revaluation reserve were as follows:

Balance at beginning of the period	31,591	30,126
------------------------------------	--------	--------

Net adjustment to non-current assets at end of period to reflect a change in current fair value:

Buildings & Other Structures	0	8,633
Aerodrome (Landing Strip)	0	1,178
Road, drainage and bridge network	0	(8,479)
Water & Sewerage	0	133
	<u>0</u>	<u>1,465</u>

Balance at end of the year	<u>31,591</u>	<u>31,591</u>
----------------------------	---------------	---------------

### (b) Asset revaluation reserve analysis

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

Buildings and Other Structures	9,812	9,812
Road, Drainage and Bridge Network	19,760	19,760
Water and Sewerage	<u>2,019</u>	<u>2,019</u>
	<u>31,591</u>	<u>31,591</u>

## Note 22: Retained surplus

Movements in the retained surplus were as follows:

Retained surplus/(deficit) at the beginning of the financial year	29,086	27,098
Result from ordinary activities	(404)	2,189

Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:

Town Water Reserve	0	219
Constrained works reserve	283	(775)

Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended:

Recurrent expenditure reserve	29	312
Transfers (to)/from Shire Capital	0	43
Retained surplus at the end of the financial year	<u>28,993</u>	<u>29,086</u>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

Notes	2007 Actual (\$'000)	2006 Actual (\$'000)
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## Note 23: Other reserves

### (a) Summary of reserves held for future capital expenditure:

(i) Buildings Reserve	84	84
(ii) Constrained works reserve	<u>492</u>	<u>775</u>
	<b>576</b>	<b>859</b>

### (b) Summary of reserves held for future recurrent expenditure:

(i) Recurrent expenditure reserve	228	256
<b>Total reserves</b>	<b><u>804</u></b>	<b><u>1,115</u></b>

### (c) Movements in capital reserves are analysed as follows:

#### (i) Building Reserve

Balance at the beginning of period	84	303
Transfer to retained earnings funds expended in the period	<u>0</u>	<u>(219)</u>
<b>Balance at the end of period</b>	<b><u>84</u></b>	<b><u>84</u></b>

#### (ii) Constrained works reserve

Balance at the beginning of period	775	0
Transfer from retained earnings for future expenditure	1,901	3,622
Transfer to the retained earnings funds expended in the period	<u>(2,184)</u>	<u>(2,847)</u>
<b>Balance at the end of period</b>	<b><u>492</u></b>	<b><u>775</u></b>

### (d) Movements in recurrent reserves are analysed as follows:

#### (i) Recurrent expenditure reserve

Balance at the beginning of period	256	568
Transfer from retained earnings for future expenditure	11	31
Transfer to retained earnings	<u>(40)</u>	<u>(342)</u>
<b>Balance at the end of period</b>	<b><u>228</u></b>	<b><u>256</u></b>

## Note 24: Commitments for expenditure

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

Warrego River Levee Bank Charleville	2,617	601
Charleville Water Supply Augmentation	<u>0</u>	<u>212</u>
	<b><u>2,617</u></b>	<b><u>813</u></b>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 25: Contingent liabilities

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

### Local Government Mutual

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.

### Local Government Workcare

The Council is a member of the Local Government self insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only Local Government's Workers compensation authority may call on any on part of the guarantee should the above circumstances arise.

The Council's maximum exposure is: \$142,209.17

## Note 26: 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 2006 (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 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

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

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

Contributions

508 509





# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
	(\$'000)	(\$'000)

## Note 27: Trust funds

Monies collected or held on behalf of other entities  
yet to be paid out to or on behalf of those entities

30	13
<u>30</u>	<u>13</u>

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.

## Note 28: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

Result from ordinary activities	(404)	2,189
<b>Non-cash operating items:</b>		
Depreciation	3,958	3,058
Revaluation down of property, plant and equipment	0	142
	<u>3,958</u>	<u>3,200</u>
<b>Investing and development activities:</b>		
Net (profit) loss on disposal of non-current assets	14	(117)
Profit on sale of developed land	(4)	(59)
	<u>10</u>	<u>(176)</u>
<b>Financing activities:</b>		
Capital grants and contributions	(1,901)	(3,612)
	<u>(1,901)</u>	<u>(3,612)</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in receivables	178	323
(Increase) decrease in other operating assets	(20)	149
Increase (decrease) in payables	169	(250)
	<u>327</u>	<u>222</u>
<b>Net cash inflow from operating activities</b>	<u>1,990</u>	<u>1,822</u>

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 29: 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**

For the year ended 30 June 2007

Notes	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	2007 Actual (\$'000)	2006 Actual (\$'000)	2007 Actual (\$'000)	2006 Actual (\$'000)
<b>Financial assets</b>				
Cash and cash equivalents	480	1,431		482
Receivables	0	0	2	1,433
Prepayments	0	0	833	1,080
	<u>480</u>	<u>1,431</u>	<u>833</u>	<u>1,625</u>
Weighted average interest rate	6.63%	5.76%	0.0%	0.0%
<b>Financial liabilities</b>				
Payables	0	0	2	1,223
Loans - Queensland Treasury Corporation	0	0	833	1,889
	<u>0</u>	<u>0</u>	<u>833</u>	<u>2,520</u>
Weighted average interest rate	0.0%	0.0%	0.0%	0.0%
<b>Net financial assets</b>	<u>480</u>	<u>1,431</u>	<u>(325)</u>	<u>(2,118)</u>

## **Note 29: Financial instruments**

# MURWEH SHIRE COUNCIL

For the year ended 30 June 2007

## Note 30: National Competition Policy

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

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

#### (a) Roads business activity:

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

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

- (i) trading in goods and services to clients in competition with the private sector; or
- (ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to 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

For the year ended 30 June 2007

## Note 31: Financial Ratios

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
		<u>(\$'000)</u>	<u>(\$'000)</u>
(a) <b>Revenue ratio</b>		37.95%	32.53%
The council's dependence on net rates and utility charges as a % of total operating revenue			
(b) <b>Working capital ratio</b>		1.77:1	2.66:1
The ratio of current assets available to meet current liabilities			
(c) <b>Debt servicing ratio</b>		2.8%	2.5%
The percentage that the Council's operating revenue is used to service loan interest and principal repayments			
(d) <b>Borrowing ratio</b>		22.43%	21.27%
The total capital borrowing as a percentage of Operating revenue			
(e) <b>Rate Arrears ratio</b>		6.05%	6.5%
The percentage of rates and charges receivable to net rate and charges revenue. The effectiveness of Council's collection of rates and charges.			

# MURWEH SHIRE COUNCIL

## Management Certificate

For the year ended 30 June 2007

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

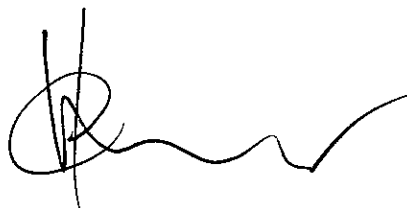
In accordance with Section 48 of the Standard we certify that:—

- (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 2007 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: 13 Sept. 07



Mr Chris Blanch  
Chief Executive Officer

Date: 13 SEPT. 07

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Murweh Shire Council

### Scope

#### Report on the Financial Report

I have audited the accompanying financial report of Murweh Shire Council, which comprises the balance sheet as at 30 June 2007, income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes, notes to and forming part of the financial report and certificates given by the Mayor and the Chief Executive Officer for the year ended 30 June 2007.

#### *The Council's Responsibility Responsibility for the Financial Report*

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

#### *Auditor's Responsibility Approach*

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

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

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion and 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 Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

#### *Auditor's Opinion*

In accordance with 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 the establishment and keeping of accountsrecording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and
  - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the transactions financial performance and cash flows of the Murweh Shire Council for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.

  
R.A. Lindley FCA

(as Delegate of the Auditor-General of Queensland)

Signed at Toowoomba this Twenty-ninth day of October 2007

