



MURWEH

Shire Council



ANNUAL REPORT

for period ending 30 June 2008

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Foreword



Welcome to the fifteenth 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

*Murweh Shire is the "Home of the Natural Sciences",
achieving sustainable existence in a semi-arid environment.*

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

Maximise the economic, social and lifestyle potential of Murweh Shire.



Composition of Council

Murweh Shire is a Corporate Body consisting of a Mayor and four (4) Elected Members.

ELECTED MEMBERS

MAYOR	Cr. M.A O'Brien
Elected Members	Cr. C.J. Russell Cr. D.M. Cook Cr.R.W. Bignell Cr. A.N. McInnerney

SENIOR OFFICERS:

Chief Executive Officer	Mr. Chris Blanch
Director of Corporate Services	Mr. Neil Polglase
Director of Engineering Services	Mr. Errol George
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



Meetings of Council

Council meets at the Council Chambers on the second Thursday of each calendar month.
Council meetings commence at 9.00am.

Meetings are open to the public.

The following Councillors remuneration package was adopted by Council at its' meeting held 8th May, 2008:

Remuneration Category 2 Council

Mayor - \$69,610.00 per annum
Deputy Mayor - \$37,970.00 per annum
Councillor - \$31,640.00 per annum

1. Expenses

A Representing Council

Where Council resolves Councillors are required to attend conferences or workshops, Council will reimburse expenses associated with attending the event since participation is part of the business of council.

B Professional Development Needs

Where Council resolves that all or some Councillors are to attend training or workshops for skills development, Council will reimburse costs for the course.

Where a Councillor identifies a need to attend a conference, workshop or training to improve skills related to their role as a Councillor, Council will allow for expenses to be covered for a maximum of \$5000.00 per Councillor during the current term of Council.

2. Travel Costs

Travel costs for Councillors attending approved conferences, seminars and meetings will be met by Council excepting those meetings held in Charleville.

An annual travel allowance of \$3600.00 per annum will be paid to Councillor Andrew McInerney and Councillor Cec Russell to compensate them for the distances (McInerney 100kms, Russell 89kms) that they live from Charleville. Log books will be kept to acquit the allowance with any shortfall to be returned to Council.

3. Accommodation

Accommodation for approved events will be arranged and paid for by Council administration.

4. Meals

Council will meet the actual cost for meals for approved events.

5. Hospitality Expenses

Council will reimburse the cost of hospitality expenses incurred for Council business or activities upon production of receipts as follows;

Mayor \$2000.00 per annum
Councillor \$500.00 per annum

6. Administration tools and access to Council office amenities

If required from the Chief Executive Officer or under his guidelines the following will be provided to Councillors for activities associated with Councillor duties;

- Access to office space and meeting rooms if available
- Secretarial support
- Council telephone and internet
- Fax and scanners
- Printer, photocopier, paper shredder
- Stationery
- Publications relating to Council activities
- Other administrative necessities

7. Home Office

No allowance will be paid

8. Maintenance Costs of Council Owned Equipment

Council will maintain equipment and facilities owned by Council.

9. Name Badges and Uniforms

Council will supply name badges to Councillors and safety clothing where required by WHS regulations.

10. Vehicle

Vehicles will not be supplied to Councillors except for approved travel to conferences and meetings approved by the Chief Executive Officer. No private use is permitted.

11. Telecommunication Needs

No mobile phones or land lines will be provided to Councillors. An annual allowance will be paid to offset telecommunication costs as follows;

Mayor \$2000.00 per annum
Councillors \$1000.00 per annum

Proof of expenditure will be supplied annually with any unexpended allowance reimbursed to Council.

12. Legal Costs

- a. Council may resolve to cover costs incurred through any inquiry, investigation, hearing or legal proceedings into the conduct of a Councillor, or arising out of, or in connection with the Councillors performance of his civic functions.
- b. Councillors will be covered under Council insurance policies while discharging civic duties.

13. Fuel Costs

Fuel costs will be reimbursed if a Councillor is using a Council vehicle for approved purposes upon production of receipts.

14. Car Parking Amenities

Not provided.

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

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

Cr Mark O'Brien

Ordinary Meetings	10
Meetings attended elsewhere	61
Telephone Allowance	1,500
Meeting Attendance Fees	11,550
Remuneration After March 2008	17,402.49
Travelling	18.48
Mayoral Allowance	16,500.06
Gross Income	46,971.03
Tax	11,336.20

Cr Cecil Russell

Ordinary Meetings	10
Meetings attended elsewhere	6
Telephone Allowance	500
Meeting Attendance Fees	2,100
Remuneration After March 2008	7,910.01
Travelling	1,897.92
Gross Income	12,407.92
Tax	6.92

Cr Patricia Arden

Ordinary Meetings	7
Meetings attended elsewhere	3
Telephone Allowance	250
Meeting Attendance Fees	1,890
Travelling	1,782
Gross Income	3,922
Tax	647

Cr Denis Cook

Ordinary Meetings	9
Meetings attended elsewhere	5
Telephone Allowance	500
Meeting Attendance Fees	2,310
Deputy Mayor Allowance	6,000
Remuneration After March 2008	9492.48
Travelling	15.84
Gross Income	18,318.31
Tax	4,998.31

Cr Andrew McInnerney

Ordinary Meetings	9
Meetings attended elsewhere	1
Telephone Allowance	500
Meeting Attendance Fees	1,365
Remuneration After March 2008	7,910.01
Travelling	1,824
Gross Income	11,484.16
Tax	2,787.16

Cr Roy Bignell

Ordinary Meetings	10
Meetings attended elsewhere	0
Telephone Allowance	500
Meeting Attendance Fees	1,470
Remuneration After March 2008	7,910.01
Travelling	18.48
Gross Income	9,898.48
Tax	2,417.48

Cr Guillaume Jongkind

Ordinary Meetings	5
Meetings attended elsewhere	1
Telephone Allowance	250
Meeting Attendance Fees	1,155
Travelling	13.20
Gross Income	1,418.20
Tax	226.40

Cr Alison Mobbs

Ordinary Meetings	7
Meetings attended elsewhere	3
Telephone Allowance	250
Meeting Attendance Fees	1,890
Travelling	279.18
Gross Income	2,719.18
Tax	399.18

Cr Nicholas Swadling

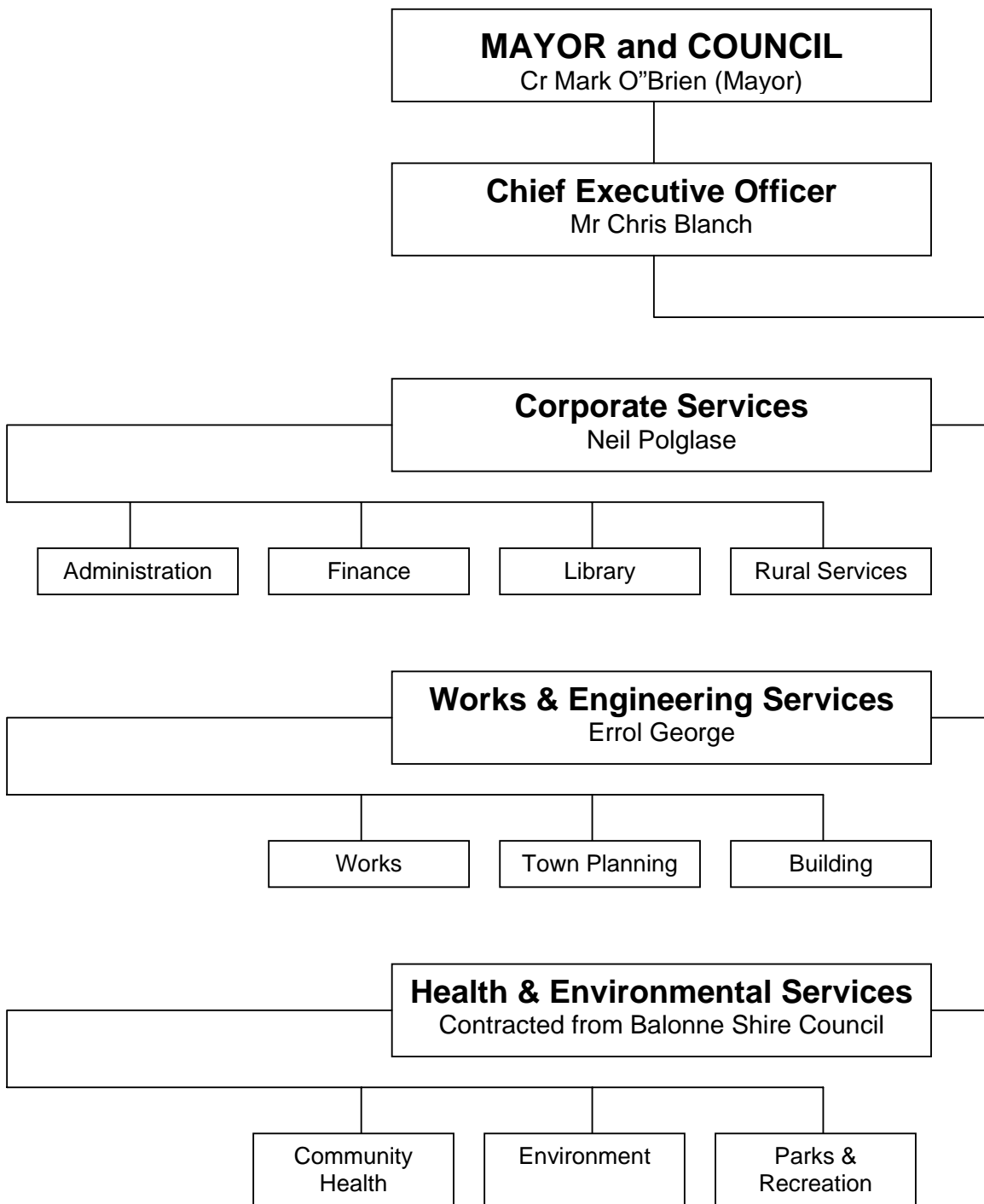
Ordinary Meetings	2
Meetings attended elsewhere	1
Telephone Allowance	250
Meeting Attendance Fees	525
Travelling	7.92
Gross Income	782.92
Tax	129.92

Cr Jacqueline Tanzer

Ordinary Meetings	6
Meetings attended elsewhere	2
Telephone Allowance	250
Meeting Attendance Fees	1,575
Travelling	15.84
Gross Income	1,840.84
Tax	305.84



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 2007-08

Mayor's Report 2007-2008

On behalf of my fellow Councillors, I am pleased to submit this report for the twelve months ending 30th June 2008.

Following major reforms to local government this year, the number of representatives on the Murweh Shire Council was reduced from ten to five including Mayor. While Murweh Shire was spared the dramas that many communities faced with compulsory amalgamations a large number of new reforms have been challenging.

Four members of the previous Council were successfully re-elected and the position of Mayor I retained unopposed. Divisions were eliminated for the first time and Councillors now represent all residents living in our Shire.

This year the Shire enjoyed widespread and significant rainfall after many years of drought. The welcome rains also made the residents of Charleville and Augathella relive the spectre of floods. Both communities pulled together magnificently and with the assistance of a large number of volunteers and our new levee banks, disaster was averted.

This year also saw renewed optimism in the future of our Shire with high confidence in our real estate. All residential blocks at Aurora Estate have been sold and many new homes have been constructed. A second stage development of rural residential blocks was sold out before the project was completed. Council will investigate developing further residential areas to meeting growing demand.

Funding was approved to commence works on a new medical centre in Charleville and new aged units in Augathella. We were greatly disappointed that the new Federal Government withdrew funds for the proposed national Bilby Centre and upgrade of the Cosmos Centre.

I would like to thank the last term Councillors and current Councillors for all their hard work during the past twelve months, especially the Deputy Mayor Councillor Denis Cook. I would also like to express my appreciation to the Chief Executive Officer and his staff.

Mark O'Brien
MAYOR



Mayor Cr Mark O'Brien

Chief Executive Officer's Report 2007-2008

2007-2008 will be remembered as a time of great changes in local government. At the March elections 152 Councils were reduced to 73 following compulsory amalgamations. Murweh Shire while not affected by amalgamations saw our number of Councillors reduced from ten to five and many new regulations introduced.

Prior to the elections Councillors David Dunne and Cheryl Barret resigned and appointments were made of Jackie Tanzer in Charleville and Andrew McInnerney in Morven to replace them. On the staff front our Director of Engineering Services Mr Samson Palliyaguru left us late in the financial year to take up a position with the Brisbane City Council to be closer with family.

Council during the year acknowledged the service of twenty of our employees who had achieved a minimum of twenty years with Council. Gold watches and certificates were presented at a morning tea to celebrate the milestone.

The financial year also saw the completion of the Charleville and Augathella levee banks which have been a financial burden on Council for the past four years. Their completion, which was done without major increases in rates or any borrowings, will see a great improvement in our ability to build cash reserves for our future. The development and sale of 23 rural residential blocks during the year and sale of the remnant blocks of the Aurora residential estate was also a major achievement. Other major works included the completion of the Augathella swimming pool, major upgrade to security at the Charleville airport and sealing of the landing strip at Augathella airport. The station masters building in Morven was relocated to one of the Morven parks to be used for a community room by the Morven progress association.

Council received an unqualified audit report for the previous financial year and this year and complied with our other statutory requirements. The Queensland Electoral Office ran local government elections in Queensland for the first time in March 2008 and these were generally problem free.

The election of a new labour government in Canberra could have dramatic implications for local government. We are lobbying hard to ensure that the very successful roads to recovery programme is kept for the next 5 years and hope that assistance for ageing infrastructure and new infrastructure will be forthcoming. I am confident that Murweh Shire has a buoyant future and look forward to the challenges ahead.

I also acknowledge the efforts and support of our new Councillors and the abilities and expertise of a top class staff and workforce.



C D Blanch
Chief Executive Officer



Chief Executive Officer - Mr Chris Blanch

Corporate Services Report

Council has recorded an excellent result for the financial year to the 30th June, 2008 with a surplus of **\$2.3M** from a small deficit the previous year of around \$400K. This is largely due to the increase in revenues of around 40% from \$12.9M in 2007 to **\$18.2M** in 2008 while expenditures have only increased by 19% from \$13.3M in 2007 to **\$15.8M** in 2008.

Increased capital revenues have significantly contributed to the revenue result with a large portion attributed to the finalisation of the Charleville and Augathella Levee Banks.

Council has also been able to dispose of all properties currently developed by Council in Aurora Stage 1 and 2.

Present current asset position of Council including cash deposits have significantly improved this year also from a net balance of \$1.1M in 2007 to \$2.2M in 2008. Council borrowings for 2008 have increased marginally with an offer of \$400K to assist with the construction of a \$1M Charleville Medical Centre with the remainder being funded by grants from the Federal and State Governments.

Further subsidised works next year including works in connection with the Main Roads construction of the Ward River Bridge, at an estimate of \$14M, Flood Damage of \$2.5M with Roads Alliance, Roads to Recovery and TIDS subsidies will assist Council in maintaining a strong cashflow and further surplus.

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

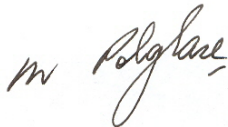
The final financial position of Council's accounts demonstrates that our capacity to attract and provide additional work for other related activities has continued to increase the sound business management of our organisation. Operation of Murweh Shire Council's activities and financial dealings were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

There were no critical audit issues and 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



Director of Corporate Services - Mr Neil Polglase

Works & Engineering Service Report

Airports

Civil Aviation & Authority audit requirements have been met during the year. New security fence and paving works completed at Charleville and bitumen airstrip built at Augathella. Funding obtained for back up power generator at Charleville.

Flood Mitigation

Completion of levee banks at Charleville and Augathella. Gates for the Sturt Street Bridge were ordered from Germany. Bradleys Gully flows have been greatly improved by the removal of thousands of tonnes of silt. This was previously done in 1975.

Roadworks

Council accepted a Main Roads contract to construct the approaches for the new Ward River Bridge which will carry over next financial year. The bridge when constructed will be the third biggest in Western Queensland with a budget of nearly \$14 million.

Further widening of the Morven to Charleville road was completed at a cost of \$567,000.00.

Town street and footpath maintenance and upgrading was undertaken in Morven, Augathella and Charleville with an allocation of \$983.00 for roadworks and \$120,000.00 for footpaths.

\$209,000.00 was spent on sealing a section of the Nooraloo road and \$235,000.00 for Killarney road under the R2R scheme. Other R2R completed seals were to Kyber road \$95,774.00 and Nebine road \$263,769.00. Ordinary maintenance of other rural roads in the Shire was undertaken during the year at a cost of \$581,000.00.

Plant & Capital Works

A new roller was purchased during the year and planning is underway for a significant upgrade of some of Councils aged plant fleet over the next three years.

A new truck wash bay was constructed in Augathella at a cost of \$35,000.00. Council staff assisted with site works at the new Augathella state school swimming pool. Council contributed \$190,000.00 towards the \$410,000.00 cost of the project.

Director of Engineering Services

The Director of Engineering Services Mr Samson Palliyaguru resigned from Council in May 2008 after 5 years service with Council. He will be replaced by Mr Errol George who commenced in August 2008.



Director of Engineering Services
Mr Errol George





Summary of Results 2007- 2008

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

REVENUES	2008 Actual	%	2007 Actual	%
	\$(000)		\$(000)	
Corporate Services	6,607	37.0	6,193	48.0
Health & Environmental Services	624	4.0	514	4.0
Works & Engineering Services	10,554	59.0	6,204	48.0
	17,785	100.0	12,911	100.0

EXPENSES	2008 Actual	%	2007 Actual	%
	\$(000)		\$(000)	
Corporate Services	4,076	26.0	3,425	22.7
Health & Environmental Services	2,852	18.0	2,550	19.2
Works & Engineering Services	8,946	56.0	7,340	55.1
	13,315	100.0	13,315	100.0



Workforce

	30 June 2008		30 June 2007	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Corporate Services	10	28	5	33
Health & Environmental Services	3	-	3	-
Works & Engineering Services	89	3	84	3

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 2007-2008

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.

Council has proposed the construction of a new medical centre for Charleville and is seeking funding on a 50-50 basis for this project. As Council resources currently do not allow Council to fund this project internally, a borrowing of around \$400,000 is planned for the 2007-08 financial year.

It is further envisaged that replacement of Council's ageing sewerage system will be required and is planned for the 2010-11 financial year. Depending on Council's financial position at this point in time a further borrowing may be required to replace this asset. Grant funding will be sourced however only cover between 40-80% of the capital cost of replacement estimated at around \$7 M. The term of these loans will be undertaken so as repayment will be in line with the above policy.



Revenue Policy 2007-2008

1.0 LEGISLATIVE AUTHORITY

Local Government Act 1993 Sections 513 B(1)

Local Government Finance Standard 2005 Division 2 Section 12

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 513 A (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 2007 – 2007 Corporate Plan includes the following corporate objective:

“Maximise the Economic, Social and Lifestyle potential of Murweh Shire”.

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 economy, 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.



Augathella Racecourse

- **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 amenities. It also has an annual use by the Show sporting clubs regularly and participants being charged for sporting clubs ensures the to encourage greater use of all recreational pursuits, Council representatives for use of 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.



a sports oval and indoor sporting extensive canteen and kitchen. In addition Society, the showgrounds are used by for catering functions, with senior (adult) use. The charging of fees and bonds for facilities are properly maintained however facilities and to foster junior sporting and has undertaken not to charge junior these facilities. The annual show

- **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. and other participating nominal fee which encourages use safety. This fee is established by by Council. All fees and receipts are retained by the lessee. Whilst operating, training and responsible for all maintenance CSO, costs which amount to 90% of a 50 metre pool in Western



Patrons, including schools, clubs organizations, are charged a of the facility and promotes water the resident lessee and approved from the operation of the canteen the Charleville pool is leased for promotional purposes, Council is expenditure. Council treats as a of the benchmark for the operation 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, undertaken by the Council to While the water supply funding, there is some cross town systems. This will be documents.

In relation to Fire Brigade regards the provision of the



commercial and industrial users is being ensure that usage is correctly monitored. system as a whole is intended to be self subsidy between the operations of the separate identified and quantified in the budget

usage for fire fighting purposes, Council 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 2007- 2008

1.0 LEGISLATIVE AUTHORITY

Local Government Act 1993 (Part 2A) Section 513A.

Local Government Finance Standard 2005, Division 2, Section 56

2.0 INTRODUCTION

Under the Local Government Act 1993 (as amended) 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 2007/2008 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 2007/2008 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 5,001ha

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: -

Differential Rate Categories	Differential Minimum General Rate
<u>Town (Urban) categories</u>	
Rate Category 1	\$452.00
Rate Categories 2,3	\$388.00
<u>Rural Categories</u>	
Rate Category 6	\$646.00
Rate Category 7	\$1097.00
Rate Category 8	\$2640.00
Rate Category 9	\$3312.00

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. Aged Pensioners holding an eligible government concession card under criteria established by the State Government will have this additional sewerage charge waived.

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 2007/08 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:-

CATEGORY	CHARLEVILLE	AUGATHELLA	MORVEN
	<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. Further, the additional pedestal charges applied to the township of Charleville will be waived to aged pensioners in receipt of a pension on the same criteria adopted by the State Government.

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 2007/2008: -

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 2007/2008

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.

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 S.485, 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.



Policy for the making of Contracts



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 2007-08 by either Councillors or staff of the Murweh Shire Council.

Consultancies

No consultancies were undertaken in the financial year 2007-08 as such no report provided.

Grants to Community Organisations.

Council has made no cash grants to community organisations in the financial year 2007-2008 as such no report provided.

Advertising

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

MEDIA –		
CATEGORIES OF SERVICE	PRINT	VOICE (RADIO)
General Services	\$7,774	\$ 4,969
Human Services (vacancies emp)	816	
Tourism (Promotions)	1,594	43,393
Engineering / Works (Tenders)	568	
Total Expenditure	\$10,752	\$48,362

Entertainment or hospitality services: -

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

Official Visitors to Council	\$1,982
Workshops / Seminars	\$6,110
Social Functions	\$ 671
Misc. Functions – Australia Day Celebrations / Mayors Morning Tea	\$1,670
Total Expenditure	\$10,433



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 2007- 2008

As part of the further development of the reporting requirements, this report is provided to highlight Council's performance and achievements for the 2007/2008 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 \$1.700M
- Shire road & street improvement \$1.334M
(Including State and Federal Grants)

Water / Sewerage

- Water maintenance – Morven \$97,694
- Water maintenance – Cville \$624,555
- Water maintenance – Augathella \$98,364
- Sewerage maintenance – C'ville \$377,886
- Sewerage maintenance – Augathella \$56,918
- Water Supply upgrade – Cville \$80,000

Buildings & Other Structures

- Construction of the flood levee bank \$3.001M
- Aerodrome Upgrade \$175,612
- Preliminary costs Medical Centre \$63,105
- Completion of Augathella School Pool \$409,424
- Playground at Aurora Estate \$20,262
- Truckwash at Augathella \$35,800
- Shed construction for risk management \$58,386

Plant & Equipment / Furniture & Fittings

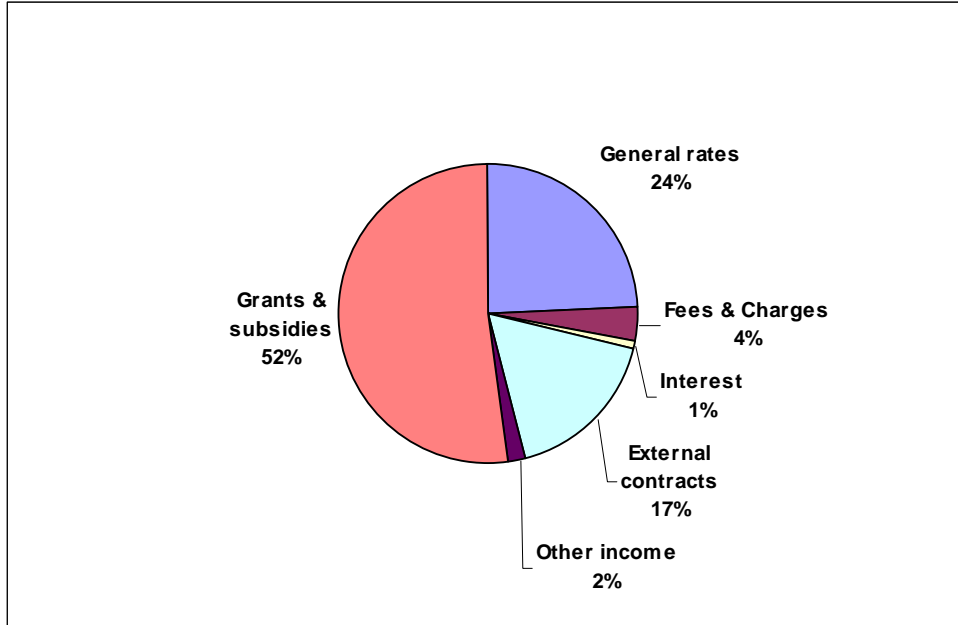
- Replacement value of Council heavy plant and equipment \$691,000

Trade-ins and sales of plant & equipment returned a gain on disposal to the Community of \$216,318 in 2007-2008.

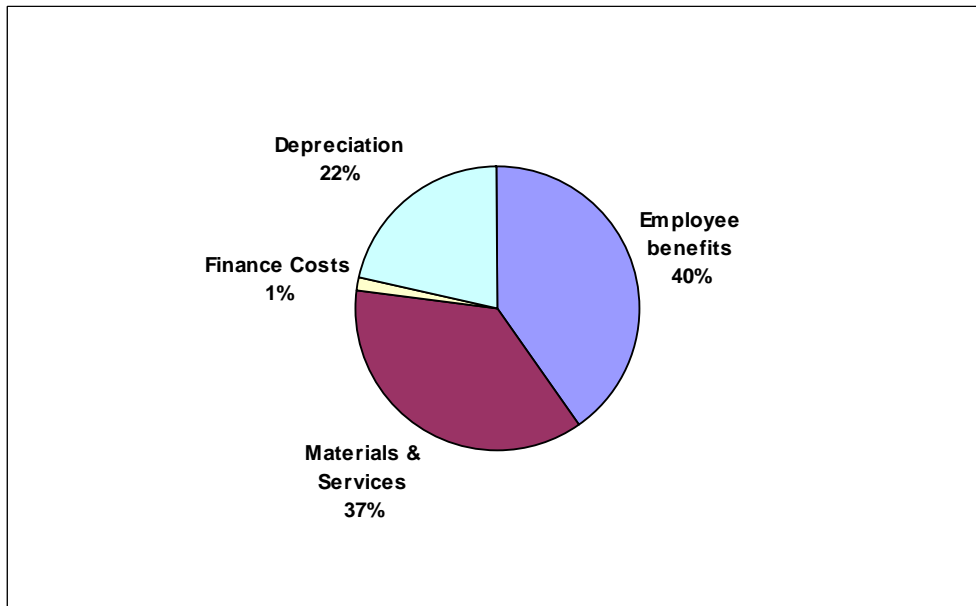
Loan Repayments

Total Loan Repayments (Principal only) \$164,000.

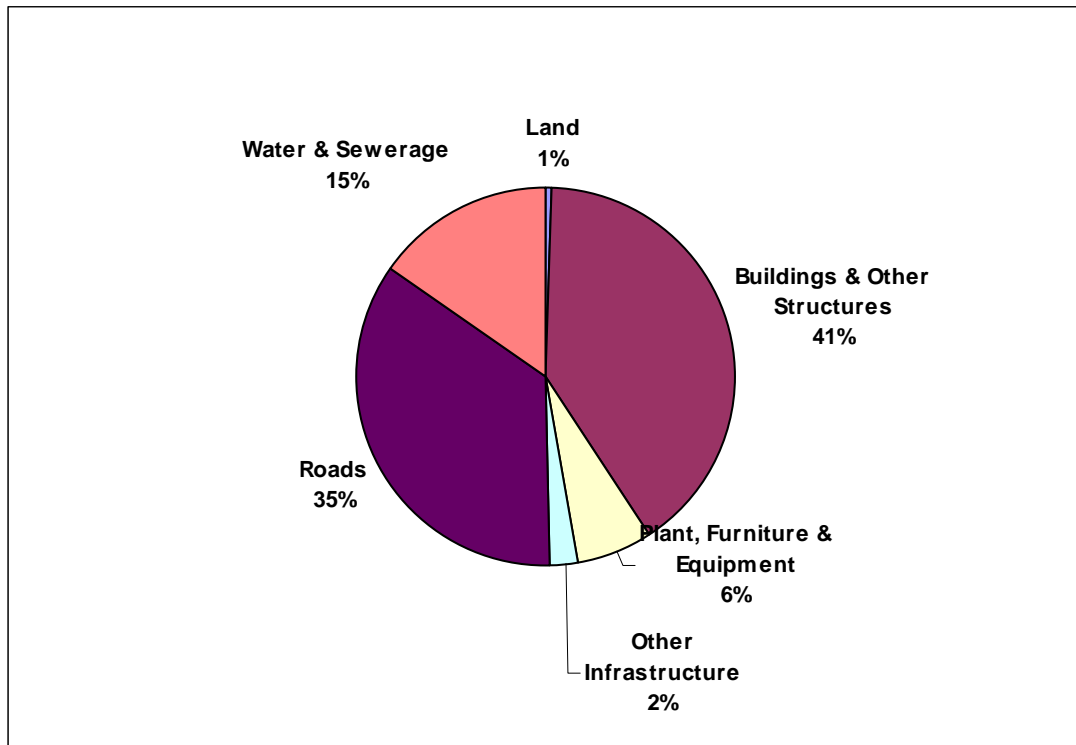
Where does the money come from?



Where does the money go?



What assets does the community own?



What does the Council owe money for ?

Function/Activity	Balance 30 June 2008
Administration Building Extension	\$ 186,017
Construction of Cosmos Centre	\$ 404,386
Medical Centre	\$ 392,607
Roadworks	\$ 587,696
Residential Development	\$1,184,405
Total	\$2,755,113

MURWEH SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

MURWEH SHIRE COUNCIL

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For the year ended 30 June 2008

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MURWEH SHIRE COUNCIL

Income Statement

For the year ended 30 June 2008

	Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
1. Income			
1.1 Revenue			
1.1.1 Recurrent revenue			
Net rate and utility charges	3	4,446	4,184
Fees and charges	3	659	525
Interest received	3	145	99
Sales - contract and recoverable works	3	3,070	1,679
Other recurrent income	3	352	218
Grants, subsidies, contributions and donations	4	5,307	4,320
Total recurrent revenue		13,978	11,024
1.1.2 Capital revenue			
Grants, subsidies, contributions and donations	4	4,164	1,901
Total capital revenue		4,164	1,901
Total revenue		18,143	12,925
1.2 Capital income		43	(14)
Total income		18,185	12,910
2. Expenses			
2.1 Recurrent expenses			
Employee benefits	6	(6,375)	(5,243)
Materials and services	7	(5,859)	(3,932)
Finance costs	8	(185)	(182)
Depreciation and amortisation	9	(3,455)	(3,958)
Total recurrent expenses		(15,874)	(13,315)
Net result attributable to council		2,311	(404)

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 2008

	Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Current Assets			
Cash and cash equivalents	10	2,416	482
Trade and other receivables	11	1,106	1,080
Inventories	12	311	918
Other financial assets	13	179	63
Total current assets		4,011	2,541
Non-current Assets			
Property, plant and equipment	14	64,806	58,045
Capital works in progress	15	284	5,509
Total non-current assets		65,090	63,554
TOTAL ASSETS		69,101	66,095
Current Liabilities			
Trade and other payables	16	1,453	1,223
Interest bearing liabilities	17	177	157
Other	19	157	52
Total current liabilities		1,787	1,432
Non-current Liabilities			
Trade and other payables	16	1,038	913
Interest bearing liabilities	17	2,578	2,362
Total non-current liabilities		3,616	3,275
TOTAL LIABILITIES		5,403	4,707
NET COMMUNITY ASSETS		63,699	61,388
Community Equity			
Asset revaluation reserve	20	31,591	31,591
Retained surplus/(deficiency)		31,360	28,993
Other reserves	22	748	804
TOTAL COMMUNITY EQUITY		63,699	61,388

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 2008

	Asset revaluation reserve		Retained surplus		Other reserves		Total
	Note 20		Note 22				
	2008	2007	2008	2007	2008	2007	
	Actual	Actual	Actual	Actual	Actual	Actual	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Opening balance	31,591	31,591	28,993	29,086	804	1,115	61,388 61,792
Revaluations of property, plant and equipment	0	0	0	0	0	0	0 0
Transfer to Shire Capital	0	0	0	0	0	0	0 0
Net income recognised directly in equity	0	0	2,311	(404)	0	0	2,311 (404)
Surplus for the period	0	0	2,311	(404)	0	0	2,311 (404)
Total recognised income and expense	31,591	31,591	31,304	28,682	804	1,115	63,699 61,388
Transfers to and from reserves	0	0	(943)	(169)	943	169	0 0
Transfers to general reserves	0	0	(943)	(169)	943	169	0 0
Transfers from general reserves	0	0	999	480	(999)	(480)	0 0
Total transfers to and from reserves	0	0	56	311	(56)	(311)	0 0
Closing balance	31,591	31,591	31,360	28,993	748	804	63,699 61,388

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 2008

	Notes	2008 Actual	2007 Actual
		(\$'000)	(\$'000)
Cash flows from operating activities:			
Receipts from customers		13,678	11,019
Payments to suppliers and employees		(11,880)	(8,935)
		1,797	2,085
Interest received		129	84
Borrowing costs		(181)	(178)
Net cash inflow (outflow) from operating activities ²⁷		1,746	1,990
Cash flows from investing activities:			
Payments for property, plant and equipment		(5,411)	(4,851)
Proceeds from sale of developed land		737	(80)
Proceeds from sale of property, plant and equipment	5	464	236
Net cash inflow (outflow) from investing activities		(4,211)	(4,695)
Cash flows from financing activities			
Grants, subsidies, contributions and donations		4,164	1,901
Proceeds from borrowings		400	(147)
Repayment of borrowings	18	(164)	0
Net cash inflow (outflow) from financing activities		4,400	1,754
Net increase (decrease) in cash held		1,935	(951)
Cash at beginning of reporting period		482	1,433
Cash at end of reporting period	10	2,416	482

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

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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 Adoption of new Accounting Standards

AASB7 applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards (AAS), issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied.

AASB101 Presentation of Financial Statements (September 2007)

AASB123 Borrowing Costs (June 2007)

AASB1004 Contributions (December 2007)

AASB1051 Land under Roads (December 2007)

AASB2007-6 Amendments to AAS arising from AASB123 (June 2007)

AASB2007-8 Amendments to AAS arising from AASB101 (September 2007)

AASB 2007-9 Amendments to AAS arising from the review of AAS27, AAS29, AAS31 (December 2007)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

1. D Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

1. E Currency

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

1. F Constitution

Note 1 Summary of Significant Accounting Policies continued



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

1. G Date of authorisation

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

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

1. H Changes to Accounting Policies

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

1. I Rates, Grants and other Revenue

(i) Rates

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

(ii) Grants and Subsidies

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

(iii) Non Cash Contributions

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

(iv) Other Revenue including Contributions

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

1. J Cash and Cash Equivalents

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

1. K Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and, if there is objective evidence that council will not be able to collect all amounts due, the carrying amount is reduced with provision being made for impairment. The loss is recognised in other expenses.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on loss events.

All known bad debts are written-off against the provision for impairment at 30 June. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

1. L Other Financial Assets

Other financial assets are recognised at cost.

Note 1 Summary of Significant Accounting Policies continued

Categorisation

Murweh Shire Council has categorised the financial assets and liabilities held at balance date as follows:

Financial Assets	Categorisation
Cash	
Receivables	Receivables (at amortised cost)
Other financial assets	As applicable
Financial liabilities	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments is determined as follows:

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

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

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

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore are not disclosed separately below.

1. N Inventories

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

Inventories held for distribution are: goods to be supplied at no, or nominal charge and goods to be used for the provision of services at no or nominal charge. These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

1. O Land Held for Resale

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

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

1. P Investments

Financial institution deposits at call and term deposits are treated as cash. Interest is recognised on an accrual basis.



Note 1 Summary of Significant Accounting Policies continued

1. Q Property, Plant and Equipment

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

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

Land
Buildings and Other Structures
Plant, Equipment and Fittings
Parks
Road Infrastructure
Water and Sewerage Infrastructure
Aerodrome Landing Strip

(i) Acquisition of assets

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

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

(ii) Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or constructions 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.

(iii) 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.

Details of valuers and methods of valuations are disclosed in Note 14 (a).

(iv) 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.

(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.

Note 1 Summary of Significant Accounting Policies continued

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 14 (b).

(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. R 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. S 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 Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

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

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

1. T 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.

Note 1 Summary of Significant Accounting Policies continued

(ii) Operating leases

Payments made under operating leases are expensed in equal instalments 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. U Payables

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

1. V Liabilities - Employee Benefits

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

(i) Salaries and wages

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

(ii) Annual leave

A liability for annual leave is recognised. The current portion is 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 provision.

(iii) Sick leave

Provision for sick leave is recognised based on the conditions specified in the current Enterprise Bargaining Agreement.

(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 25.

(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. The current portion of this liability is relatively certain as to the date and amount of payment and is treated as a payable. The non current portion is treated as a provision.

Note 1 Summary of Significant Accounting Policies continued

1. W Borrowings

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

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.

Gains and losses on the early redemption of borrowings are recorded in other revenue/expense.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1. X 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. Y 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) *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.

(ii) *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.

(iii) *Reserve held for future recurrent expenditure*

This is a cash backed reserve and represents 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:-

(iv) *Charleville Aerodrome Reserve*

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

Note 1 Summary of Significant Accounting Policies continued

1. Z 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. AA 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. AB 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. AC 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. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of financial instruments and the associated risks are shown at note 28.

1. AD Judgements and Assumptions

The Council has made no judgements or assessments which may cause a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

1. AE Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, 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. For details please see Note 26.

1. AF Taxation

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

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 2a: Analysis of Results by Function

	Grants revenue		Other revenue		Total revenue		Total expenses		Net result for period		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Corporate Services	3,143	3,179	3,463	3,014	6,607	6,193	4,076	3,425	2,531	2,768	32,109	28,418
Engineering Services	5,047	2,819	3,767	1,706	8,814	4,525	7,328	5,897	1,486	(1,372)	27,080	27,483
Environmental & Health Services	78	25	547	489	624	514	2,852	2,550	(2,228)	(2,035)	0	0
Water and Sewerage Services	0	31	1,740	1,648	1,740	1,679	1,618	1,443	122	236	9,912	10,194
Total Council	8,268	6,054	9,518	6,858	17,785	12,911	15,874	13,315	1,911	(404)	69,101	66,096

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

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 2b: Summary 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

Include the 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

Include services such as 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

Provides reticulated untreated bore water and the treatment of sewerage waste water.

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 3: Revenue analysis

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
(a) Rates and charges		
General rates	2,666	2,495
Water	1,160	1,116
Water consumption, rental and sundries	52	26
Sewerage	656	631
Garbage charges	382	363
Total rates and utility charge revenue	4,917	4,631
Less: Discounts	(425)	(401)
Less: Pensioner remissions	(46)	(46)
Net rates and utility charges	4,446	4,184
(b) Fees and charges		
Fees and Charges	659	525
	659	525
(c) Interest received		
Interest received from investments	129	84
Interest from overdue rates and utility charges	15	15
	145	99
(d) Sales - Contract and recoverable works		
Sales - Contracts and recoverable works	3,070	1,679
(e) Other recurrent income		
Other income	352	219

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.

Note 4: Grants, Subsidies, Contributions and Donations

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

General purpose grants	4,062	3,752
Government subsidies Specified Project and grants	1,245	568
Total recurrent revenue	5,307	4,320

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

State Government subsidies and grants	4,164	1,901
Total capital revenue	4,164	1,901



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 5: Capital income

	Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Gain (loss) on the disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		464	236
Less: Book value of property, plant and equipment disposed		(421)	(250)
Total gain (loss) on the disposal of non-current assets		43	(14)

Note 6: Employee costs

Total staff wages and salaries		4,985	4,405
Councillors' remuneration		125	94
Annual, sick and long service leave entitlements		1,138	957
Superannuation	25	564	508
		6,812	5,964
Less: Capitalised employee expenses		(437)	(721)
		6,375	5,243

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	113	109
Casual Staff	20	21
Total full time equivalent employees	133	130

Total Council employees at period end

Mayor & Councillors	5	10
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Note 7: Materials and services

Audit services	30	29
Advertising	26	14
Consultants	33	36
Donations paid	131	92
Entertainment and Hospitality	7	5
Other material and services	5,632	3,756
	5,859	3,932



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 8: Finance costs

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Finance costs charged by Queensland Treasury Corporation	173	171
Bank charges	12	11
	<u>185</u>	<u>182</u>

Note 9: Depreciation

(a) Depreciation of non-current assets

Buildings & Other Structure	500	581
Parks (Recreation Grounds)	286	280
Aerodrome (Landing Strip)	167	146
Plant and equipment	628	719
Road, drainage and bridge network	1,511	1,923
Water & Sewerage	<u>363</u>	<u>308</u>
Total depreciation of non-current assets	<u>3,455</u>	<u>3,958</u>

Note 10: Cash and cash equivalents

Cash at bank and on hand	2,416	482
Balance per Statement of Cash Flows	<u>2,416</u>	<u>482</u>

Unspent Government Grants & Subsidies

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

Constrained Work Reserve	448	492
Non Capital Grant Reserve	<u>7</u>	<u>19</u>
Total unspent restricted cash for capital projects	<u>456</u>	<u>511</u>

Deposits are held with Queensland Treasury Corporation. The deposits are bearing interest between 7.86% and 8.14%.

Note 11: Trade and other receivables

(a) Current

Rateable revenue and utility charges	282	247
Other debtors	776	744
Less: Provision for doubtful debts	(2)	(6)
GST recoverable	<u>50</u>	<u>95</u>
	<u>1,106</u>	<u>1,080</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.

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 12: Inventories

<u>Notes</u>	<u>2008 Actual</u>	<u>2007 Actual</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Current		
Inventories for distribution:		
Miscellaneous Store items	194	163
Floating Plant & Equipment	27	27
Cosmos-Inventory	21	25
Total inventories for distribution	243	214
 Land purchased for development and sale	 68	 703
Total inventories	311	918

Note 13: Other financial assets

Current

Prepayments	179	63
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Note 14 (a): 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 including Aerodrome and Parks

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

Furniture & fittings Plant and Equipment

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

Infrastructure

Water and Sewerage Infrastructure -

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

Road and Drainage Infrastructure

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



Murweh Shire Council		Notes to and forming part of the Financial Statements																
For the year ended 30 June 2008																		
Note 14 (b)		Property, Plant and Equipment																

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 15: Capital works in progress

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Capital works in progress	284	5,509

Note 16: Trade and other payables

Current

Creditors and accruals	821	654
Annual leave	453	413
Sick leave	60	54
Long service leave	70	70
Other entitlements	49	32
	<u>1,453</u>	<u>1,223</u>

Non-current

Annual leave	238	223
Long service leave	731	629
Sick Leave	69	60
	<u>1,038</u>	<u>913</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 17: Borrowings

Current

Loans QTC	177	157
	<u>177</u>	<u>157</u>

Non-current

Loans QTC	2,578	2,362
	<u>2,578</u>	<u>2,362</u>

Note 18: Loans

Queensland Treasury Corporation

Opening balance	2,520	2,667
Loans raised	400	0
Principal repayments	(164)	(137)

Book value at period end

2,755 2,520

Classified as:

Current	177	157
Non-current	2,578	2,362
	<u>2,755</u>	<u>2,520</u>



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

The loan market value at the reporting date was \$2,679,482.19. 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.

Note 19: Other liabilities

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Current		
Unearned Revenue	157	53
	<u>157</u>	<u>53</u>

Note 20: Asset revaluation reserve

(i) Asset revaluation reserve

Movements in the asset revaluation reserve were as follows:

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

(ii) Asset revaluation reserve analysis

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

Buildings & Other Structures	9,812	9,812
Road, drainage and bridge network	19,760	19,760
Water & Sewerage	<u>2,019</u>	<u>2,019</u>
	<u>31,591</u>	<u>31,591</u>

Note 21: Retained surplus

Movements in the retained surplus were as follows:

Retained surplus/(deficit) at the beginning of the financial year	28,993	29,086
Result from ordinary activities	2,311	(404)
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:		
Constrained works reserve	44	283
Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	12	29
Retained surplus at the end of the financial year	<u>31,360</u>	<u>28,994</u>

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 22: Other reserves

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
(a) Summary of reserves held for future capital expenditure:		
(i) Buildings Reserve	84	84
(ii) Constrained works reserve	448	492
	532	576
(b) Summary of reserves held for future recurrent expenditure:		
(i) Recurrent expenditure reserve	216	228
	216	228
Total reserves	748	804

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

(i) Building Reserve

Balance at the beginning of period	84	84
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	0	0

Balance at the end of period

84 **84**

(ii) Constrained works reserve

Balance at the beginning of period	492	775
Transfer from retained earnings for future expenditure	0	1,901
Transfer to the retained earnings funds expended in the period	(44)	(2,184)

Balance at the end of period

448 **492**

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

(i) Recurrent expenditure reserve

Balance at the beginning of period	228	256
Transfer from retained earnings for future expenditure	0	11
Transfer to retained earnings	(12)	(40)

Balance at the end of period

216 **227**



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 23: Commitments for expenditure

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Operating leases		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	0	0
One to five years	0	0
	0	0
Contractual commitments		
Contractual commitments at balance date but not recognised in the financial statements are as follows:		
Warrego River Levee Bank Charleville	0	2,617
	0	2,617

Note 24: Contingent liabilities

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

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 circumstances arise.

The Council's maximum exposure is: \$160,459.75 (2007: \$142,209.17)



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 25: Superannuation

Notes	2008 Actual	2007 Actual
	(\$'000)	(\$'000)

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 2007 (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

564	508
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Note 26: Trust funds

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

46	30
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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.



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 27: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

Notes	2008 Actual (\$'000)	2007 Actual (\$'000)
Result from ordinary activities	2,311	(404)
Non-cash operating items:		
Depreciation and amortisation	3,455	3,958
	3,455	3,958
Investing and development activities:		
Net (profit) loss on disposal of non-current assets	(43)	14
Capital grants and contributions	(4,164)	(1,901)
Profit on sale of developed land	(102)	(4)
	(4,309)	(1,891)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(142)	178
(Increase) decrease in other operating assets	(28)	(20)
Increase (decrease) in payables	460	169
	289	326
Net cash inflow from operating activities	1,746	1,990

MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 28: Financial Risk Management

Murweh Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the performance of the Council.

Murweh Shire Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity
Credit Risk Ageing analysis	

(i) Credit Risk

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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

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

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated/regulated banks/financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

By the nature of the Council operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural, there is also a concentration in the agricultural sector.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

The following table represents the Council's maximum exposure to credit risk:

Financial Assets	2008 \$'000	2007 \$'000
Cash and cash equivalents QTC	2,121	283
Cash and cash equivalents bank	295	199
Receivables	1,106	1,080
Total	3,522	1,562



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Past due or impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following table represents an analysis of the age of the Council's financial assets that are either full performing, past due or impaired:

	Gross 2008 \$'000	Impairment 2008 \$'000
Not past due	788	
Past due 0-30 days	12	
Past due 31-120 days	26	-2
Past due over 120 days	282	

(ii) Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities. The council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the QTC for capital works.

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the Borrowings Note 17 and 18.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Financial Liabilities

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2008	1,180	1,436	2,148	4,764
2007	970	1,268	2,047	4,284

There is no working capital facility currently in place for the Council.

(iii) Interest Rate Risk

The Council is exposed to interest rate risk through its borrowings from QTC and investments held with QTC.

The risk in borrowing is effectively managed by the borrowing mainly from QTC and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

Interest Rate Sensitivity Analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.



MURWEH SHIRE COUNCIL

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

	Net Carrying Amounts \$'000	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	2,416	-24	-24	24	24
QTC Borrowings	2,755	27	27	-27	-27

Note 29: 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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

Note 30: Financial ratios of the accounts

	<u>2008 Actual</u> (\$'000)	<u>2007 Actual</u> (\$'000)
(a) Debt servicing ratio: The percentage of the Council's total operating income that is used to service loan interest and principal repayments	2.49%	2.8%
(b) General revenue ratio: The Council's dependence on general rate revenue as a percentage of total operating income	19.08%	22.64%
(c) Revenue ratio: The Council's dependence on net rates and utility charges as a percentage of total operating income	31.81%	37.95%
(d) Working capital ratio: The ratio of unrestricted current assets available to meet current liabilities	2.24 : 1	1.77 : 1
(e) Borrowing ratio The total capital borrowing as a percentage of total operating revenue	19.71%	22.43%
(f) Rate arrears ratio: The percentage of rates and charges receivable to net rate and charges revenue. The effectiveness of the Council's collection of rates and charges	6.34%	6.05%

MURWEH SHIRE COUNCIL

Management Certificate

For the year ended 30 June 2008

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 2008 and supporting notes present the Council's income, equity, balance sheet and cash flows as required by the Local Government Act 1993.


Councillor Mark O'Brien
Mayor

Date: 12.09.2008


Mr Chris Blanch
Chief Executive Officer

Date: 12.09.2008

**INDEPENDENT AUDITOR'S REPORT
To the Mayor of Murweh Shire Council**

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 2008, income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies other explanatory notes, and certificates given by the Mayor and the Chief Executive Officer for the year ended 30 June 2008.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free 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 or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the financial performance and cash flows of the Murweh Shire Council for the financial year 1 July 2007 to 30 June 2008 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 1st day of October 2008

