

MURWEH

Shire Council



ANNUAL REPORT 2008-2009



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Foreword



Welcome to the sixteenth 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. Russell Hood
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 McInnerney and Councillor Cec Russell to compensate them for the distances (McInnerney 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 & REMUNERATION FOR INDIVIDUAL COUNCILLORS

Cr Mark O'Brien

Ordinary Meetings	10
Special Meetings	1
Telephone Allowance	2,000.04
Mayoral Allowance	69,609.96
Gross Income	71,610.00
Tax	13,602.00

Cr Denis Cook

Ordinary Meetings	10
Special Meetings	1
Telephone Allowance	999.96
Deputy Mayor Allowance	37,969.92
Gross Income	38,969.88
Tax	4,632.88

Cr Cecil Russell

Ordinary Meetings	11
Special Meetings	1
Telephone Allowance	999.96
Travel Allowance	3,600.00
Councillor Allowance	31,640.04
Gross Income	36,240.00
Tax	-

Cr Andrew McInnerney

Ordinary Meetings	11
Special Meetings	1
Telephone Allowance	999.96
Travel Allowance	3,600.00
Councillor Allowance	31,640.04
Gross Income	36,240.00
Tax	7,486.00

Cr Roy Bignell

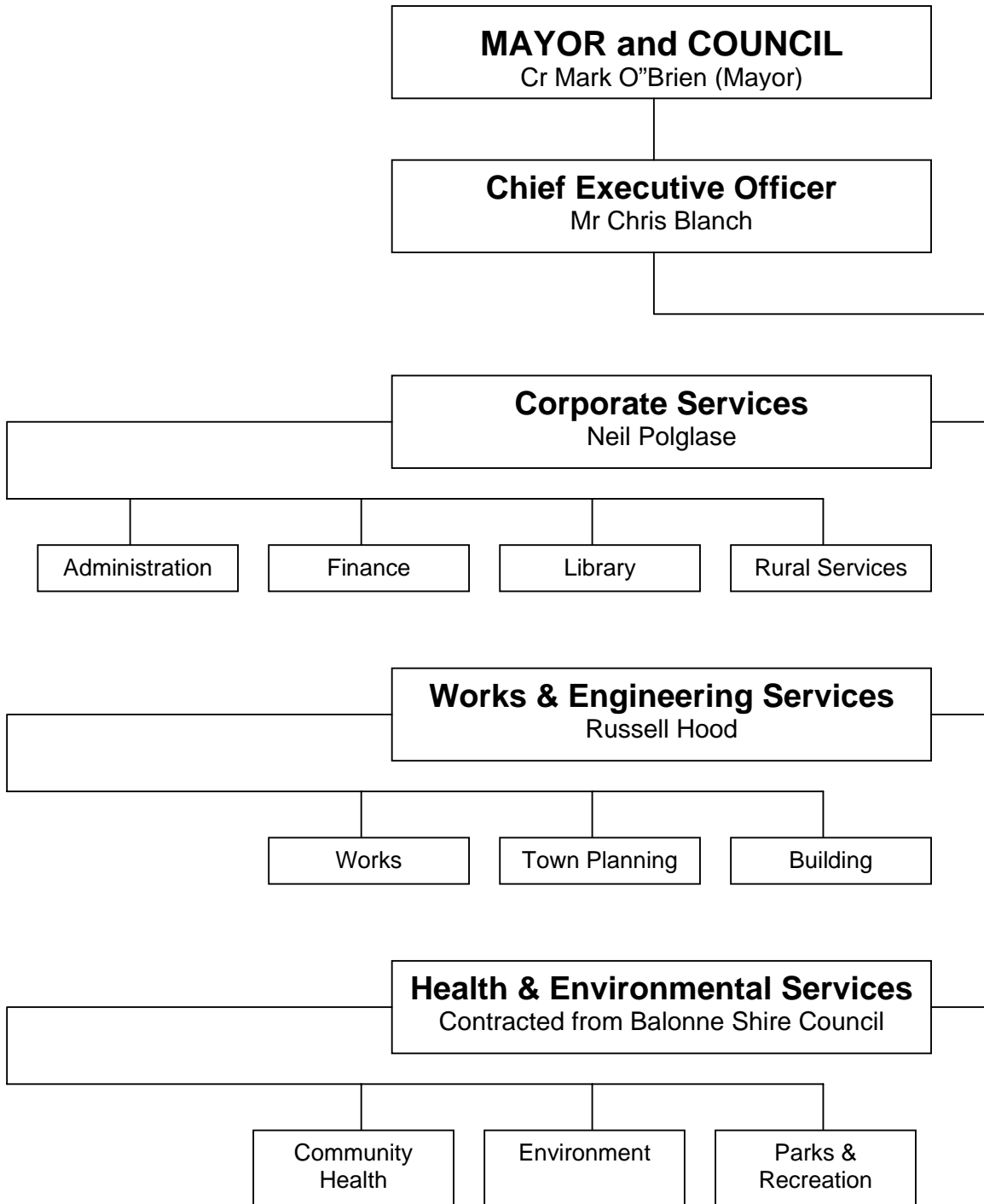
Ordinary Meetings	10
Special Meetings	1
Telephone Allowance	999.96
Councillor Allowance	31,640.04
Gross Income	32,640.00
Tax	8,508.00



*L to R: back row – CEO Mr Chris Blanch, Cr Cec Russell, Cr Roy Bignell, Cr Andrew McInnerney
Front row – Mayor Cr Mark O'Brien, Deputy Mayor Cr Denis Cook.*



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 2008-09

Mayor's Report 2008-2009

On behalf of my fellow Councillors, I am pleased to submit this report for the 12 months ending 30th June 2009.

Despite a very volatile world in economic terms Murweh Shire appears to have weathered the various crisis's in banking and the economy very well. Unemployment in the Shire has plateaued at a very pleasing 2% and growth and new enterprises have been as good as we have ever seen.

The reduction in State and Federal governments' grants to rural areas may also have an impact on our ability to fund new capital works into the future but at least in the near future we will maintain a busy schedule of works throughout the Shire.

This year will see the completion of the new Charleville Medical Centre, changerooms and canteen in Augathella and relocation of the Morven library into larger premises. Works are well underway for completion of a \$1 million upgrade to the Bollon Road and several other Council road upgrades. Partnership with Main Roads saw the new Ward River and Angellala Creek bridges and approaches completed.

It was tremendous to receive five regional and one state Tidy Towns awards this year and I congratulate Council staff and residents for their efforts in making Murweh Shire such an attractive place to live.

2009 saw us participating in the 150 year celebrations of Queensland statehood with the welcoming of the Q150 steam train to Morven and Charleville and the Qld Music Festival on the banks of the Warrego River. Later in the year Augathella will host the Q150 shearing shed.

I would like to thank my four fellow Councillors for their efforts during the year especially the Deputy Mayor Denis Cook. I would also express my appreciation to the Chief Executive Officer and his staff.

Mark O'Brien
MAYOR



Mayor Cr Mark O'Brien

Chief Executive Officers Report 2008-2009

Despite difficulties impacting on Australia and the world from the economic downturn Council has been fortunate to avoid some of the problems being experienced in other regions.

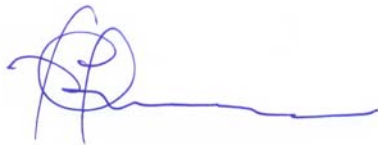
Our workforce has been kept gainfully employed on many varied projects and the outlook for the next 12 months is good. The local community has expressed its confidence in our region with increased building and development applications.

Many local governments, particularly the newly amalgamated large regional councils, greatly increased their rates revenue. Murweh Shire has for the past five years kept rises to the CPI limit which I believe has been a great result.

Since amalgamations many changes to the operation and activities to local government have been implemented. In the next twelve months we will have a new local government act, new local laws and several other changes to legislations and policy that will directly impact upon us.

Following the 2006 census the Australian Bureau of Statistics recorded Murweh Shire population as just under 5000 which was a significant decrease from the 5200 of the 2001 census. It is pointless trying to dispute these figures but the reduction in population has resulted in Council losing hundreds of thousands of dollars in infrastructure funding. Fortunately the roads to recovery program has been retained for the next 5 years and will allow for major capital works of \$800K per year on our shire roads.

In 2007/2008 Council received another unqualified audit and complied with statutory requirements. I would like to thank the wonderful staff and Councillors for making my job as satisfying and enjoyable.



C D Blanch
Chief Executive Officer



Chief Executive Officer – Mr Chris Blanch

Corporate Services Report 2008-09

Council has recorded a surplus of just over **\$3.0M** which is a slight increase of around \$700K from the previous year of \$2.3M. This is largely due to the increase in recoverable works revenues of around 60% from \$3.07M in 2008 to **\$5.02M** in 2009.

Expenditure has also increased in line with the additional works undertaken to **\$17.9M** this year up from \$15.8M last year with most of this money being to replace the new “Meecha” (previously Ward River) bridge and upgrade the approaches Stage 1 at a cost of around \$11.0M.

Asset position of Council including cash deposits have significantly improved this year with an increase in cash of **\$2.2M** on last year and improved and upgraded property, plant and equipment increase of **\$2.9M**. Council borrowings for 2009 have increased marginally (**\$500K**) with Council taking a loan of \$1M over 5 years to replace some obsolete plant items.

Further subsidised works next year including works in connection with widening of the Charleville – Morven Road, Flood Damage of \$2.5M, 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.

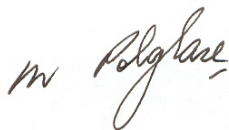
The final financial position of Council's accounts demonstrates that our capacity to attract and provide additional work for other related activities has continued to increase the sound business management of our organisation. Operation of Murweh Shire Council's activities and financial dealings were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

Lighting was successfully installed along the runway at the Augathella airstrip. A caravan dump point for tourists travelling through the Shire was installed at Charleville airport.

Water Supply & Sewerage

A water testing laboratory was established in Charleville which will mean testing can be done in the Shire rather than sending samples to Brisbane. New reticulation was installed at the Brumby estate development.

Roadworks

Approaches to the new \$15M Ward River bridge were completed. Widening works on the Morven to Charleville road continued mainly concentrating around Angellala Creek. New sealing works at Bollon Road, Nebine Road, Adavale Road and Red Ward Road were completed or near completion this financial year.

Capital Works

Landscaping and paving around the new medical centre in Charleville have greatly enhanced the appearance of this building. New change rooms and a canteen were completed in Augathella.

Flood Mitigation

\$200K was spent removing silt and debris along the length of Bradleys gully especially on the outskirts of town to improve flow during peak runs.

Plant Purchases

Over \$1 million was spent this year upgrading Councils plant fleet. Included in purchases were a new grader and a new camp for Charleville.

Director of Engineering Services

Mr Russell Hood was appointed Director of Engineering Services following the resignation of MR Errol George. Mr Hood will take up his duties in September 2009.



Mr Russell Hood – Director of Engineering Services



Summary of Results 2008- 2009

REVENUES

	2009 Actual \$(000)	%	2008 Actual \$(000)	%
Corporate Services	7,851	37.0	6,607	37.0
Health & Environmental Services	795	4.0	624	4.0
Works & Engineering Services	12,386	59.0	10,554	59.0
	21,032	100.0	12,911	100.0

EXPENSES

	2009 Actual \$(000)	%	2008 Actual \$(000)	%
Corporate Services	3,578	26.0	4,076	26.0
Health & Environmental Services	3,096	18.0	2,852	18.0
Works & Engineering Services	11,329	56.0	8,946	56.0
	18,002	100.0	15,874	100.0



Workforce

	30 June 2009		30 June 2008	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Corporate Services	6	33	10	28
Health & Environmental Services	2	-	3	-
Works & Engineering Services	102	1	89	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 2008-2009

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 some ageing plant items requiring major repairs with little return on investment as well as some further plant improvements required this financial year. Budget for this year did not include this plant, however owing to the cost of repair immediate trade of plant is financially prudent. This plant fleet is to be upgraded with a borrowing of \$1M this financial year to be repaid over a five year term. The trade of the plant is to be included in future plant replacement with no further borrowings of this nature envisaged in the following years. .

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 may 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 2008-2009

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 Pool

- **Halls and Community Centres**



The maintenance and depreciation on Council's halls and community centres ensures they are available for community functions such as memorial services, commemorative occasions, public meetings and meeting places for special non-profit interest groups, as well as being available for hire to schools, sporting, businesses, entertainment and social functions. To encourage greater use of all facilities and to foster junior sporting and recreational pursuits, Council has undertaken not to charge junior representatives for use of these facilities. An apportionment of costs will be

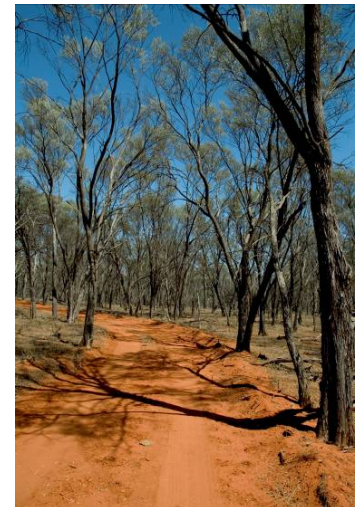
made to ensure that the charges levied on senior (adult) and other interest groups reflects the apportionment of the common costs (above), as well as the direct costs of lighting, cleaning, staffing and the provision of consumables.

- **Stock Routes**

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

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

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



- **Cemeteries**

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

- **Television**

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

- **Showgrounds**



The showgrounds incorporates a sports oval and indoor sporting amenities. It also has an extensive canteen and kitchen. In addition to its annual use by the Show Society, the showgrounds are used by sporting clubs regularly and for catering functions, with senior (adult) participants being charged for use. The charging of fees and bonds for sporting clubs ensures the facilities are properly maintained however to encourage greater use of all facilities and to foster junior sporting and recreational pursuits, Council has undertaken not to charge junior representatives for use of these facilities. The annual show represents an opportunity for the Shire to showcase its products, services and talents to the world in a way that fosters trade,

commerce and entertainment. To ensure maximum community participation, the fee is set at a nominal amount. The balance of the attributable costs in maintaining and upgrading facilities at the Showgrounds are to be treated as a CSO.

- **Racecourse**

The racecourse was built with special purpose grant funding and incorporates a new community hall. Revenue comes from race meeting fees (8 events per annum), stabling fees and various meetings and functions.

The community hall has largely replaced the town hall in terms of utilization and the costs for upkeep of the community hall and racecourse excluding hire service fees, are treated as a CSO.

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



- **Swimming Pool**



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

- **Aged Care**

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

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



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

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

Therefore, Council will meet, out of general rate funding, a proportion of the costs of operating the aged care facility where this is not recovered from government grants, contributions or rentals.

The proportion, or absolute amount, will be established each year during the budget process and will be recognized as a CSO.

- **Water Supply**



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

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

- **Aerodromes**

Council maintains three airstrips within the Shire – at Augathella, Morven and Charleville. Apart from irregular use by the Royal Flying Doctor Service (RFDS) and emergency services, Augathella and Morven strips are only used occasionally by local graziers and there are no hangers or lockdown areas. Consequently, no charges apply at these airstrips either for annual usage or for landing fees. Council does not intend to change this policy nor does it intend to levy those communities separately for the costs of maintaining the facilities. It is Council's view that a wider community service is involved given the nature of its principal purpose, and that the costs should be borne by all ratepayers.



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

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

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

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

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

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

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

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

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

The costs of the upkeep of Morven and Augathella airstrips will be met from general funding. These will be recognized as community service obligations of Council.

- **Refuse Management**

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

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

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

Council will continue, in accordance with its corporate policy, to subsidise the operations of its refuse tips and will treat these as a community service obligation. It is noted that the operation of town garbage services will continue on a cost recovery basis.

- **Cosmos Centre**

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





Revenue Statement 2008- 2009

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 2008/2009 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	\$470.00
Rate Categories 2,3	\$424.00
<u>Rural Categories</u>	
Rate Category 6	\$672.00
Rate Category 7	\$1140.00
Rate Category 8	\$2746.00
Rate Category 9	\$3444.00

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 sewered scheme, reduced charges apply to this township. No scheme currently exists in the township of Morven and as such, these charges do not apply to the township of Morven.

5.2 Cleansing Charges

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

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

Township of Charleville

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

Townships of Augathella and Morven

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

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

5.3 Water

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

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

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

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

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

Water allocations for the financial year 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

Council has not proposed any limitations on increases in rates and charges for the financial year 2008/ 2009 and as such general rates will be levied for the full valuation for each rate category as assessed by the Department of Natural Resources and Water.

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

In the next financial year, Council has budgeted for an increase in operating capability. This was largely achieved due to the completion of the Levee Bank, which is Council's major investment to Charleville community.

In striving for long-term financial sustainability, Council's objective is to maintain its overall capability by ensuring annual operating revenue is sufficient to meet annual operating expenses. To achieve this objective, Council is required to establish and cost the desired service levels to be delivered to the community and subsequently determine appropriate revenue generating strategies.

11.0 Funding of Depreciation

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

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

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

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

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





Landing Charges – Charleville Airport

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

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

That airport charges are payable by:

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

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

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

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



Policy for the making of Contracts

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

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

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

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



New Charleville Medical Centre



New Charleville Camp Facilities



New Ward River Bridge under construction



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 2008-09 by either Councillors or staff of the Murweh Shire Council.

Consultancies

No consultancies were undertaken in the financial year 2008-09 as such no report provided.

Grants to Community Organisations.

Council has made no cash grants to community organisations in the financial year 2008-2009 as such no report provided.

Advertising

Expenditure undertaken in the financial year 2008-2009 for advertising is summarised as follows: -

MEDIA – CATEGORIES OF SERVICE	PRINT	VOICE (RADIO)
General Services	\$ 8,371	\$ 3,327
Human Services (vacancies emp)	6,028	200
Tourism (Promotions)	34,250	1,814
Engineering / Works (Tenders)		1,134

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	\$ 332
Workshops / Seminars	\$8,516
Social Functions	\$ 95
Misc. Functions – Australia Day, Anzac Day Celebrations / Mayors Morning Tea	\$1,666
Total Expenditure	\$10,609



Community Financial Report 2008- 2009

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

As part of the further development of the reporting requirements, this report is provided to highlight Council's performance and achievements for the 2008/2009 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 \$2.479M
- Shire road & street improvement \$1.450M
(Including State and Federal Grants)

Water / Sewerage

- Water maintenance – Morven \$75,000
- Water maintenance – Cville \$724,000
- Water maintenance – Augathella \$93,000
- Sewerage maintenance – C'ville \$450,000
- Sewerage maintenance – Augathella \$52,000

Buildings & Other Structures

- Completion of new Medical Centre - Charleville \$1.15M
- New Change Rooms/ Toilets – Augathella Recreational Grounds \$126K
- New Seal –Charleville Airport Runway \$305K
- New Seal RFDS Runway –Charleville \$113K
- Emergency Power Generator – Charleville Airport \$63K

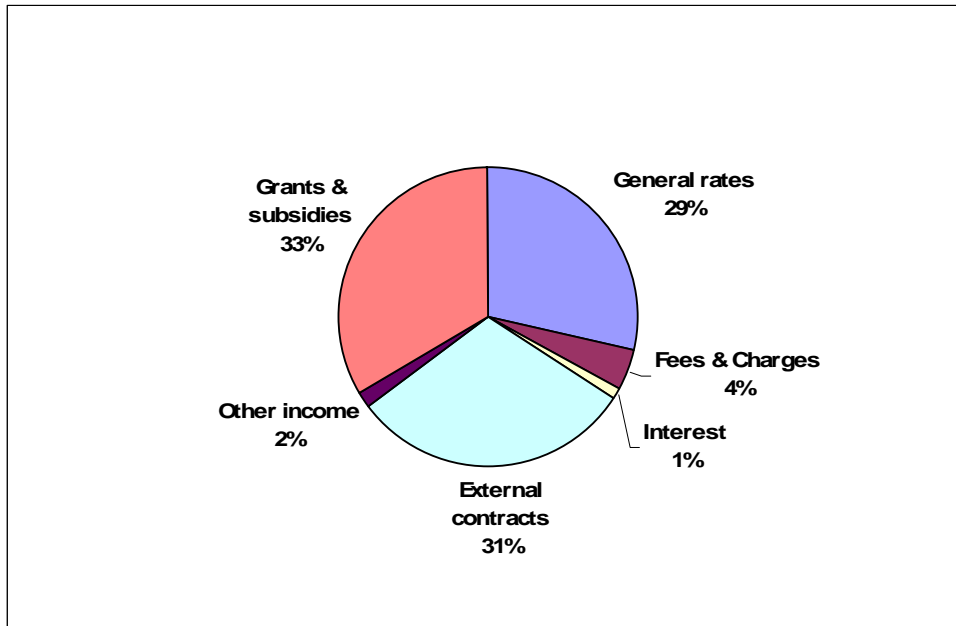
Plant & Equipment / Furniture & Fittings

- Replacement value of Council heavy plant and equipment \$ 1.7M
- Trade-ins and sales of property, plant & equipment returned a gain on disposal to the Community of \$140,000 in 2008-2009.

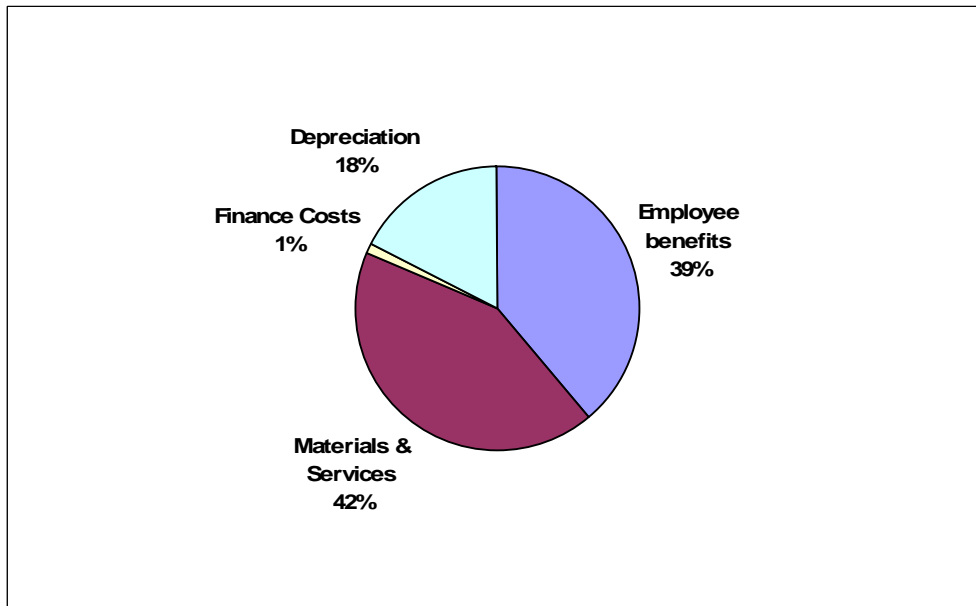
Loan Repayments

Total Loan Repayments (Principal only) \$201,000.

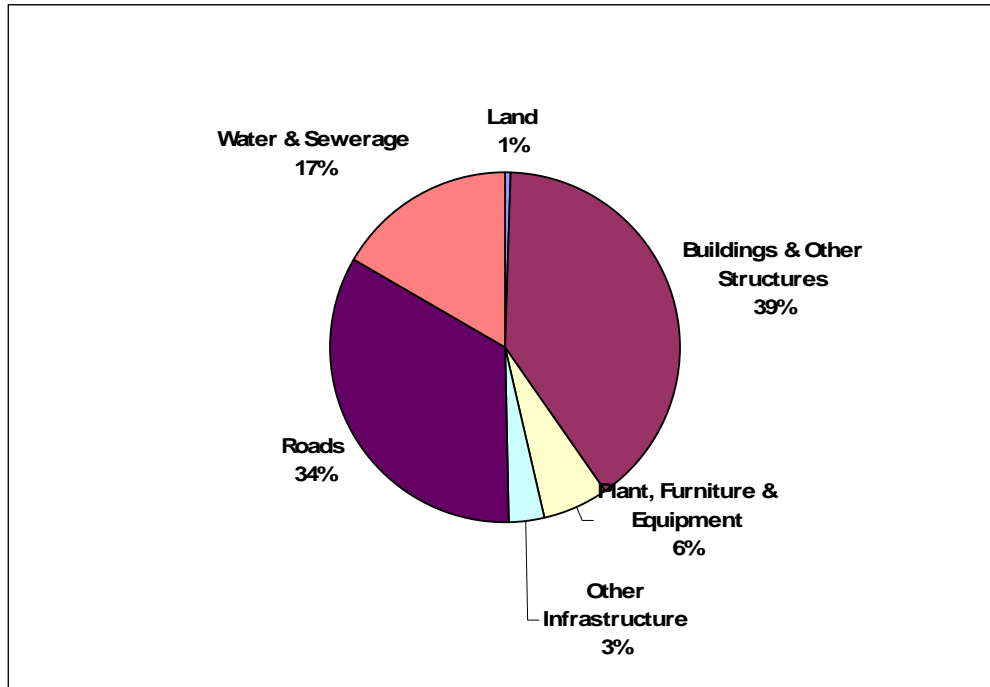
Where does the money come from?



Where does the money go?



What assets does the community own?



What does the Council owe money for ?

Function/Activity	Balance 30 June 2009
Administration Building Extension	\$ 176,987
Construction of Cosmos Centre	\$ 384,755
Medical Centre	\$ 375,927
Plant Replacement	\$ 983,350
Roadworks	\$ 518,589
Residential Development	\$1,114,747
Total	\$3,554,355

MURWEH SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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Management Certificate**Independent Audit Report**

MURWEH SHIRE COUNCIL

Income Statement

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
1. Income			
1.1 Revenue			
1.1.1 Recurrent revenue			
Net rate and utility charges	3	4,699	4,446
Fees and charges	3	712	659
Interest received	3	183	145
Sales - contract and recoverable works	3	5,023	3,070
Other recurrent income	3	267	352
Grants, subsidies, contributions and donations	4	5,489	5,307
Total recurrent revenue		16,374	13,978
1.1.2 Capital revenue			
Grants, subsidies, contributions and donations	4	4,518	4,164
Total capital revenue		4,518	4,164
Total revenue		20,891	18,143
1.2 Capital income	5	140	43
Total income		21,032	18,185
2. Expenses			
2.1 Recurrent expenses			
Employee benefits	6	(7,005)	(6,375)
Materials and services	7	(7,614)	(5,847)
Finance costs	8	(191)	(185)
Depreciation and amortisation	9	(3,154)	(3,455)
Total recurrent expenses		(17,964)	(15,862)
Total expenses		(17,964)	(15,862)
Net result attributable to council		3,068	2,323

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

MURWEH SHIRE COUNCIL

Balance Sheet

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Current Assets			
Cash and cash equivalents	10	4,649	2,416
Trade and other receivables	11	1,929	1,106
Inventories	12	344	311
Other financial assets	13	195	179
		7,117	4,011
Total current assets		7,117	4,011
Non-current Assets			
Property, plant and equipment	14 (b)	67,765	64,806
Capital works in progress	15	1,451	284
Total non-current assets		69,216	65,090
TOTAL ASSETS		76,333	69,101
Current Liabilities			
Trade and other payables	16	2,096	1,678
Interest bearing liabilities	17	471	177
Other	19	1,167	157
		3,734	2,012
Total current liabilities		3,734	2,012
Non-current Liabilities			
Trade and other payables	16	804	731
Interest bearing liabilities	17	3,083	2,578
Total non-current liabilities		3,887	3,309
TOTAL LIABILITIES		7,621	5,321
NET COMMUNITY ASSETS		68,712	63,781
Community Equity			
Asset revaluation reserve	20	33,452	31,591
Retained surplus/(deficiency)	21	33,239	31,443
Other reserves	22	2,020	748
TOTAL COMMUNITY EQUITY		68,711	63,781

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 2009

	Notes	Asset revaluation reserve		Retained surplus		Other reserves		Total
		2009 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2008 Actual (\$'000)	2009 Actual (\$'000)	2008 Actual (\$'000)	
20								
Opening balance								
Revaluations of property, plant and equipment								
Available for sale investments:								
Valuation gains/(losses)								
Transferred to income statement on sale								
Transfer to Shire Capital								
20								
Net income recognised directly in equity								
Surplus for the period								
Total recognised income and expense								
Transfers to and from reserves								
Transfers to general reserves								
Transfers from general reserves								
21								
Total transfers to and from reserves								
Closing balance								

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 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Cash flows from operating activities:			
Receipts from customers		16,054	13,678
Payments to suppliers and employees		(13,951)	(11,880)
		2,103	1,797
Interest received		166	129
Borrowing costs		(191)	(181)
Net cash inflow (outflow) from operating activities	26	2,079	1,746
Cash flows from investing activities:			
Payments for property, plant and equipment		(5,597)	(5,411)
Proceeds from sale of developed land		97	737
Proceeds from sale of property, plant and equipment	5	321	464
Net cash inflow (outflow) from investing activities		(5,179)	(4,211)
Cash flows from financing activities			
Grants, subsidies, contributions and donations		4,536	4,164
Proceeds from borrowings		1,000	400
Repayment of borrowings	18	(201)	(164)
Net cash inflow (outflow) from financing activities		5,335	4,400
Net increase (decrease) in cash held		2,234	1,935
Cash at beginning of reporting period		2,416	482
Cash at end of reporting period	10	4,649	2,416

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

MURWEH SHIRE COUNCIL

Note 1: Summary of significant accounting policies

For the year ended 30 June 2009

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.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2008-09 and have not been applied.

AASB3 Business Combinations (March 2008)
 AASB8 Operating Segments (February 2007)
 AASB101 Presentation of Financial Statements (September 2007)
 AASB123 Borrowing Costs (June 2007)
 AASB127 Consolidated and Separate Financial Statements (March 2008)
 AASB1039 Concise Financial Reports (August 2008)
 AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
 AASB2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (June 2007)
 AASB2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
 AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101
 AASB 2008-1 Amendments to Australian Accounting Standards - Share-based Payments: Vesting Conditions and Cancellations (February 2008)
 AASB 2008-2 Amendments to Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
 AASB 2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)
 AASB2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)
 AASB2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
 AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity of Associate (July 2008)
 AASB2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items (AASB 139) (August 2008)
 AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (September 2008)
 AASB 2008-11 Amendments to Australian Accounting Standards - Business Combinations Among Not-for-Profit Entities (AASB 3) (November 2008)
 AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-Cash Assets to Owners (December 2008) (AASB 5 & AASB 110)
 Interpretation 15 - Agreements for the Construction of Real Estate (August 2008)
 Interpretation 16 - Hedges of a Net Investment in a foreign Operation (August 2008)
 Interpretation 17 - Distributions of non-Cash Assets to Owners (December 2008)

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 certain 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

The 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

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

(i) Rates

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

(ii) Grants and subsidies

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

(iii) Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds set out in note 1.P, 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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.K Receivables

Trade receivables are recognised initially at fair value 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. Increase in the provision for impairment are based on loss events.

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

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

1.L Other Financial Assets

Other Financial Assets are recognised at cost.

1.M Financial Assets and Financial Liabilities Categorisation

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

Financial Assets	Categorisation
Cash	
Receivables	Loans and receivables (at amortised cost)
Other financial assets	Prepaid expenses and bonds (at cost)
Financial Liabilities	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

Financial assets and financial 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 purpose.

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if 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 these accounts.

The fair value of other monetary financial assets and financial 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.

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 they are not disclosed separately.

Available for sale financial assets are measured at cost, as fair value cannot be reliably measured, therefore no fair value is disclosed.

1.N Inventories

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

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
 - Goods to be used for the provision of services at no, or nominal, charge.
- These goods are valued at cost, adjusted, where applicable, for any loss of service potential.

1.O Land Held for Resale

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

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

1.P Investments

Financial institution deposits at call and term deposits with a maturity of three months or less are treated as cash equivalents

Interest and dividend revenues are recognised on an accrual basis.

The controlled entity is accounted for at cost in the Council's separate financial statements

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 accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets, and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

Land
Buildings and Other Structures
Furniture & Fittings, Plant & Equipment
Parks
Road Infrastructure
Water & 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 construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

(iii) Valuation

Land and improvements, buildings, major plant and equipment and all infrastructure 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 plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index.

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

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

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

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

(iv) Major Plant

The Council has determined that which has an individual cost in excess of \$150,000 is of high value to the Council. Plant which meets this 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.

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 depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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.

(vii) Land under Roads

Land under roads acquired before 30 June 2008 is recognised as a non current asset where the council holds title or a finance lease over the asset. The Murweh Shire Council currently does not have any such land holdings. Land under the road network within the council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

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

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

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

(ii) Operating leases

Payments made under operating leases are expensed in equal 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

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

(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 represents an accrued expense and is reported in Note 24 as a payable.

(ii) Annual leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated 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 represents an accrued expense and is reported in Note 16 as a payable.

(iii) Sick leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been

made in these financial statements.

(iv) Superannuation

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

Details of those arrangements are set out in Note 39

(v) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability is reported in Note 16 as a provision.

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 that 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) Future capital works reserve

This reserve represents amounts set aside for the 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 represents contributions received for capital works where the required works have not yet been carried out

(iii) Reserve held for future recurrent expenditure

This is a cash backed reserve and represent amounts that are accumulated within the Council to meet anticipated

future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(iv) Charleville Aerodrome Reserve

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

1.2 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 identified four activities that are business activities. Details of these activities can be found in Note 28

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 27

1.AD Judgements and Assumptions

The council has made no judgements or assessments which may cause a material adjustment to the carrying amounts 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 see note 25

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

Note 2a: Analysis of Results by Function - Allocation

For the year ended 30 June 2009

	Grants revenue		Other revenue		Total revenue		Total expenses		Net result for period		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	4,132	3,143	3,719	3,463	7,851	7,007	3,578	4,076	4,273	2,931	36,558	32,109
Engineering Services	5,043	5,047	5,534	3,767	10,577	8,814	9,469	7,316	1,108	1,498	26,503	27,080
Environmental & Health Services	181	78	614	547	795	624	3,096	2,852	(2,301)	(2,228)	0	0
Water and Sewerage Services	0	0	1,809	1,740	1,809	1,740	1,821	1,618	(12)	122	13,272	9,912
Total Council	9,355	8,268	11,676	9,518	21,032	18,185	17,964	15,862	3,068	2,323	76,333	69,101

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

MURWEH SHIRE COUNCIL**Note 2b: Analysis of Results by Function - Components****For the year ended 30 June 2009**

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

Corporate Services

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

Engineering Services

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

Health/Environmental Services

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

Water and Sewerage Services

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

MURWEH SHIRE COUNCIL**Note 3: Revenue analysis**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
(a) Rates and charges			
General rates		2,856	2,666
Water		1,228	1,160
Water consumption, rental and sundries		20	52
Sewerage		696	656
Garbage charges		402	382
Total rates and utility charge revenue		5,202	4,917
Less: Discounts		(453)	(425)
Less: Pensioner remissions		(50)	(46)
Net rates and utility charges		4,699	4,44
 (b) Fees and charges			
Fees and Charges		712	659
		712	659
 (c) Interest received			
Interest received from investments		166	129
Interest from overdue rates and utility charges		17	15
		183	145
 (d) Sales - Contract and recoverable works			
Sales - Contracts and recoverable works		5,023	3,070
		5,023	3,070
The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
 (e) Other recurrent income			
Other income		267	352
		267	352

MURWEH SHIRE COUNCIL**Note 4: Grants, Subsidies, Contributions and Donations**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
(i) Recurrent - government grants, subsidies, and other contributions are analysed as follows			
General purpose grants		4,572	4,062
Government subsidies Specified Project and grants		917	1,245
Total recurrent revenue		5,489	5,307
 (ii) Capital - government grants and subsidies, and other contributions are analysed as follows			
State Government subsidies and grants		4,518	4,164
Total capital revenue		4,518	4,164

MURWEH SHIRE COUNCIL**Note 5: Capital income**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Gain (loss) on the disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		321	464
Less: Book value of property, plant and equipment disposed		(181)	(421)
Total gain (loss) on the disposal of non-current assets		140	43

MURWEH SHIRE COUNCIL**Note 6: Employee costs**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Total staff wages and salaries		5,430	4,985
Councillors' remuneration		237	125
Annual, sick and long service leave entitlements		1,081	1,138
Superannuation	24	629	564
		7,378	6,812
Less: Capitalised employee expenses		(372)	(437)
		7,005	6,375

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		112	113
Casual Staff		17	20
Total full time equivalent employees		129	133
Total Council employees at period end			
Mayor & Councillors		5	5
Elected members		5	5

MURWEH SHIRE COUNCIL

Note 7: Materials and services

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
	31	30
Audit services	20	26
Advertising	147	33
Consultants	248	131
Donations paid	4	7
Entertainment and Hospitality	7,163	5,620
Other material and services	7,614	5,847

MURWEH SHIRE COUNCIL

Note 8: Finance costs

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
Finance costs charged by Queensland Treasury Corporation	183	173
Bank charges	9	12
	191	185

MURWEH SHIRE COUNCIL

Note 9: Depreciation

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
(a) Depreciation of non-current assets	686	500
Buildings & Other Structure	1	286
Parks (Recreation Grounds)	90	167
Aerodrome (Landing Strip)	618	628
Furniture & Fittings, Plant and equipment	1,315	1,511
Road, drainage and bridge network	444	363
Water & Sewerage	3,154	3,455
Total depreciation of non-current assets		

MURWEH SHIRE COUNCIL

Note 10: Cash and cash equivalents

For the year ended 30 June 2009

	Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
Cash at bank and on hand		4,649	2,416
Deposits at call		0	0
Balance per Statement of Cash Flows	27	4,649	2,416

Unspent Government Grants & Subsidies

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

Constrained Work Reserve	711	448
Non Capital Grant Reserve	16	7
Total unspent restricted cash for capital projects	728	456

Deposits are held with Queensland Treasury Corporation. The deposits are bearing interest between 3.27% and 8.77%.

MURWEH SHIRE COUNCIL

Note 11: Trade and other receivables

For the year ended 30 June 2009

	Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
(a) Current			
Rateable revenue and utility charges		346	282
Other debtors		1,541	776
Less: Provision for doubtful debts		(2)	(2)
GST recoverable		44	50
		1,929	1,106

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

Note 12: Inventories

For the year ended 30 June 2009

	Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
Current			
Inventories for consumption:			
Miscellaneous Store items		257	194
Floating Plant & Equipment		23	27
Cosmos-Inventory		23	21
Total inventories for consumption		304	243
Valued at the lower of cost and selling price less cost to sell.			
Valued at the lower of cost and replacement value		40	68
Land purchased for development and sale		344	311
Total inventories			

MURWEH SHIRE COUNCIL**Note 13: Other financial assets**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Current		195	179
Prepayments		195	179

MURWEH SHIRE COUNCIL
Note 14a: Property, Plant and Equipment Valuations

For the year ended 30 June 2009

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

Land

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

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

Buildings and other structures:

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

Furniture & fittings Plant and Equipment

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

Infrastructure

Water and Sewerage Infrastructure -

Included at the written down replacement cost determined by Mr Bryan Radford, qualified engineer, as at 30 June 2008.

Road and Drainage Infrastructure -

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

MURWEH SHIRE COUNCIL **Note 14b: Council Property, Plant and Equipment**

For the year ended 30 June 2009

	LAND	PARKS	AERODROME LANDING STRIP	ROADS & DRAINAGE INFRASTRUCT	BUILDINGS & OTHER STRUCTURES	FURN & FITTINGS, PLANT & EQUIPMENT	WATER & SEWERAGE INFRASTRUCT	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Asset Values								
Opening gross value at cost	74	39	176	4,004	12,514	12,938	2,364	32,109
Opening gross value at valuation	351	493	1,701	63,584	24,915	0	17,963	109,007
Additions at cost	33	0	418	1,357	1,372	1,247	3	4,430
Disposals & write-offs	0	0	0	0	0	(1,020)	0	(1,020)
Revaluation adjustment to the ARR	0	0	0	0	0	0	3,192	3,192
Closing value at cost	107	39	594	5,361	13,886	14,185	2,367	36,539
Closing value at valuation	351	493	1,701	63,584	24,915	(1,020)	21,555	111,179
Closing gross value	458	532	2,295	68,945	38,801	13,165	23,522	147,718
Accumulated Depreciation								
Opening balance	0	28	431	44,893	11,439	9,103	10,415	76,309
Depreciation provided in period	0	1	90	1,315	686	618	444	3,154
Depreciation on disposals	0	0	0	0	0	(822)	(19)	(841)
Revaluation adjustment to the ARR	0	0	0	0	0	0	1,331	1,331
Closing value at valuation	458	29	521	46,208	12,125	8,899	12,171	79,953
Accumulated depreciation at period end	458	503	1,774	22,737	26,676	4,266	11,351	67,765
Total written down value at 30 June 2008	423	505	1,446	22,695	25,978	3,848	9,912	64,806
Residual value	0	0	97	380	7,218	2,269	0	9,964
Estimated useful life (years)	0	5-30	10-30	0-50	5-50	1-15	5-80	

MURWEH SHIRE COUNCIL **Note 15: Capital works in progress**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u> (\$'000)	<u>2008 Actual</u> (\$'000)
Capital works in progress		1,451	284
		1,451	284

MURWEH SHIRE COUNCIL **Note 16: Trade and other payables**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u> (\$'000)	<u>2008 Actual</u> (\$'000)
Current		1,083	739
Creditors and accruals		703	691
Annual leave		197	129
Sick leave		70	70
Long service leave		43	49
Other entitlements		2,096	1,678
Non-current		804	731
Long service leave		804	731

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.

MURWEH SHIRE COUNCIL **Note 17: Borrowings**

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u> (\$'000)	<u>2008 Actual</u> (\$'000)
Current		471	177
Loans QTC	18	471	177
Non-current		3,083	2,578
Loans QTC	18	3,083	2,578

MURWEH SHIRE COUNCIL

Note 18: Loans

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
(i) Queensland Treasury Corporation		
Opening balance	2,755	2,520
Loans raised	1,000	400
Principal repayments	(201)	(164)
Book value at period end	3,554	2,755
 Classified as:		
Current	471	177
Non-current	3,083	2,578
	3,554	2,755

The loan market value at the reporting date was \$3,614,352.78. 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 4.96% to 6.65%. Expected final repayment dates vary from 10 May 2014 to 19 November 2022.

The loans are guaranteed by the Queensland State Government.

MURWEH SHIRE COUNCIL

Note 19: Other liabilities

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
Current		
Unearned Revenue	1,167	157
	1,167	157

MURWEH SHIRE COUNCIL

Note 20: Asset revaluation reserve

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
(i) Asset revaluation reserve		
Movements in the asset revaluation reserve were as follows:		
Balance at beginning of the period	31,591	31,591
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Water & Sewerage	1,861	0
	1,861	0
	33,452	31,591
Balance at end of the year		
(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	3,880	2,019
	33,452	31,591

MURWEH SHIRE COUNCIL

Note 21: Retained surplus

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at the beginning of the financial year	31,443	29,064
Result from ordinary activities	3,068	2,323
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:		
Town Water Reserve	0	0
Asset replacement reserve	(1,000)	0
Constrained works reserve	(263)	44
Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	(9)	12
Transfers (to)/from Shire Capital	0	0
Retained surplus at the end of the financial year	33,239	31,443

MURWEH SHIRE COUNCIL

Note 22: Other reserves

For the year ended 30 June 2009

Notes	2009 Actual (\$'000)	2008 Actual (\$'000)
(a) Summary of reserves held for future capital expenditure:		
(i) Buildings Reserve	84	84
(ii) Town Water Reserve	0	0
(iii) Plant Replacement Reserve	0	0
(iv) Roads Upgrade Reserve	1,000	0
(v) Constrained works reserve	711	448
	1,795	532
(b) Summary of reserves held for future recurrent expenditure:		
(i) Recurrent expenditure reserve	224	216
	224	216
	2,020	748
Total reserves		
(c) Movements in capital reserves are analysed as follows:		
(i) Building Reserve	84	84
Balance at the beginning of period		
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) Town Water Reserve	0	0
Balance at the beginning of period		
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	0	0
(iii) Plant Replacement Reserve	0	0
Balance at the beginning of period		
Transfer from retained earnings for future expenditure	400	0
Transfer to retained earnings funds expended in the period	(400)	0
Balance at the end of period	0	0
(iv) Roads Upgrade Reserve	0	0
Balance at the beginning of period		
Transfer from retained earnings for future expenditure	1,600	0
Transfer to retained earnings funds expended in the period	(600)	0
Balance at the end of period	1,000	0

<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
	(\$'000)	(\$'000)
(v) Constrained works reserve		
Balance at the beginning of period	448	492
Transfer from retained earnings for future expenditure	2,210	0
Transfer to the retained earnings funds expended in the period	(1,947)	(44)
Balance at the end of period	711	448

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

(i) Recurrent expenditure reserve		
Balance at the beginning of period	216	228
Transfer from retained earnings for future expenditure	18	0
Transfer to retained earnings	(9)	(12)
Balance at the end of period	224	216

MURWEH SHIRE COUNCIL

Note 23: Contingent liabilities

For the year ended 30 June 2009

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: \$170,055.20 (2008: \$160,459.75)

MURWEH SHIRE COUNCIL

Note 24: Superannuation

For the year ended 30 June 2009

<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
	(\$'000)	(\$'000)
<p>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.</p> <p>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.</p> <p>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 2008 (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.</p> <p>The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2005. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.</p> <p>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.</p> <p>The amount of superannuation contributions paid by Murweh Shire Council to the superannuation scheme in this period for the benefit of employees was:</p>		
Contributions	629	564

MURWEH SHIRE COUNCIL

Note 25: Trust funds

For the year ended 30 June 2009

<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
	(\$'000)	(\$'000)
Monies collected or held on behalf of other entities	82	46
yet to be paid out to or on behalf of those entities	82	46

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

Note 26: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

For the year ended 30 June 2009

	<u>Notes</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
		(\$'000)	(\$'000)
Result from ordinary activities		3,068	2,323
Non-cash operating items:			
Depreciation and amortisation		3,154	3,455
		3,154	3,455
Investing and development activities:			
Net (profit) loss on disposal of non-current assets		(140)	(43)
Capital grants and contributions		(4,536)	(4164)
Profit on sale of developed land		(68)	(102)
		(4,744)	(4,309)
Changes in operating assets and liabilities:			
(Increase) decrease in receivables		(1,017)	(142)
(Increase) decrease in other operating assets		(61)	(28)
Increase (decrease) in payables		1,679	448
		601	278
Net cash inflow from operating activities		2,079	1,746

MURWEH SHIRE COUNCIL

Note 27: Financial Risk Management

For the year ended 30 June 2009

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 aging analysis	

(i) Credit Risk

Credit risk exposure refers to the situation where 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 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 and 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 bank/financial institutions and whilst not capital guaranteed, the likelihood of 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 represent the Council's maximum exposure to credit risk:

Financial Assets	2009 \$'000	2008 \$'000
Cash and cash equivalents QTC	4,311	2121
Cash and cash equivalents bank	338	295
Receivables	1,929	1,106
Total	6,758	3,522

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 2009 \$'000	Impairment 2009 \$'000
Not past due	1,558	
Past due 0-30 days	107	
Past due 31-120 days	96	-2
Past due over 120 days	346	

(ii) Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with the 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 short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Notes 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
2009	586	2,322	1,775	4,683
2008	1,180	1,436	2,148	4,764

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 rates. The calculations assume that the rate would be constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net Carrying Amounts \$'000	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	4,649	-46	-46	46	46+
QTC Borrowings	3,554	36	36	-36	-36

MURWEH SHIRE COUNCIL

Note 28: National Competition Policy

For the year ended 30 June 2009

(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

Note 29: Financial ratios of the accounts

For the year ended 30 June 2009

	<u>2009 Actual</u>	<u>2008 Actual</u>
	(\$'000)	(\$'000)
Debt servicing ratio: The percentage of the Council's total operating income that is used to service loan interest and principal repayments	7.28%	2.49%
General revenue ratio: The Council's dependence on general rate revenue as a percentage of total operating income	17.44%	19.08%
Revenue ratio: The Council's dependence on net rates and utility charges as a percentage of total operating income	28.70%	31.81%
Working capital ratio: The ratio of unrestricted current assets available to meet current liabilities	1.90 : 1	2.24 : 1
Borrowing ratio The total capital borrowing as a percentage of total operating revenue	21.71%	19.71%
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	7.37%	6.34%

MURWEH SHIRE COUNCIL
Management Certificate
For the year ended 30 June 2009

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 2009 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: 2.11.2009


Mr Chris Blanch
Chief Executive Officer

Date: 02.11.2009

**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 2009, 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 2009.

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 is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the financial performance and cash flows of the Murweh Shire Council for the financial year 1 July 2008 to 30 June 2009 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 3rd day of November 2009

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Murweh Shire Council for the financial year ended 30 June 2009 included on Murweh Shire Council web site. The Council is responsible for the integrity of the Murweh Shire Council's web site. We have not been engaged to report on the integrity of the Murweh Shire Council's web site. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Murweh Shire Council, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

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 2009, 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 2009.

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 is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

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

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

Auditor's Opinion

In accordance with s.40 of the Auditor-General Act 2009, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the financial performance and cash flows of the Murweh Shire Council for the financial year 1 July 2008 to 30 June 2009 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 3rd day of November 2009