



# MURWEH

## *Shire Council*



## **ANNUAL REPORT**

**for period ending 30 June 2010**

## CONTENTS

## Page No

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Foreword	1
Composition of Council	2
Meetings of Council	3
Elected Members – Meetings Attended and Remuneration	4-6
Council Structure	8
Major Programs and Objectives	9
<b><i>Report on Operations</i></b>	
Mayor's Report	10
Chief Executive Officer's Report	11
Corporate Services Report	12
Works & Engineering Services Report	13
Summary of Results	14
Workforce	14
Purchasing Policy	15
Internal Audit Policy	15
Audit Committee Policy	15
Borrowing Policy	16
Revenue Policy	16-22
Revenue Statement	23-32
Landing Charges – Charleville Airport	33
Policy for the Making of Contracts	33
Additional Matters for Annual Report under Sect. 24 of LGFS	34
Registers held by Council	35
Community Financial Statement	36-38
<b>Annual Financial Statements 2009-2010</b>	
<b>Management Certificate</b>	
<b>Independent Audit Report</b>	



## 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

Following the passing away of Cr. R.W.Bignell a by-election was held with Cr. Annie Liston being elected.

## **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



# Council Meetings

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 8<sup>th</sup> 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**

### **AND REMUNERATION FOR EACH INDIVIDUAL COUNCILLOR**

#### **Cr Mark O'Brien**

Ordinary Meetings	9
Special Meetings	0
Telephone Allowance	2,000.04
Mayoral Allowance	69,609.96
Gross Income	71,610.00
Tax	13,602.00

#### **Cr Denis Cook**

Ordinary Meetings	9
Special Meetings	0
Telephone Allowance	999.96
Deputy Mayor Allowance	37,969.92
Gross Income	38,969.88
Tax	3,956.88

**Cr Cecil Russell**

Ordinary Meetings	10
Special Meetings	0
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	9
Special Meetings	0
Telephone Allowance	999.96
Travel Allowance	3,600.00
Councillor Allowance	31,640.04
Gross Income	36,240.00
Tax	7,152.00

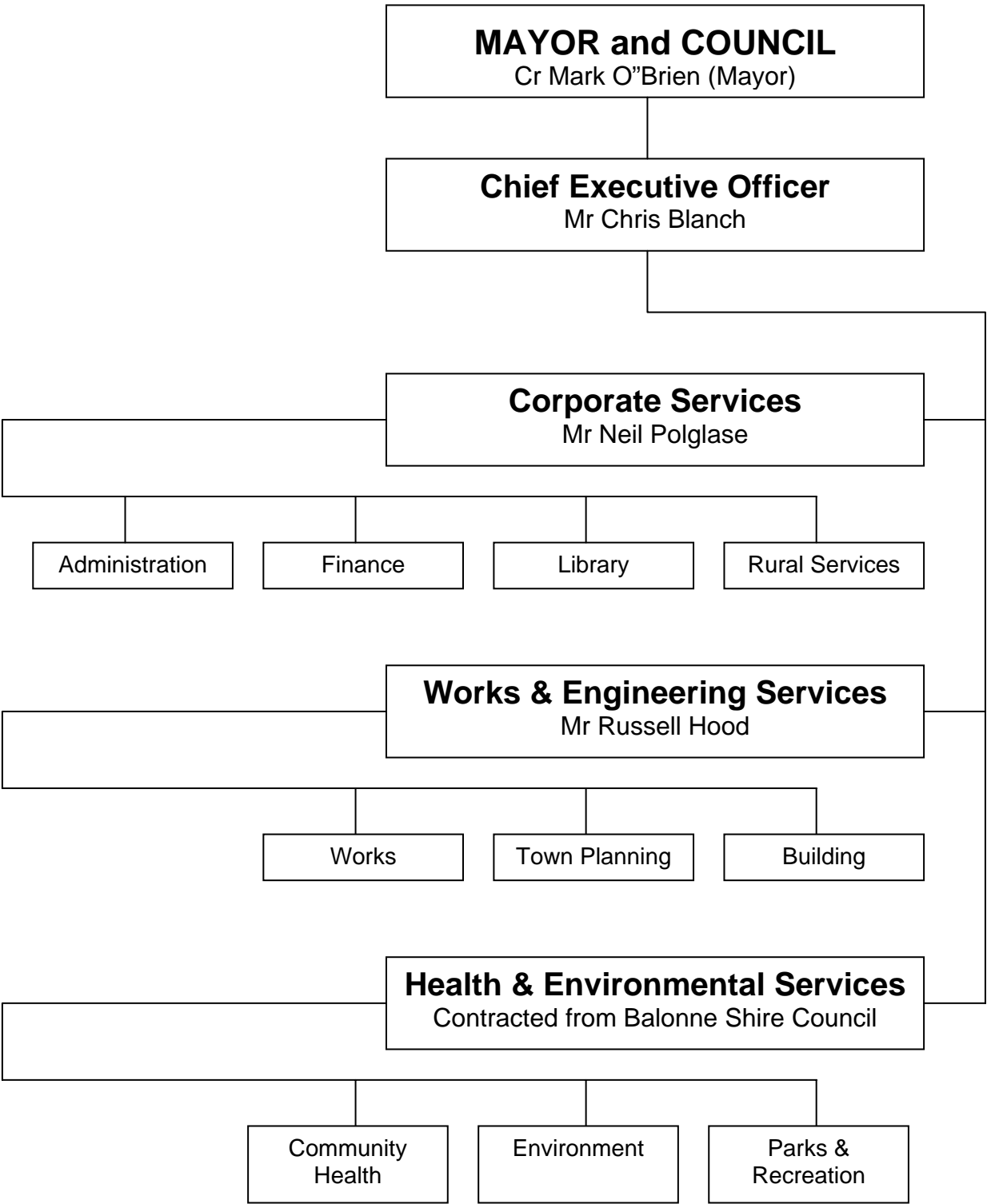
**Cr Roy Bignell**

Ordinary Meetings	5
Special Meetings	0
Telephone Allowance	749.97
Councillor Allowance	23,730.03
Gross Income	24,480.00
Tax	6,273.00

**Cr Annie Liston**

Ordinary Meetings	1
Special Meetings	0
Telephone Allowance	83.33
Councillor Allowance	2,636.67
Gross Income	2,720.00
Tax	697.00

# Council’s Corporate Structure



# **Council's Major Programs and 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 2009/2010

## Mayor's Report 2009-2010

It's my pleasure to present this report on behalf of my fellow Councilors for the year ending 30<sup>th</sup> June 2010.

As with most regional and remote Councils the past year has presented very challenging times especially in the area of financing our plans. The accountability load that is becoming ever more burdensome on Council is sapping resources that we would prefer to use to deliver on the ground services for our ratepayers. These burdens are expected to increase and not diminish under the new Local Govt Act 2010.

In spite of these challenges we have made some significant investments in infrastructure, especially our road network, over the past year. Council is committed to upgrading our rural road network to bitumen standard wherever possible and prudent. All federal funding through Roads to Recovery is being spent this way. Council works closely with Dept of Main Roads and Transport and has begun work on a new alignment for the Warrego Highway at the eastern entrance to Charleville. Bollon and Adavale Roads have seen great improvement and upgrade since Council took over control of them from the state government.

Major flooding in March 2010 disrupted lives and Council plans for the year. I wish to recognize the sterling work of Council staff during the flood event. The Deputy CEO's support with his knowledge of emergency management was outstanding. It is during such events as floods that Councils support of the local SES is truly valued and we look forward to continuing partnership with them.

Murweh Shire continues to work progressively with the three surrounding shires in matters of economic development, local government and regional planning. I am very pleased with the results this collegial approach brings our shire.

The community lost a great citizen and wonderful Councillor during the year in Roy Bignell. Roy served on the council for many years and his contribution is missed.

He has been ably replaced by Cr Annie Liston who is bringing fresh enthusiasm to our council.

I thank all my fellow councilors for their efforts during the year especially the Deputy Mayor, Cr Denis Cook.

I also wish to acknowledge the contribution of the Chief Executive Officer and his staff who provide professional and dedicated support to the Council.



Mark O'Brien  
MAYOR



# Chief Executive Officers Report 2009-2010

This year has seen out the Local Government Act which has been in place since 1993. The new act will present major challenges to Council with its many new changes and reporting requirements.

New local laws, pest management and stock route management plans, corporate plan and community plan are just a few of the tasks that will require finalising in the next 12 months.

Councils and the communities main focus of course has been the devastating flooding in Charleville in March 2010. Initial reports on mitigation and alternatives indicate that Council will need to find funding of \$20Million to \$30Million to address these issues.

This is beyond the resources of Council and we are hoping that State and Federal Government assistance will be forthcoming.

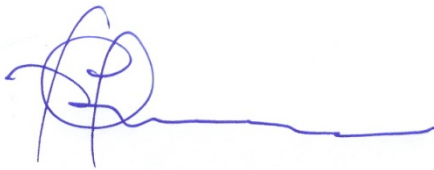
It was very sad to note the passing of Councillor Roy Bignell this year. Roy was a great friend and support to staff and a champion of the Murweh community. On behalf of staff I extend our condolences to his wife Kath and their family.

Following a well contested bi election I was pleased to swear in Councillor Annie Liston as our new member of Council. Councillor Liston will bring a wealth of experience in community matters to Council and we welcome her input.

During the year we continued to increase Council services with extended library hours in Augathella and new libraries in Morven and Charleville.

Road upgrades and maintenance are still our main focus but the welcome rain in our shire does hamper our ability to give these areas the attention they deserve.

There is no doubt that the next 12 months will be very challenging but with the excellent support and teamwork of staff and guidance of our dedicated Mayor and Councillors much can and will be achieved.



C D Blanch PSM MLGMA  
Chief Executive Officer



# Corporate Services Report 2009-2010

Council has recorded a surplus of \$49.7M which is a result of asset revaluations which the Department of Infrastructure and Planning require to be disclosed in the income statement. It is important to note that this surplus is not cash backed. There is a decrease in this year's operating surplus of around **\$2.5M** largely due to an increase in additional expenditure on council road infrastructure repairs and maintenance which impacted on Councils' bottom line. With the acquisition of both the Bollon and Adavale roads from the Department of Main Roads additional works were scheduled including bitumen sealing sections of the road.

Several capital works projects were not taken up due to subsidy not being available to Council namely the new Charleville Dental Surgery estimated at around **\$400K**.

Decrease of capital revenues from the previous year of **\$2.2M** relates to the monies paid to Council from Main Roads for the Bollon and Adavale Road in 2009. Recurrent and capital expenses have remained consistent at around **\$18M**.

Recurrent increase in grant revenues of approximately **\$2.8M** is due largely to reimbursement of expenses incurred in both the 2008 and 2010 flood events. In March this year Council again experienced a major flood event which will impact on Council financial position now and into the future. Council again borrowed a further \$1M to assist with new plant and equipment purchases reflecting the increases in borrowings of **\$600K**.

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

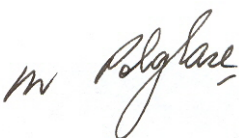
The final financial position of Council's accounts demonstrates that our capacity to attract and provide additional work for other related activities is paramount if Council is to increase the sound business management of our organisation. Operation of Murweh Shire Council's activities and financial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

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

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

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

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



# Works & Engineering Service Report 2009-10

## Roadworks

Reconstruct failed sections of Nebine and Killarney Roads, 6km in total. Reseals were done on various rural roads to the value of \$353,000. Additional bitumen sealing was completed on the Bollon Road under the Roads to Recovery program. Contract works were completed on the Warrego Highway near Angellala Creek on behalf of the Department of Transport and Main Roads and work also commenced on the eastern entrance to Charleville.

## Flood Mitigation

A significant amount of silt was removed from Hamburg Creek in Morven to reinstate the permanent water hole near the recreation grounds.

## Water Supply and Sewerage

Upgrading to the Charleville washdown facility effluent system was completed. New variable speed pressure pumps were installed in Augathella and Morven. A new 100mm water main was constructed in Millar Street, Old Coolibah Road, along the Mitchell Highway and into Adavale Road to service the Albert Park Estate.

## Capital Works

- New footpath construction in Alfred and Parry Streets, Charleville;
- Two new aged persons units completed in Augathella;
- Construction of Kerb and channel and bitumen seal widening in sections of Burke Street, Charleville;
- Paving islands in Watson and Parry Streets, Charleville;
- Completion of the Charleville camp accommodation at the Works depot;
- New library completion in Alfred Street, Charleville

## Flood Damage Restoration Works

The majority of restoration works following the 2008 flooding were completed by June 2010 with the exception being some roads that sustained further damage in March 2010. Following this latest flooding event, further temporary repairs were undertaken and submissions prepared for additional funding to repair the damage.

## Plant Replacement

Council continued to maintain a modern plant fleet, replacing tow heavy loaders, a multi tyred roller, several trucks and light vehicles necessary for efficient operations.

## General

Council successfully maintained third party accreditation for the Quality Management System in accordance with the international standard, ISO 9001:2008. Council uses its Quality System to ensure efficient delivery of quality works and services to the community and external customers such as the Department of Transport and Main Roads. To assist in this quality delivery, Council has also been able to maintain a consistent level of competent staff whom take pride in the work done by Council.

Russell Hood  
Director of Engineering Services



## Summary of Results 2009/2010

<b>REVENUES</b>	<b>2010 Actual</b>	<b>%</b>	<b>2009 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	7,617		7,851	37.0
Health & Environmental Services	1,467		795	4.0
Works & Engineering Services	11,022		12,386	59.0
	<b>20,106</b>	<b>100.0</b>	<b>21,032</b>	<b>100.0</b>

<b>EXPENSES</b>	<b>2010 Actual</b>	<b>%</b>	<b>2009 Actual</b>	<b>%</b>
	<b>\$(000)</b>		<b>\$(000)</b>	
Corporate Services	3,847		3,578	20.0
Health & Environmental Services	3,293		3,096	17.0
Works & Engineering Services	12,245		11,290	63.0
	<b>19,385</b>	<b>100.0</b>	<b>17,964</b>	<b>100.0</b>

<b>WORKFORCE</b>	<b>30 June 2010</b>		<b>30 June 2009</b>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Corporate Services	11	35	6	33
Health & Environmental Services	3	0	2	0
Works & Engineering Services	95	0	102	1

Figures include casual employees

# **Procurement 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 of 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 of appointing an Audit Committee, at least every three (3) years.

# **Borrowings Policy**

Council borrowings will be kept to a minimum and where possible the term of any loans borrowed will not extend past the current term of the Council's debt with the Queensland Treasury Corporation. Council wishes to keep all borrowings to a minimum, however should 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 2012-13 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 this 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 2009/2010**

### **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 – 2011 Corporate Plan includes the following corporate objective:

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

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

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

## **5.0 PRINCIPLES**

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

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

Council will also have regard to the principles of:

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

### **5.2 Levy of rates**

In levying rates Council will apply the principles of:

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

### 5.3 Recovery of rates and charges

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

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

### 5.4 Concessions for rates and charges

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

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

## 6.0 Community Service Obligations

### 6.1 Policy on Community Service Obligations

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

- **Sport, Recreation and Community Facilities**

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

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



Augathella Racecourse

- **Halls and Community Centres**



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

interest groups reflects the apportionment of the common costs (above), as well as the direct costs of lighting, cleaning, staffing and the provision of consumables.

- **Stock Routes**

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

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

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



- **Cemeteries**

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

- **Television**

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

- **Showgrounds**



The showgrounds incorporates 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 2009/2010**

## **Legislative Authority**

Local Government Act 1993 (Part 2A) Section 513A  
Local Government Finance Standard 2005, Division 2, Section 56

### **1.0 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.

### **2.0 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.

### **3.0 Budget Revenue**

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 2009/2010 are as follows:-

### **4.0 Rates**

#### **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 2009/2010 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: -

<b>Differential Rate Categories</b>	<b>Differential Minimum General Rate</b>
<b><u>Town (Urban) categories</u></b>	
Rate Category 1	\$510.00
Rate Categories 2,3	\$510.00
<b><u>Rural Categories</u></b>	
Rate Category 6	\$792.00
Rate Category 7	\$1290.00
Rate Category 8	\$3172.00
Rate Category 9	\$3725.00

## **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 sewerage 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:

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

Schedule of categories and units allocated are as follows:-

<b>Category</b>	<b>Charleville <u>Unit</u></b>	<b>Augathella <u>Unit</u></b>	<b>Morven <u>Unit</u></b>
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 2009/2010: -

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 2009/ 2010 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 and levied by Council on an annual basis.

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 fully funded depreciation in the 2009/10 financial year. However, Council may elect 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 depreciation in previous years 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 relies 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 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 S.485, for purchases between \$10,000.00 and \$100,000.00.

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

# **Additional Matters for Annual Report as per Section 24 of the LGFS**

## **Overseas Travel**

Council advise that no overseas travel was undertaken for the financial year 2009-10 by either Councillors or staff of the Murweh Shire Council.

## **Consultancies**

No consultancies were undertaken in the financial year 2009-10 as such no report provided.

## **Grants to Community Organisations.**

Council has made no cash grants to community organisations in the financial year 2009-10 as such no report provided.

## **Advertising**

Expenditure undertaken in the financial year 2009-2010 for advertising is summarised as follows: -

### **Media**

	<b>Print</b>	<b>Voice (Radio)</b>
<b>Categories of Service</b>		
General Services	\$13,274	\$4,939
		\$238
Human Services (vacancies emp)	\$6,847	
Tourism (Promotions)	\$94,993	\$2,199
	\$1,309	
Engineering / Works (Tenders)		

### **Entertainment or hospitality services: -**

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

Official Visitors to Council	\$1,618
Workshops / Seminars	\$11,476
Social Functions	\$114
Misc. Functions – Australia Day, Anzac Day Celebrations / Mayors Morning Tea	\$1,913
<b>Total Expenditure</b>	<b>\$15,,121</b>

## **Council Registers**

Register of Councillor's Interests

Register of Investments

Register of Town Planning Consent Permits

Register of Lawful Non-Conforming Uses

Register of Local Planning Policies

Register of Delegations of Authority by Council

Register of Delegations of Authority by the Chief Executive Officer

Contract Register

Register of Enterprises

Register of Interests

Register of Legal Documents

Register of Receipt Book & Receipts

Cemetery Register

Road Register

Building Application Register

Register of Local Laws

Register of Local Laws Policy

Register of Charges

Use of Council Seal



# Community Financial Report 2009-10

As part of the further development of the reporting requirements, this report is provided to highlight Council's performance and achievements for the 2009/2010 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
- Shire road & street improvement  
(Including State and Federal Grants)

#### Water / Sewerage

- Water maintenance – Morven
- Water maintenance – Cville
- Water maintenance – Augathella
- Sewerage maintenance – C'ville
- Sewerage maintenance – Augathella

#### Buildings & Other Structures

- Relocation of the Charleville library
- Upgrade of the Morven Library
- Improve standards of safety for recreation and sport facilities.
- Operational support for the Augathella and Morven school pool.
- Construction of the Meat Ant Park over 50% complete.
- Painting and airconditioning of the Charleville Town Hall.
- Construction of two aged care units in Augathella.

#### Plant & Equipment / Furniture & Fittings

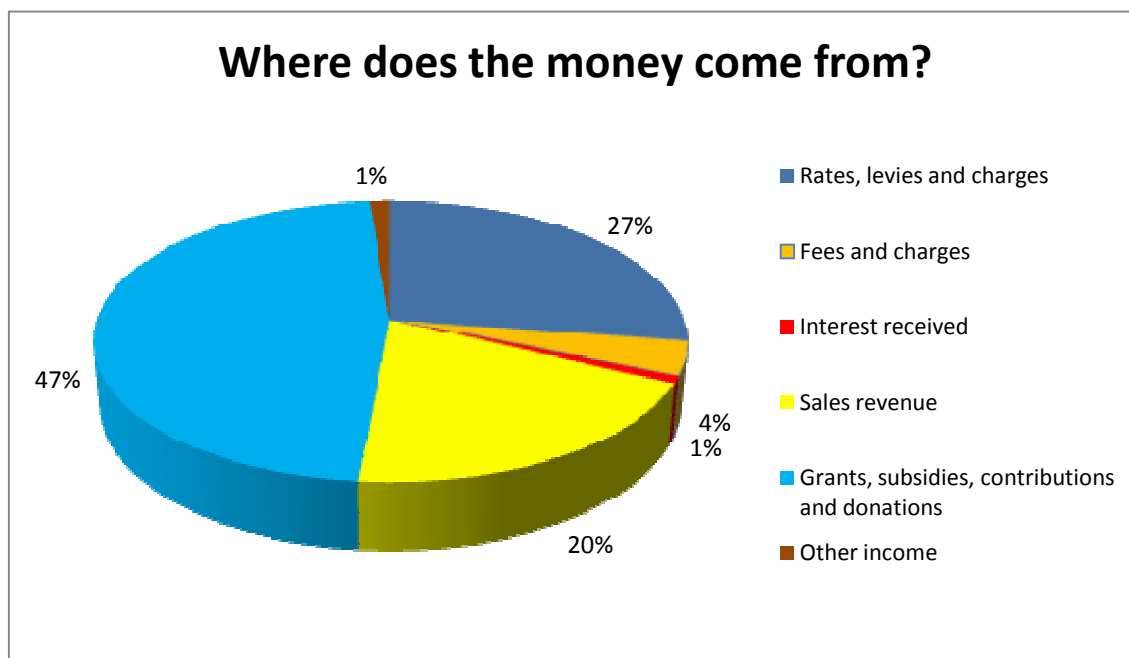
- Replacement value of Council heavy plant and equipment

Trade-ins and sales of property, plant & equipment returned a gain on disposal to the Community of \$106,494 in 2009-2010.

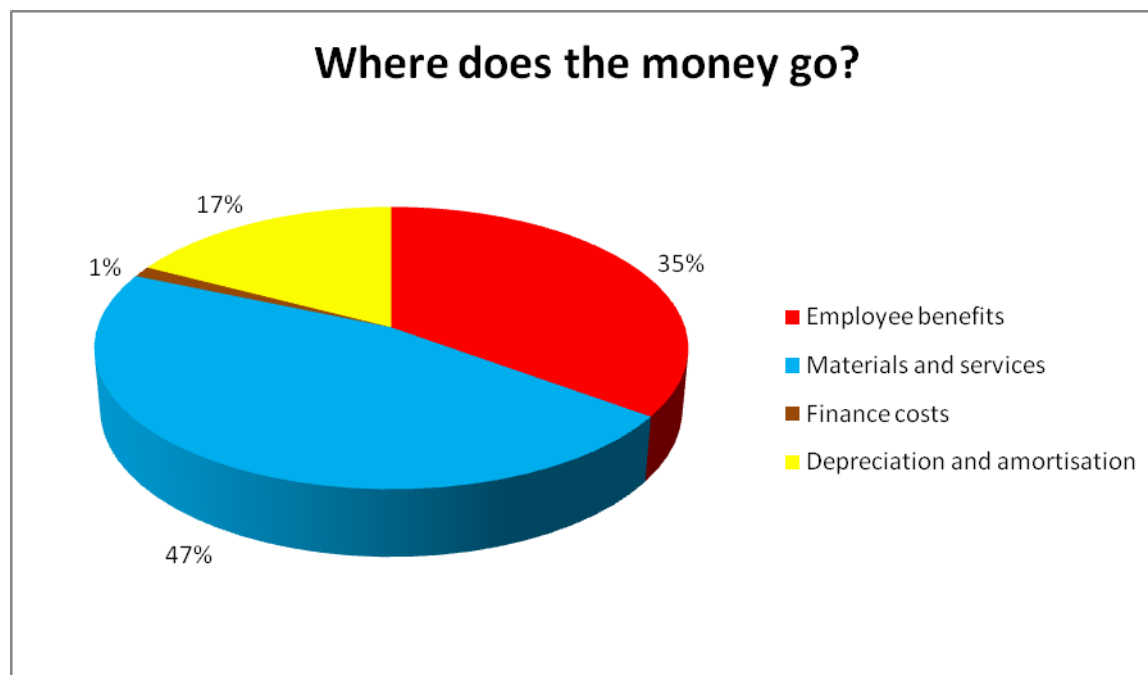
#### Loan Repayments

Total Loan Repayments (Principal only) \$391,508

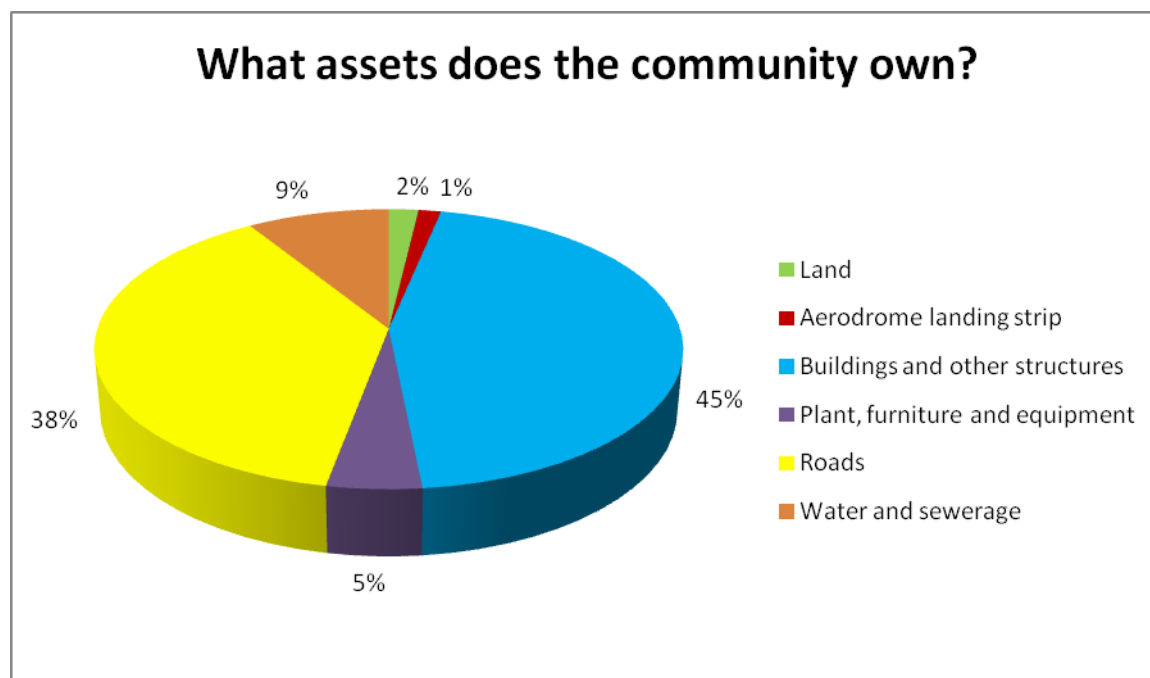
### Where does the money come from?



### Where does the money go?



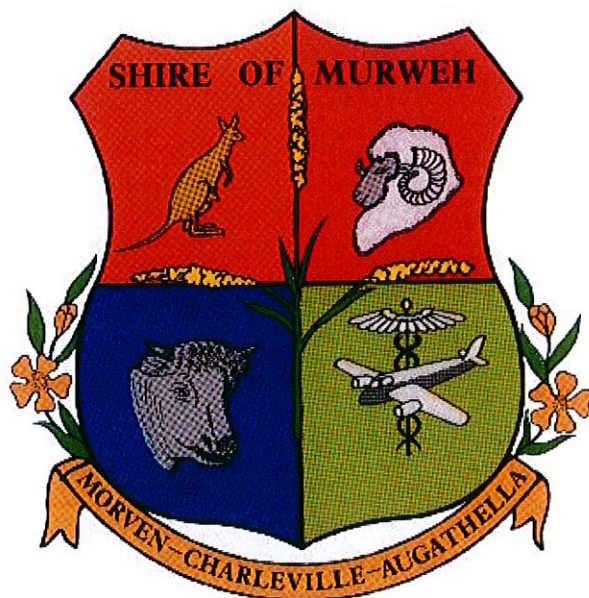
### What assets does the community own?



### What does the Council owe money for ?

Function/Activity	Balance 30 June 2010
Administration Building Extension	\$167,844.18
Construction of Cosmos Centre	\$364,878.52
Medical Centre	\$358,524.72
Plant Replacement	\$804,382.15
Roadworks	\$444,968.29
Residential Development	\$1,041,976.04
Plant Renewal	\$977,672.17
<b>Total</b>	<b>\$4,160,246.07</b>

# **MURWEH SHIRE COUNCIL**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2010**

# Murweh Shire Council

## Financial statements

### For the year ended 30 June 2010

#### Table of contents

#### PAGE

Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the financial statements	
1 Significant accounting policies	6
2a Components of council functions	15
2b Analysis of results by function	16
3 Revenue analysis	17
4 Grants, subsidies, contributions and donations	17
5 Capital income	18
6 Employee benefits	18
7 Materials and services	18
8 Finance costs	18
9 Depreciation and amortisation	19
10 Cash and cash equivalents	19
11 Trade and other receivables	19
12 Inventories	19
13 Property, plant and equipment	20
14 Trade and other payables	22
15 Borrowings	22
16 Provisions	23
17 Asset revaluation surplus	23
18 Other reserves	24
19 Commitments for expenditure	25
20 Contingent liabilities	25
21 Superannuation	25
22 Trust funds	26
23 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities	27
24 Events after the reporting period	27
25 Correction of prior period errors	28
26 Financial instruments	29
27 National Competition Policy	32
Management Certificate	33
Audit Certificate	34

**Murweh Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2010

	Note	2010 \$ 000's	2009 \$ 000's
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	4,862	4,699
Fees and charges	3(b)	667	712
Interest received	3(c)	150	183
Sales revenue	3(d)	3,457	5,023
Other income	3(e)	234	267
Grants, subsidies, contributions and donations	4(a)	8,546	6,656
		<u>17,916</u>	<u>17,540</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	1,522	4,518
<b>Total revenue</b>		<u>19,438</u>	<u>22,058</u>
<b>Capital income</b>	5	106	140
<b>Total income</b>		<u>19,544</u>	<u>22,198</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(6,797)	(7,005)
Materials and services	7	(9,007)	(7,614)
Finance costs	8	(239)	(191)
Depreciation and amortisation	9	(3,363)	(3,154)
		<u>(19,406)</u>	<u>(17,964)</u>
<b>Capital expenses</b>			
<b>Total expenses</b>		<u>(19,406)</u>	<u>(17,964)</u>
<b>Net operating surplus</b>		<u>138</u>	<u>4,234</u>
<b>Total other comprehensive income for the year</b>			
Increase in Asset Revaluation Reserve	17	31,602	1,861
<b>Total comprehensive income for the year</b>		<u>31,740</u>	<u>6,095</u>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies*

**Murweh Shire Council****Statement of Financial Position**  
as at 30 June 2010

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
<b>Current assets</b>		<b>000's</b>	<b>000's</b>
Cash and cash equivalents	10	3,094	4,649
Trade and other receivables	11	2,889	2,124
Inventories	12	196	304
Non-current assets classified as held for resale - Land		613	515
<b>Total current assets</b>		<b>6,792</b>	<b>7,592</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	103,122	70,323
<b>Total non-current assets</b>		<b>103,122</b>	<b>70,323</b>
<b>Total assets</b>		<b>109,914</b>	<b>77,915</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,868	2,280
Provision for Long Service Leave	16	677	628
Borrowings	15	537	471
<b>Total current liabilities</b>		<b>3,082</b>	<b>3,379</b>
<b>Non-current liabilities</b>			
Provision for Long Service Leave	16	262	245
Borrowings	15	3,623	3,083
<b>Total non-current liabilities</b>		<b>3,885</b>	<b>3,328</b>
<b>Total liabilities</b>		<b>6,967</b>	<b>6,707</b>
<b>Net community assets</b>		<b>102,947</b>	<b>71,208</b>
<b>Community equity</b>			
Asset revaluation surplus	17	65,055	33,453
Retained surplus/(deficiency)		36,462	35,735
Other reserves	18	1,430	2,020
<b>Total community equity</b>		<b>102,947</b>	<b>71,208</b>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies



**Murweh Shire Council**

**Statement of Changes in Equity**  
For the year ended 30 June 2010

	Note	Asset revaluation surplus 17 \$ 000's	Retained surplus \$ 000's	Other Reserves 18 \$ 000's	Total \$ 000's
<b>Balance as at 1 July 2009</b>		33,453	35,734	2,020	71,207
Net operating surplus			138		138
Other comprehensive income for the year					
Increase / (decrease) in asset revaluation surplus		31,602			31,602
Non-current assets brought to account (buildings)					
Prior years transactions					
Share of comprehensive income of associates					-
<b>Total comprehensive income for the year</b>		31,602	138	-	31,740
<b>Transfers to and from reserves</b>					
Transfers to/from capital		-			-
Transfers to/from other reserves	18	-	590	(590)	-
Total transfers to and from reserves		-	590	(590)	-
<b>Balance as at 30 June 2010</b>		65,055	36,462	1,430	102,947
<b>Balance as at 1 July 2008</b>		31,592	32,771	748	65,111
Net operating surplus			4,235		4,235
Other comprehensive income for the year					
Increase / (decrease) in asset revaluation surplus		1,861			1,861
Available-for-sale-financial assets					
Current year gains/ (losses)					-
Reclassification to profit or loss					-
Cash flow hedging					
Current year gains/ (losses)					-
Reclassification to profit or loss					-
Share of comprehensive income of associates		-	-	-	-
<b>Total comprehensive income for the year</b>		1,861	4,235	-	6,096
<b>Transfers to and from reserves</b>					
Transfers to/from capital		-			-
Transfers to/from other reserves	18	-	(1,272)	1,272	-
Total transfers to and from reserves		-	(1,272)	1,272	-
<b>Balance as at 30 June 2009</b>		33,453	35,734	2,020	71,207

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



**Murweh Shire Council****Statement of Cash Flows**

For the year ended 30 June 2010

	Note	2010 \$ 000's	2009 \$ 000's
<b>Cash flows from operating activities</b>			
Receipts from customers		7,561	10,566
Payments to suppliers and employees		(16,105)	(13,951)
		(8,544)	(3,385)
Interest received		150	166
Borrowing costs		(237)	(191)
<b>Net cash inflow (outflow) from operating activities</b>	23	(85)	2,079
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,019)	(5,597)
Payments for sale of developed land		28	95
Payments for intangible assets		-	-
Proceeds from sale of property plant and equipment		393	321
Grants, subsidies, contributions and donations		1,522	4,536
<b>Net cash inflow (outflow) from investing activities</b>		(2,076)	(645)
<b>Cash flows from financing activities</b>			
Grants, subsidies, contributions and donations		1,000	1,000
Proceeds from borrowings		(394)	(201)
Repayment of borrowings		606	799
<b>Net cash inflow (outflow) from financing activities</b>			
Net increase (decrease) in cash held		(1,555)	2,233
Cash at beginning of the financial year		4,649	2,416
<b>Cash at end of the financial year</b>	10	<b>3,094</b>	<b>4,649</b>

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

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements for the period 1 July 2009 to 30 June 2010 have been prepared in accordance with Australian Accounting Standards and comply with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

**1.B Statement of compliance**

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

**1.C Constitution**

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

**1.D Date of authorisation**

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

**1.E Currency**

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

**1.F Adoption of new and revised Accounting Standards**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has resulted in the following changes to Council's accounting policies:

Presentation of Financial Statements (AASB 101 *Presentation of Financial Statements*, AASB 2007-8, *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*)

The revised Standard and Amending Pronouncements do not affect any of the amounts presented in the financial statements, but have changed the disclosures made in the financial statements. The change in terminology in the revised AASB 101 has resulted in the Balance Sheet being renamed the Statement of Financial Position, and the Cash Flow Statement being renamed the Statement of Cash Flows. The former Income Statement has been replaced with a single Statement of Comprehensive Income. In line with the new concept of "comprehensive income" the bottom of the Statement contains other Comprehensive Income that was previously included in the Statement of Changes in Equity.



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

Investment Property (AASB 140 *Investment Property*)

Investment property under construction or being developed for future use is now classified as investment property rather than being classified as work in progress or property, plant and equipment. Council currently has no investment property under construction or being developed for future use.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9 *Financial Instruments* (December 2009)

AASB 124 *Related Party Disclosures* (December 2009)

2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (May 2009)

2009-8 *Group Cash-settled Share-based Payment Transactions* (July 2009)

2009-9 *Additional Exemptions for First-time Adopters* (September 2009)

2009-10 *Classification of Rights Issues* (October 2009)

2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2009)

2009-12 *Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments* (December 2009)

2009-13 *Amendments to AAS arising from Interpretation 19* (December 2009)

2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14)* (December 2009)

Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* (December 2009)

Management have yet to assess the impact that AASB 9 *Financial Instruments* and 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* includes amendments to AASB 117 *Leases* which revise the criteria for classification of leases involving land and buildings. Council will be required to reassess the classification of the land components of all unexpired leases that Council has entered into as at 1 July 2010, on the basis of the information existing at the inception of the relevant lease. If any such leases are reclassified to become finance leases, retrospective accounting adjustments will be processed as far as practicable.

Initial application of the other Standards/Interpretations in issue but not yet effective is not expected to have any material impact on Council's financial statements.

**1.G Critical accounting judgements and key sources of estimation uncertainty**

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation of property, plant and equipment - Note 1.N and Note 13

Contingent liabilities - Note 20

Provisions - Note 16

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

**1.H Rates, levies, grants and other revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is placed in a reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Interest and dividends

Interest received from term deposits is accrued over the term of the investment.

**1.I Financial assets and financial liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

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

Financial assets

Cash and cash equivalents (Note 1.J)

Receivables - measured at amortised cost (Note 1.K)

Financial liabilities

Payables - measured at amortised cost (Note 1.Q)

Borrowing costs - measured at amortised cost (Note 1.S)

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

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 15 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.



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Murweh Shire Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 26.

**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 at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. 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 for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

**1.L 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, when applicable, for any loss of service potential.

**1.M Land held for resale**

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

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

## **1.N 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 and Improvements  
Buildings and Other Structures  
Plant and Equipment  
Road, Drainage and Bridge Network  
Water and Sewerage Infrastructure  
Aerodrome Landing Strip  
Work in progress  
Parks

### 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.

Property, plant and equipment received in the form of contributions, 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.

### 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.

### Valuation

Land and improvements, buildings, major plant 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*. 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.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, 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 surplus 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 13.



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

Major plant

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

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.

Depreciation

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 13.

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 financial 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.

**1.0 Impairment of non-current assets**

Each non-current physical and intangible asset and group of assets is 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 recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, 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 surplus of the relevant class to the extent available.

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

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 surplus increase.

**1.P 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.

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.Q 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.R 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 paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

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 14 as a payable.

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 calculated 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 14 as a payable.

Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 14 as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 21.



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

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 value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are 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. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

**1.S Borrowing costs**

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

**1.T Asset revaluation surplus**

The asset revaluation surplus 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 the asset revaluation surplus.

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 surplus 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 asset revaluation surplus.

**1.U Retained surplus**

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**1.V Reserves**

Building reserve

This reserve represents amounts set aside for the future replacement of the Council's buildings.

Roads upgrade reserves

This reserve represents amounts set aside for the future maintenance and upgrade of the shire roads.

Constrained works reserve

This represents contributions received for capital works where the required works have not yet been carried out.

Flood mitigation reserve

This represents amounts set aside to assist with the development of flood mitigation processes in the shire.

Charleville aerodrome maintenance reserve

This reserve represents amounts set aside for the future maintenance of the Charleville aerodrome.

**1.W National competition policy**

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 27.

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

**1.X Rounding and comparatives**

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

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

**1.Y 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 in Note 22.

**1.Z 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.

**2(a) Components of council functions**

The activities relating to the Council's components reported on in Note 2(b) 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 resource management (personnel, recruitment, training and development) public relations, and revenue.

**Health / Environmental Services**

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

**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.

**Water and Sewerage Services**

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



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

- 2 Analysis of results by function  
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2010											
Functions	Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring	Capital			Recurring	Capital					
Corporate services	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
Environmental and health services	7,518	3		7,521	3,868	-		3,868	3,650	3,653	62,427
Engineering services	656	527		1,183	2,482	811		3,293	(1,826)	(2,110)	502
Water & Sewerage	7,939	898		8,837	9,209	1,223		10,432	(1,270)	(1,595)	36,247
	1,903			1,903	1,813			1,813	90	90	10,738
Total Council	18,016	1,528	-	19,544	17,372	2,034	-	19,406	644	138	109,914

Year ended 30 June 2009											
Functions	Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring	Capital			Recurring	Capital					
Corporate services	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000
Environmental and health services	7,670	-	-	7,670	3,578	-	-	3,578	4,092	4,092	38,479
Engineering services	795	802	-	1,597	3,096	-	-	3,096	(2,301)	(1,499)	-
Water & Sewerage	9,976	1,146	-	11,122	9,469	-	-	9,469	507	1,653	26,503
	1,809	-	-	1,809	1,821	-	-	1,821	(12)	(12)	11,351
Total Council	20,250	1,948	-	22,198	17,964	-	-	17,964	2,286	4,234	77,915

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

		Council	
		2010	2009
		\$	\$
3	Revenue analysis	000's	000's
(a)	<b>Rates, levies and charges</b>		
	General rates	2,926	2,856
	Water	1,283	1,228
	Water consumption, rental and sundries	37	20
	Sewerage	738	696
	Garbage charges	416	402
	Total rates and utility charge revenue	5,400	5,202
	Less: Discounts	(479)	(453)
	Less: Pensioner remissions	(59)	(50)
		<u>4,862</u>	<u>4,699</u>
(b)	<b>Fees and charges</b>		
	Aerodrome landing and usage fees	167	153
	Aerodrome head tax	99	114
	Cosmos centre souvenir sales	100	79
	Aged care house rent	80	78
	Town planning and building fees	37	40
	Agistment fees	32	33
	Miscellaneous	152	215
		<u>667</u>	<u>712</u>
(c)	<b>Interest received</b>		
	Interest received from term deposits	125	166
	Interest from overdue rates and utility charges	25	17
		<u>150</u>	<u>183</u>
(d)	<b>Sales revenue</b>		
	<b>Sale of services</b>		
	Contract and recoverable works	3,457	5,023
		<u>3,457</u>	<u>5,023</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.			
(e)	<b>Other income</b>		
	Other income	234	267
		<u>234</u>	<u>267</u>
4	<b>Grants, subsidies, contributions and donations</b>		
(a)	<b>Recurrent</b>		
	General purpose grants	8,095	5,739
	State government subsidies and grants	450	917
		<u>8,545</u>	<u>6,656</u>
(b)	<b>Capital</b>		
	State government subsidies and grants	1,522	4,518
		<u>1,522</u>	<u>4,518</u>

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

		Council	
		2010	2009
		\$	\$
		000's	000's
<b>5 Capital income</b>			
<b>Gain / loss on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		436	321
Less: Book value of property, plant and equipment disposed of		(330)	(181)
Total capital income		106	140
<b>6 Employee benefits</b>			
Total staff wages and salaries		5,135	5,430
Councillors' remuneration		192	237
Annual, sick and long service leave entitlements		1,241	1,081
Superannuation	21	678	629
		7,246	7,377
Less: Capitalised employee expenses		(449)	(372)
		6,797	7,005
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:			
Elected members		5	5
Administration staff		63	58
Depot and outdoors staff		84	75
Total full time equivalent employees		152	138
<b>7 Materials and services</b>			
Advertising and marketing		21	20
Administration supplies and consumables			
Audit services		33	31
Communications and IT		223	182
Contractors		98	147
Donations paid		111	195
Insurance		343	277
Staff training		108	91
Repairs and maintenance		7,548	6,122
Rental housing - operating costs		51	57
Subscriptions and registrations		53	71
Other materials and services		418	421
		9,007	7,614
<b>8 Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		229	183
Bank charges		10	9
		239	192



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

		Council	
		2010	2009
		\$	\$
		000's	000's
<b>9 Depreciation and amortisation</b>			
<b>Depreciation of non-current assets</b>			
Parks			1
Aerodrome landing strip		121	90
Road, drainage and bridge network		1,300	1,315
Buildings and other structures		779	686
Plant and equipment		723	618
Water and Sewerage		440	444
Total depreciation and amortisation	13	<u>3,363</u>	<u>3,154</u>
<b>10 Cash and cash equivalents</b>			
Cash at bank and on hand		3,094	4,649
Balance per Statement of Cash Flows		<u>3,094</u>	<u>4,649</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Constrained Work Reserve		-	711
Non Capital Grant Reserve		-	16
Total unspent restricted cash		<u>-</u>	<u>727</u>
<b>11 Trade and other receivables</b>			
<b>Current</b>			
Rateable revenue and utility charges		554	346
Provision for doubtful debts		(21)	(2)
Other debtors		1,981	1,541
Prepayments		200	195
GST recoverable		175	44
		<u>2,889</u>	<u>2,124</u>
Interest is charged on outstanding rates at a rate of 9.5% 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.			
<b>12 Inventories</b>			
<b>Inventories held for sale</b>			
Store items		160	257
Floating plant and loose tools		-	24
Cosmos inventory (held for resale)		36	23
		<u>196</u>	<u>304</u>

Council - 30 June 2010

Revaluation adjustment to asset revaluation surplus

Initial recognition of assets not previously brought to account

Transfers between classes

**Closing gross value as at 30 June 2010**

Accumulated depreciation and impairment	
Opening balance as at 1 July 2009	
Depreciation provided in period	
Depreciation on disposals	
Revaluation adjustment to asset revaluation surplus	
Impairment adjustment to asset revaluation surplus	
Transfers between classes	
Accumulated depreciation as at 30 June 2010	

Total written down value as at 30 June 2010

Residual value

Range of estimated useful life in years



**Murweh Shire Council**  
**Notes to the Financial Statements**  
For the year ended 30 June 2010

**Council - 30 June 2009**

Basis of measurement	Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	Revaluation \$'000	Cost \$'000	Revaluation \$'000	Cost \$'000	\$'000
<b>Asset values</b>									
Opening gross value as at 1 July 2008	1,465	532	1,877	67,588	37,429	12,938	20,327	284	142,440
Additions	-	-	418	1,357	1,372	1,247	3	1,167	5,564
Disposals	-	-	-	-	-	(1,020)	-	-	(1,020)
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	1,861	-	1,861
<b>Closing gross value as at 30 June 2009</b>	<b>1,465</b>	<b>532</b>	<b>2,295</b>	<b>68,945</b>	<b>38,801</b>	<b>13,165</b>	<b>22,191</b>	<b>1,451</b>	<b>148,845</b>

Note

17

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2008	-	28	431	44,893	11,439	9,103	10,415	-	76,309
Depreciation provided in period	-	1	90	1,315	686	618	444	-	3,154
Depreciation on disposals	-	-	-	-	-	(822)	(19)	-	(841)
<b>Accumulated depreciation as at 30 June 2009</b>	<b>-</b>	<b>29</b>	<b>521</b>	<b>46,208</b>	<b>12,125</b>	<b>8,899</b>	<b>10,840</b>	<b>-</b>	<b>78,622</b>

9

**Total written down value as at 30 June 2009**

Residual value	1,465	503	1,774	22,737	26,676	4,266	11,351	1,451	70,223
Range of estimated useful life in years	1,465	494	97	380	7,218	2,269	-	-	11,923
Land: Not depreciated.	Land: Not depreciated.	5-30	10-30	0-50	5-50	1-15	5-80	-	-

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

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

**Land**

Land and improvements have been included at current market value as at 30 June 2010 as determined by Australia and Pacific Valuers and Asset Management, Registered Valuers.

**Parks**

Parks have been included at their written down current replacement cost as valued by Australia and Pacific Valuers and Asset Management as at 30 June 2010.

**Aerodrome Landing Strip**

The Aerodrome Landing Strip was last revalued at 30 June 2006 and accordingly will be revalued again at 30 June 2011.

**Roads, Drainage and Bridge Network**

Road and drainage and other infrastructure is included at the written down current replacement cost as at 30 June 2010 as determined by Brian Radford MSc (Eng), FRMIT, DIC, BSc (Hons)

**Buildings**

Buildings have been included at their written down current replacement cost as valued by Australia and Pacific Valuers and Asset Management as at 30 June 2010. The methods of revaluation are market value and consumption based depreciation.

**Plant and Equipment**

Other plant and equipment is measured at original cost less accumulated depreciation.

**Water and Sewerage**

Water and sewerage infrastructure is included at the written down current replacement cost as at 30 June 2008 as determined by Brian Radford MSc (Eng), FRMIT, DIC, BSc (Hons)

**Work in Progress**

The balance of \$1,166,000 represents the amount spent on uncompleted capital projects as at the 30 June 2010. As the projects are completed they will be transferred to the appropriate asset account.

14 **Trade and other payables**

**Current**

Creditors and accruals  
Annual leave  
Sick leave  
Other entitlements

	2010	2009
	\$	\$
	000's	000's
Creditors and accruals	807	1,337
Annual leave	839	703
Sick leave	221	197
Other entitlements	1	43
	<u>1,868</u>	<u>2,280</u>

15 **Borrowings**

**Current**

Loans - Queensland Treasury Corporation

	537	471
	<u>537</u>	<u>471</u>

**Non-current**

Loans - Queensland Treasury Corporation

	3,623	3,083
	<u>3,623</u>	<u>3,083</u>

**Loans - Queensland Treasury**

Opening balance at beginning of financial  
Loans raised  
Principal repayments  
Book value at end of financial year

	3,554	2,755
	1,000	1,000
	(394)	(201)
	<u>4,160</u>	<u>3,554</u>

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

The QTC loan market value at the reporting date was \$4,308,284. This represents the value of the debt if 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 rates range from 4.86% to 6.71% and expected final payment dates vary from May 2014 to November 2022. The loans are guaranteed by the Queensland State Government.

	2010	2009
	\$	\$
	000's	000's
<b>16 Provisions</b>		
<b>Current</b>		
Long service leave	677	628
	<u>677</u>	<u>628</u>
<b>Non-current</b>		
Long service leave	262	245
	<u>262</u>	<u>245</u>
<b>Long service leave</b>		
Balance at beginning of financial year	874	801
Long service leave entitlement arising	68	80
Long Service entitlement paid	(3)	(7)
Balance at end of financial year	<u>939</u>	<u>874</u>
<b>17 Asset revaluation surplus</b>		
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	33,453	31,592
Net adjustment to non-current assets at end of period to reflect a change in		
Land and improvements	150	-
Buildings and other structures	13,451	-
Plant	-	-
Road, drainage and bridge network	18,001	-
Water and sewerage	-	1,861
Impairment:		
Land and improvements		
Buildings and other structures		
Water and sewerage		
Change in value of future rehabilitation cost:		
Land and improvements		
Balance at end of financial year	<u>65,055</u>	<u>33,453</u>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and improvements	150	-
Buildings and other structures	23,264	9,811
Road, drainage and bridge network	37,761	19,762
Water and sewerage	3,880	3,880
Other infrastructure assets		-
	<u>65,055</u>	<u>33,453</u>



**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

	2010 000's	2009 000's
<b>18 Other reserves</b>		
<b>Reserves held for funding future capital expenditure</b>		
Building reserve	84	84
Roads upgrade reserve	1,000	1,000
Constrained works reserve	-	712
Flood mitigation reserve	138	
	<u>1,222</u>	<u>1,796</u>
<b>Reserves held for funding future recurrent expenditure</b>		
Non-capital grants reserve		16
Charleville areodrome maintenance reserve	208	208
	<u>208</u>	<u>224</u>
Total reserves	<u>1,430</u>	<u>2,020</u>
<b>Movements in capital reserves:</b>		
<b>Building capital works reserve</b>		
Balance at beginning of financial year	84	84
Transfer from retained surplus for future expenditure		
Transfer to the retained surplus/capital funds expended in the period		
Balance at end of financial year	<u>84</u>	<u>84</u>
<b>Roads upgrade reserve</b>		
Balance at beginning of financial year	1,000	-
Transfer from retained surplus for future expenditure		1,600
Transfer to the retained surplus/capital funds expended in the period		(600)
Balance at end of financial year	<u>1,000</u>	<u>1,000</u>
<b>Constrained works reserve</b>		
Balance at beginning of financial year	712	448
Transfer from retained surplus for future expenditure		2,210
Transfer to the retained surplus/capital funds expended in the period	(712)	(1,946)
Balance at end of financial year	<u>-</u>	<u>712</u>
<b>Flood mitigation reserve</b>		
Balance at beginning of financial year	-	
Transfer from retained surplus for future expenditure		
Transfer to the retained surplus/capital funds expended in the period	138	
Balance at end of financial year	<u>138</u>	<u>-</u>
<b>Movements in recurrent reserves:</b>		
Balance at beginning of financial year	224	216
Transfer from retained surplus for future expenditure	(16)	18
Transfer to retained surplus		(10)
Balance at end of financial year	<u>208</u>	<u>224</u>

**Murweh Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2010

	2,010 000's	2,009 000's
<b>19 Commitments for expenditure</b>		
<b>Operating leases</b>		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Payments for the 2010/2011 financial year	62	62
Payments to 31 August 2011 (Completion Date)	10	62
	<u>72</u>	<u>124</u>

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

**Local Government Mutual**

The 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 it is 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 to any year that a deficit arises.

As at 30 June 2010 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation 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 the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$187,160.

**21 Superannuation**

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 1993*.

The DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.



The audited general purpose financial report of the scheme as at 30 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions. "

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under amendments to the *Local Government Act 1993* passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

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

2010	2009
\$	\$
000's	000's
678	629

## 22 **Trust funds held for outside parties**

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

2010	2009
\$	\$
000's	000's
136	82

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

	2010 \$ 000's	2009 \$ 000's
<b>23 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities</b>		
Net operating result	138	3,068
Non-cash operating items:		
Depreciation and amortisation	3,363	3,154
	<u>3,363</u>	<u>3,154</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(106)	(140)
Capital grants and contributions	(1,522)	(4,536)
Profit on sale of developed land	-	(68)
	<u>(1,628)</u>	<u>(4,744)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(613)	(1,017)
(Increase)/decrease in inventory	66	(61)
Increase/(decrease) in payables	(1,411)	1,679
	<u>(1,958)</u>	<u>601</u>
Net cash inflow from operating activities	<u>(85)</u>	<u>2,079</u>

**24 Natural disaster during the reporting period**

During March 2010 the Murweh Shire experienced a flood that resulted in the event being declared a natural disaster. As a result the Shire roads were severely damaged along with buildings in the town and rural areas. Currently the period of time for claims to be lodged is two years with the Department of Infrastructure and Planning considering extending the time frame to four years.

The damage to urban and rural roads is to be met by the National Disaster Relief and Recovery Arrangements. Details of impairment as applied to current road and bridge network, and buildings respectively are: Roads and Bridge Network \$6.4 million and Buildings \$1.0 million.

This damage to both urban and rural roads was not taken into consideration when the revaluation of urban and rural roads and buildings took place this financial year as the data collection was carried out prior to this event.

Consequently in compliance with Australian Accounting Standard 136 "Impairment of Assets" the written down values for both urban and rural roads and buildings has been reduced by these amounts with a corresponding reduction in the Asset Revaluation Reserve Account.

At the conclusion of the restoration work which is to include a degree of betterment to urban and rural roads a revaluation of these assets is to be undertaken.

**25 Correction of prior period error**

- (i) During the 2008/2009 financial year Council received monies in respect of the annual Financial Assistance Grant for both the 2008/2009 and 2009/2010 financial years. For the purposes of the preparation of the 2008/2009 financial statements monies received in respect of the 2009/2010 financial year were treated as unearned revenue, which is not in accordance with the Australian Accounting Standards.
- (ii) The Council identified land that had not previously been recognised in the accounts. The opening balances as at 1 July 2008 for land have been amended to recognise the additions
- (iii) In addition sundry provision and accrual accounts had been identified going back a number of years. The opening balances were unsubstantiated and were reclassified and reversed against the opening balance at the 1 July 2008.

	As at 30 June 2009		
	Original balance \$000	Difference \$000	Restated balance \$000
<u>Statement of Comprehensive Income</u>			
Grants, subsidies and contributions	5,489	1,167	6,656
Net operating surplus	3,067	1,167	4,234
Total comprehensive income for the year	4,928	1,167	6,095
<u>Statement of financial position</u>			
Property, plant and equipment	69,216	1,582	70,323
Total assets	77,915	1,582	72,915
Trade and other payables	2,026	254	2,280
Other current liabilities	1,167	1,167	0
Retained surplus	33,239	2,496	35,735
Total community equity	68,712	2,496	71,208
<u>Statement of changes in equity</u>			
Retained surplus 1 July 2008	31,444	1,327	32,771



**26 Financial instruments**

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 financial performance of the Council. 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. The Council does not invest in derivatives or other high risk 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*.

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

<b>Risk exposure</b>	<b>Measurement method</b>
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

**Credit risk exposure**

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

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

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

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

By the nature of the Councils 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.

Council's maximum exposure to credit risk is as follows:

	Note	2010 \$'000	2009 \$'000
Financial assets			
Cash and cash equivalents	10	3,094	4,649
Receivables - rates	11	533	344
Receivables - other	11	2,162	1,780
Guarantee	20	187	170
		<b>5,976</b>	<b>6,943</b>

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

	Fully performing	Less than 30 days	Past due 30-60 days	Past due 61-90 days	Impaired	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - 2010	2,503	261	185	97	-21	2,889
Receivables - 2009	1,577	107	96	346	-2	2,124

#### Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works or borrowings from other financial institutions (if applicable).

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 the Note 21.

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:

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2010</b>				
Trade and other payables	2,545	262		2,807
Loans - QTC	537	2,256	1,367	4,160
	<b>3,082</b>	<b>2,518</b>	<b>1,367</b>	<b>6,967</b>
<b>2009</b>				
Trade and other payables	2,908	245		3,153
Loans - QTC	586	2,322	1,775	4,683
	<b>3,494</b>	<b>2,567</b>	<b>1,775</b>	<b>7,836</b>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Murweh Shire Council does not have a bank overdraft facility

### Interest rate risk

The Council is exposed to interest rate risk through its finance lease borrowings, borrowings from the Queensland Treasury Corporation or other financial institutions (if applicable) and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing mainly / (only) from the Queensland Treasury Corporation 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.

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

	Net carrying amount		Profit		Equity	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Financial assets	3,094	4,649	31	46	(31)	(46)
Financial liabilities	(4,160)	(3,554)	42	36	(42)	(36)
Net total	(1,066)	1,095	73	82	(73)	(82)



**27 National Competition Policy**

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

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

(a) Roads business activity:

(i) the construction or maintenance of state controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.

(ii) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

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

(i) trading in goods and services to clients in competition with the private sector, or

(ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to its self. Excluded activities are (a) library services, and (b) an activity or part thereof prescribed by legislation.

Local government 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 activities cost(s) which would not be incurred primary objective of the activities was 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**  
**Financial statements**  
For the year ended 30 June 2010

**Management Certificate**  
For the year ended 30 June 2010

These general purpose financial statements have been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the Standard) and other prescribed requirements.

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

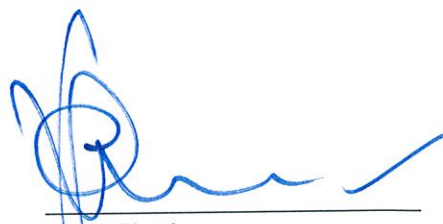
- (i) the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements, as set out on pages 1 to 31, have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of Murweh Shire Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

  
Councillor Mark O'Brien

Mayor

28/07/2010

Date: 28 / 07 / 2010



Mr Chris Blanch

Chief Executive Officer

08/07/2010

Date: 28 / 07 / 2010

## 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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 my audit opinion.

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all 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* –

- (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 2009 to 30 June 2010 and of the financial position as at the end of that year.



MICHAEL J MCDONALD  
Auditor-General of Queensland  
as Delegate of the Auditor-General of Queensland

11 November 2010

Brisbane

