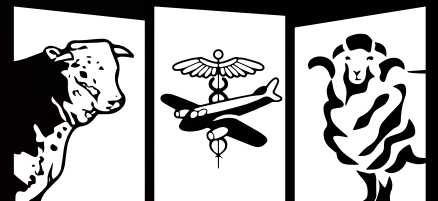


# Annual Report

2021-2022



**SHIRE OF MURWEH**

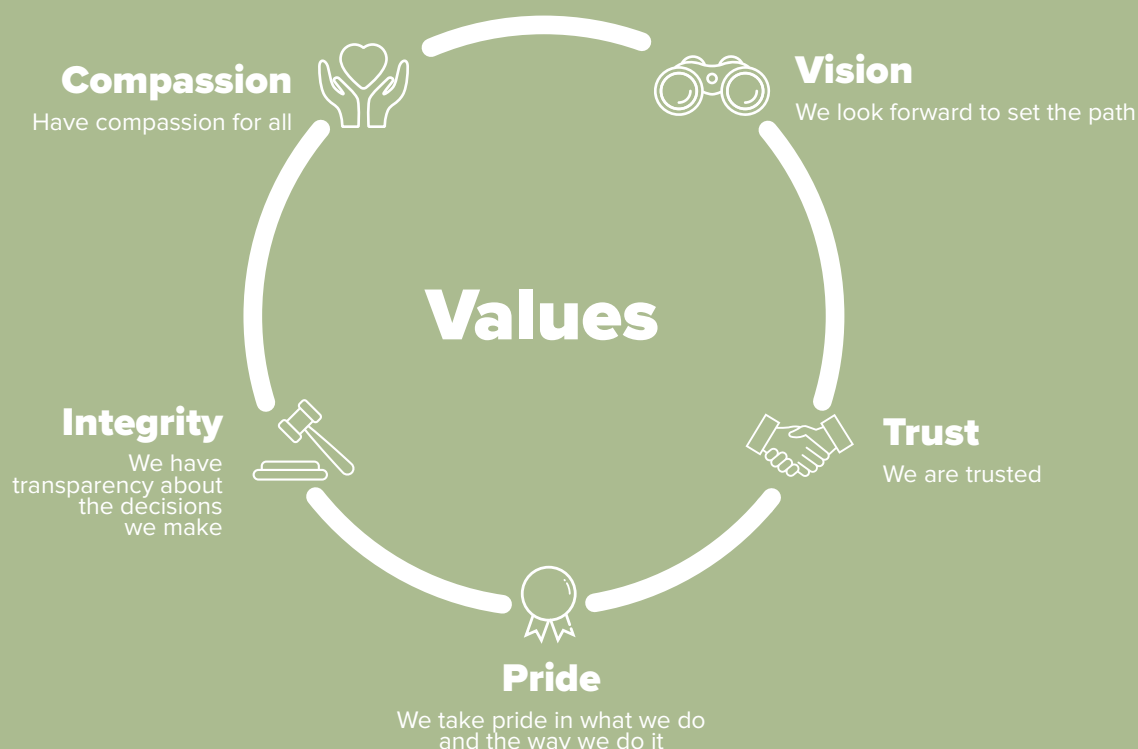
MORVEN - CHARLEVILLE - AUGATHELLA

# About Murweh Shire

The Murweh Shire covers 43,905 square kilometres of Queensland's Outback. Over 4,000 people reside in the Shire primarily in the towns of Charleville, Augathella, Morven and Cooladdi. The Shire is situated on the Great Artesian Basin.

Agriculture, Forestry and Fishing is by far the largest industry in terms of business numbers in Murweh Shire accounting for 49.1% of the total businesses in the region. Cattle and sheep production account for most of these businesses.

The Shire enjoys a low unemployment rate of just 2.0% which compares favourably against the State (4.8%) and National (5.1%) averages. The average mean maximum temperature of Charleville ranges from 19.5°C in July to 35.0°C in January. The average mean minimum temperature ranges from 4.1°C in July to 21.7°C in January. Average annual rainfall in Charleville is 490.5 mm per year with January typically being the wettest month (72.9mm).



**Towns**

**Charleville,  
Augathella,  
Morven &  
Cooladdi**

**Population**

**4000+**

**Area**

**43,905 km<sup>2</sup>**

**Temperature range**

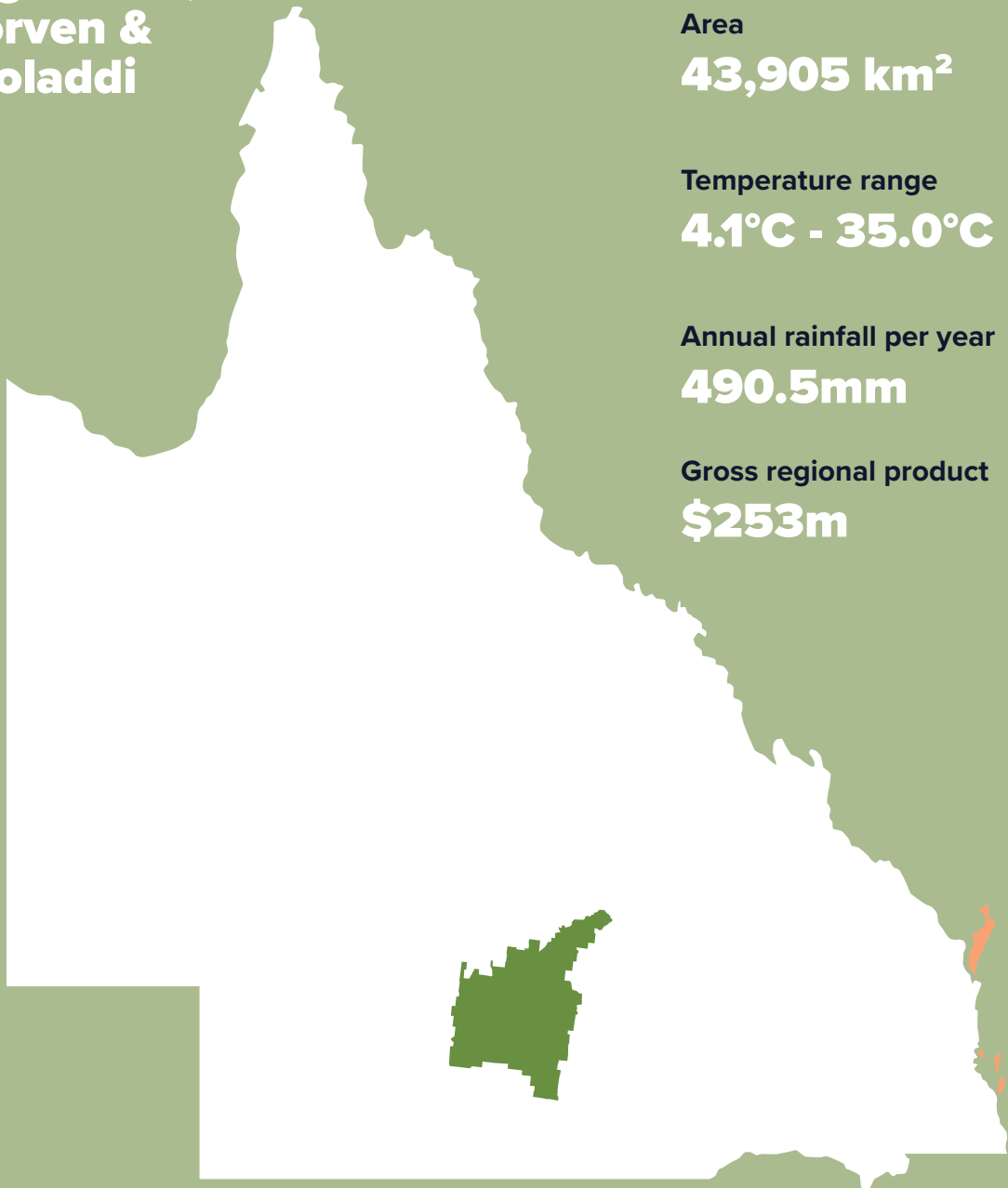
**4.1°C - 35.0°C**

**Annual rainfall per year**

**490.5mm**

**Gross regional product**

**\$253m**



**Major industries**

**Agriculture and  
cattle, sheep and  
goat production**

**Tourism attractions**

**Cosmos Centre &  
Observatory, Bilby  
Experience, Top Secret  
World War II Precinct  
& Tours**



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## Message from the Mayor

Incredibly, another exciting year for the Murweh Shire has passed. With so many great things happening it's hard to know where to begin.

As Grant funding becomes available we're doing our utmost to ensure our Shire receives its fair share. Funding has been secured for significant projects including the Outback Museum of Australia under the Building Better Regions Program (\$7.943m), Sewerage System Upgrades for Augathella and Charleville under the LGSSP 22-24 Program (\$8.114m) and the Charleville Pool Shade Facility under Works for Queensland funding arrangements (\$250k).

A range of Mental Health programs and events were able to be conducted thanks to funding secured for 'Mental Health and Well Being'.

The beautification of the Gowrie Crossing and Ward River barbecue and picnic areas as well as continued improvements to our Parks and Gardens in the three towns are also great initiatives.

These programs and projects have been realised through the Grant process and our communities continue to benefit as a result.

On the Tourism front, Council is leading the way in terms of its commitment to continue to build on what's been developed while ensuring our assets are maintained for the

enjoyment, use and benefit of our residents and visitors.

Hosting events is a key element to promotion of our Shire and all it has to offer. Great events such as the Western Qld Alliance of Councils Conference and Half Way There Shindig were well received by all involved.

As Mayor, I feel extremely honoured to represent the Shire Community and to keep pushing forward with vigour and enthusiasm to achieve more than we ever thought we could.

As an organisation the Murweh Shire Council is working together to bring ideas and projects to life that benefit all our residents and to seek new opportunities to take the Shire on a road to continuous improvement.

As we ponder the things we've achieved it's even more gratifying to see where we're going, what we can expect and how we're going to make it happen.

The success we've realised has only been achieved by Members of Council, CEO and Senior Management, Indoor and Outdoor Staff, Business Associates and our Communities working together for a common cause- a prosperous and positive future for our wonderful Shire.

**Cr. Shaun Radnedge**

**Mayor**



## Major projects

Highlights of some of the major projects undertaken in the 2021-2022 financial year include –

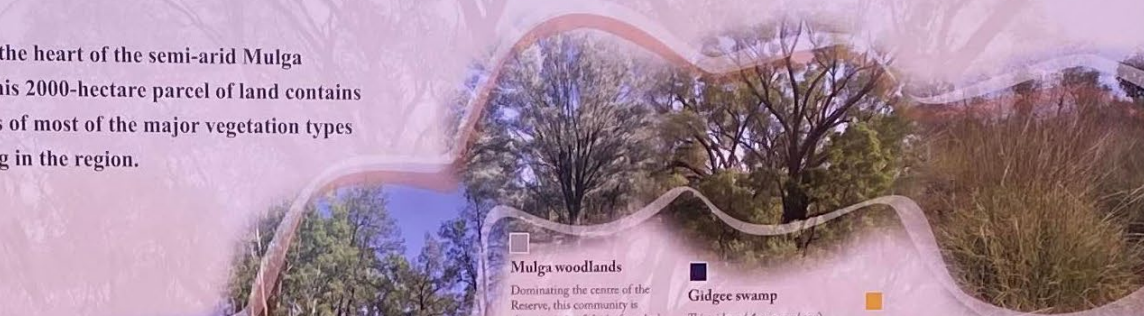
Morven Rail (Freight) Hub - Bore	416K
Morven Freight Hub Truck Wash Facility	436K
Racecourse renewals	285k
Charleville Gym Extension	136K
Completion Morven Rail (Freight) Hub	137K
Levee bank renewals	364K
Water and Sewerage Renewals	599K
Plant and equipment replacement	1.1M

### Roadworks

Khyber Road	1.4M
Killarney Road	768K
Kerb and Channel	135K
Footpath	156K
Old Charleville Road	110K
Town St Reseals	148K
Rural Road Maintenance	1.2M
Town Streets Maintenance	1.6M

# Charleville Botanical Reserve

In the heart of the semi-arid Mulga  
this 2000-hectare parcel of land contains  
most of the major vegetation types  
found in the region.



## Mulga woodlands

Dominating the centre of the Reserve, this community is characteristic of the 'soft mulga' (*Acacia aneura*) on sandy red earths east of the Warrego River. The Charleville region is home to the tallest stands of mulga in Australia.

## Gidgee swamp

This gidgee (*Acacia cambagei*) woodland in a clay hollow is dotted with gidgees, which fill with water after rain. If you are visiting on a humid day, or when the gidgee is flowering, you will be treated to its overpowering 'rotten egg' smell.

## Spinifex community

The eastern expression of the vast hummock grasslands of inland Australia, this community is dominated by 'soft' spinifex (*Triodia marginata*) with an overstorey of silver-leaf ironbark (*Eucalyptus melanophloea*). A diversity of shrubs and forbs provide a stunning wildflower display each Spring.

## Pine Sandridge

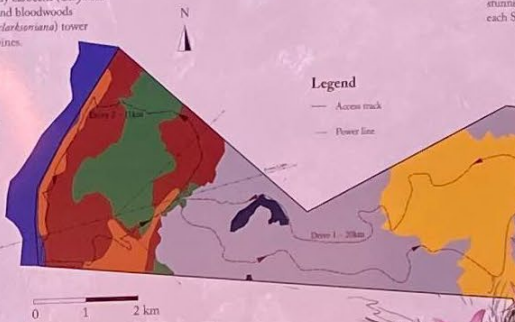
White cypress pine (*Callitris glaucoxylla*) occurs on ancient sand ridges that run along the Warrego River. Stately caribbens (*Corymbia tessellata*) and bloodwoods (*Corymbia clarksoniana*) tower above the pines.

## Box woodland

Further back from the river and in areas that are not subject to regular flooding, the Warrego plains support open, grassy poplar box (*Eucalyptus populnea*) woodland, with cypress pine and/or ironwood (*Acacia excelsa*) becoming common in some areas.

## Floodplain

This open coolibah (*Eucalyptus coolabah*) woodland is typical of the wide clay floodplains of inland rivers. During floods, the area is inundated by shallow, muddy, slow-moving water, stimulating the germination of many plant species.



## Legend

— Access track  
— Power line

You are here

## Explore the Reserve by foot or vehicle.

**Spinifex walk (2km)** In Spring, a stunning array of plants bloom in this heath-like community.

**Drive 1 (20km circuit, allow 2 hours)** Move through spinifex and mulga, with a walk into the gidgee swamps.

**Drive 2 (11km circuit - access point half way along drive 1 circuit - total 31km)** An opportunity to see the full array of communities on the Reserve including the Warrego River.

**Note:** Read signs along the tracks or pick up a booklet at the Information Centre or newsagents in Charleville and Cunnamulla.

Reserve area partially funded by the Queensland Government

with the Department of the Environment







## Chief Executive Officer's Report

Council delivered capital and operational works program for the financial year 2021-22 of around \$19M of external funding resulting in an overall surplus of \$1.4M.

Present financial position remains stable with cash reserves held of \$8.4M significantly above reserves held previously of \$7.1M largely due to the success of both operational and capital grants received from the Federal and State governments. No new borrowings were sought for the financial year.

Capital expenditure represented a total of \$7.7M with capital grants totalling \$5.3M showing success of Council's grant application programs. Support from both the Federal and State governments is as always graciously appreciated with continued funding programs such as the Federal Roads to Recovery and Building Better Regions programs with the State's Building our Regions, Works for Queensland programs and Transport Infrastructure Development Scheme (TIDS).

Our region, whilst still recovering from the prolonged effect of many years of drought, continues to receive above average rain for the majority of 2021 -22, which is most welcome. Whilst some are still doing it tough, council determining a modest increase in rates and charges

around 2.9% slightly below the CPI indexation was fair and equitable. Due to the continued increase in cost of living, Council have increased the pensioner concession to \$380 per annum, up by \$20.

Challenges facing the present and future Council will be the need to balance asset renewal with the provision of substantial new assets, as well as the need for continued social programs and greater community expectations.

A wide range of statutory compliance issues were met during the year, including the delivery of a new Corporate Plan (2022-27), a statutory requirement which sets Council's direction for the next five years. Council is again also proud to provide a further unqualified audit opinion for the eighteenth straight year meeting government requirements.

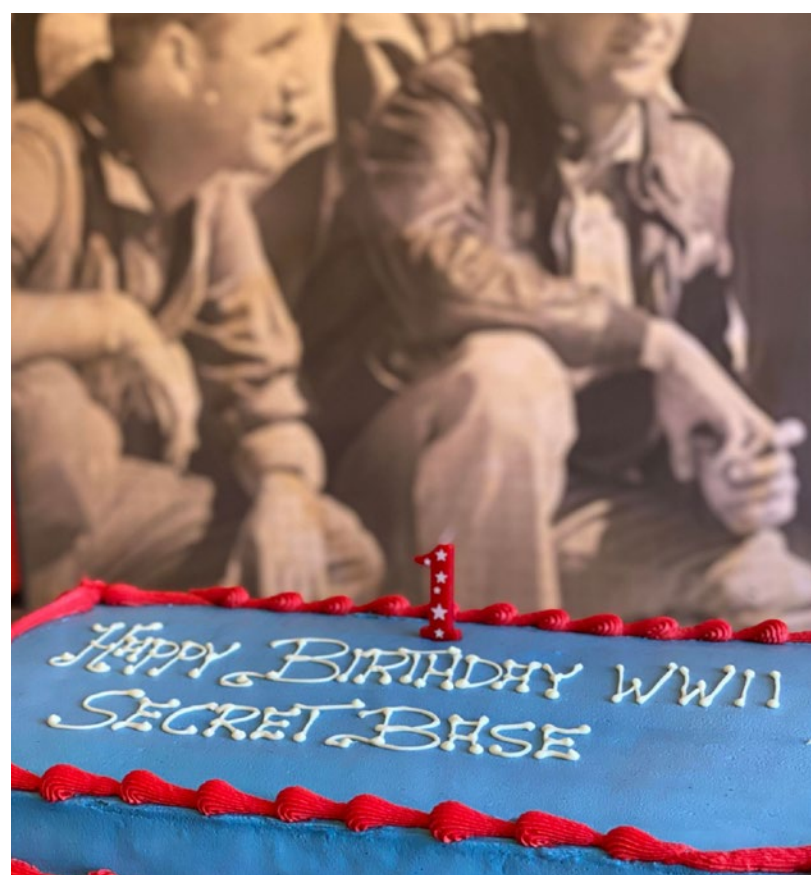
In closing extend my congratulations to the Executive Council, Senior Management, and all staff in delivering this major works program, their continued due diligence and dedication on such an improved financial position for the betterment of the council and community.

**N W Polglase**  
**Chief Executive Officer**

# Graham Andrews Parklands

Parks & Leisure Australia - Qld Park  
of the Year Award









**Section 1**  
**Legislative**  
**Compliance**

# Legislative Compliance

## Local Government Regulations 2012

### Particular resolutions - S185, S250 (1) and S 206 (2)

There were no resolutions made during 2021/22 financial year pertaining to S 185 and S 206 of the Local Government Regulation 2012.

### Councillors - S 186 (1) (a) (c)

Statistics of meeting attendance and remuneration for each individual Councillor 2021-2022.

#### Cr Shaun Radnedge

Ordinary Meetings	12
Special Meetings	1
Remuneration Gross Payment	110,167.13
Employer Superannuation	13,220.05

#### Cr Peter Alexander

Ordinary Meetings	12
Special Meetings	1
Remuneration Gross Payment	61,475.76
Employer Superannuation	7,377.09

#### Cr Robert Eckel

Ordinary Meetings	12
Special Meetings	1
Remuneration Gross Payment	57,163.49
Employer Superannuation	6,859.62

#### Cr Paul Taylor

Ordinary Meetings	11
Special Meetings	1
Remuneration Gross Payment	53,579.13
Employer Superannuation	6,429.50

#### Cr Michael McKellar

Ordinary Meetings	12
Special Meetings	1
Travel Allowance	3,600.00
Remuneration Gross Payment	58,682.21





## Councillors

**Back Row (L to R)** Cr Robert Eckel, Deputy Mayor Cr Peter Alexander, Cr Michael McKellar

**Front Row (L to R)** Cr Paul Taylor, Mayor Cr Shaun (Zoro) Radhedge, CEO Mr Neil Polglase.

**Cr Michael McKellar**

Total	62,282.21
Employer Superannuation	5,868.26

**S 186 (1) (d) the total number of the following during the financial year -**

(i) orders made under section 150I(2) of the Act;	Nil
(ii) orders made under section 150AH(1) of the Act;	Nil
(iii) decisions, orders and recommendations made under section 150AR(1) of the Act; and	Nil

**S 186 (1) (e) the total number of the following during the financial year -**

(i) the name of each councillor for whom a decision, order or recommendation mentioned in paragraph (d) was made;	Nil
(ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors;	Nil
(iii) a summary of the decision, order or recommendation made for each councillor; and	Nil

**S 186 (1) (f) the number of each of the following during the financial year -**

i) complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	Nil
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	Nil
(iii) notices given under section 150R(2) of the Act;	Nil
(iv) notices given under section 150S(2)(a) of the Act;	Nil
(v) decisions made under section 150W(1)(a), (b) and (e) of the Act;	Nil
(vi) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act;	Nil

**S 186 (1) (f) the number of each of the following during the financial year -**

(vii) occasions information was given under section 150AF(4)(a) of the Act;	Nil
(viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	Nil
(ix) applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct.	Nil

**Administrative Action Complaints - S 187**

The following is a brief summary of the Council adopted policy "Administrative Action Complaints Management Policy and Procedures".

The policy is broken down into three stages:

- (i) Preliminary procedures
- (ii) Complaint process
- (iii) Review by Ombudsman or other complaints entities

It is the Council's intent to provide a level of customer service that does not attract complaints, but acknowledges the rights of persons to provide feedback, both positive and negative, on its services and / or to lodge a complaint about a decision or other action Council takes.

The complaints process has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence subject to any legal requirement, and in a manner respectful to the complainant.

Administrative complaints made during the financial year	Nil
Number of complaints resolved under the complaints management process	Nil
Number of complaints not resolved under the complaints management process	Nil
The number of administrative action complaints under paragraph (a) (iii) that were made in a previous financial year.	Nil

**Overseas travel - S 188**

There was no overseas travel in 2021/2022.



## Grant Expenditure to Community Groups - S 189

In accordance with section 189 of the *Local Government Regulation 2012*, the following information is provided concerning expenditure on grants to community organisations. The Council does not operate discretionary funds.

Description	Amount
Expenditure on grants to community organisations	\$135,226
In kind donations and contributions	\$68,436
Total	\$203,662

## Other Contents - S 190

### Corporate and Operational Plans

Council is required to adopt a Corporate Plan to guide Council's decision making. This document establishes the framework and identifies goals, objectives and strategies to be pursued by Council to meet the aspirations and needs of the community. The plan is developed in consultation with the community and can be revised at any time during the life of the plan to ensure council is following its strategic direction.

The Operational Plan is prepared annually and outlines Council's work program for the next financial year including costs and completion timelines, this document is subject to quarterly reviews and must be consistent with the Council's Corporate Plan.

In accordance with legislative requirements, Council reviewed the operational plan on two occasions relevant to the financial period. Council generally receives a written assessment of the implementation of the operational plan at the end of each quarter.

### Other contents - S 190 (1) (a) (b) (c)

The annual report for a financial year must contain the following information

(a) the chief executive officer's assessment of the local government's progress towards implementing its 5-year	Refer to Section 2 Outcomes of the Operational Plan 2021-2022
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(b) particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year;

Refer message from the Mayor and CEO p5 -8

(c) an annual operations report for each commercial business unit;

N/A

d) details of any action taken for, and expenditure on, a service, facility or activity -

(i) supplied by another local government under an agreement for conducting a joint government activity; and

Nil

(ii) for which the local government levied special rates or charges for the financial year;

Nil

### Invitation to Change Tenders - S 190 (1) (e)

Council did not issue invitations to change any tenders under section 228(7) of the *Local Government Regulation 2012* during 2021-2022.

### Registers and Public Documents - S 190 (1), (f)

Item	Description	Access
Register of personal interests of Councillors and Senior Officials	To record certain financial and other personal interests of relevant individuals.	Councillor's interests are available on Council's website
Investment Register	Record details of Council's investments	Available to any person, included in the monthly financial report, available on Council's website.
Register of Local Planning Policies	To record the current policies as set by Council	Available to any person
Register of Delegations of Authority by Council.	To record all powers delegated by the Local Government or the Chief Executive Officer's delegated powers.	Available to any person
Register of Delegations of Authority by the CEO.	To record all powers delegated by the CEO.	Available to any person
Councillor Conduct Register	To record all Councillor Conduct	Available to any person
Asset Register	To record all assets that Council owned	High level information included in the financial statements. Available to any person
Preferred Suppliers Register	To record Council's Preferred Supplier list	Available to any person
Register of Local Laws	To record all local laws set by Council	Available to any person





# Augathella Park



Item	Description	Access
Register of Policies	To record the current policies as set by Council	Available to any person
Register of Roads	To record the details of the shire roads.	Available to any person
Contract Register	To record the details of all contracts.	Available on Council's website
Register of Legal Documents	To hold a record of all legal documents.	Available to any person
Register of Cost-Recovery Fees	To record all charges levied by Council.	Available on Council's website
Building Application Register	To record the details of all applications.	Available to any person
Cemetery Register	To record all burial sites	Available to any person
Corporate & Operational Plan	To document the goals and strategies set by Council for the period specified in each plan.	Available on Council's website
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available on Council's website

### Concessions for Rates and Charges Granted by Council - S 190 (1), (g)

- (i) A 10 % discount on rates and charges excluding interest, fire levy and excess water charges if paid by the due date
- (ii) Age pensioners in receipt of a full pension and having a Commonwealth Government Concession Card receive a remission up to \$380.00 per annum

Council considers requests from Community organisations for the waiver of fees for the use of community facilities

### Internal Audit - S 190 (1), (h)

Council extended Crowe Horwath (Australia) Pty Ltd as its provider of internal audit services up to 30 June 2023.

A three year program has been developed for 2022-2024. Two internal audits were completed during 2021-2022.

### Competitive Neutrality - S 190 (1), (i) (j)

Council has not been required to issue any investigation notices in the financial year under section 49 of the competitive neutrality complaints procedures as per the *Local Government Regulation 2012*.

Council has not been required to respond to any Queensland Productivity Commission recommendations as per section 52 (3).

### Senior Staff Remuneration (Local Government Act 2009 S 201)

The total of all remuneration packages payable in 2021-2022 to the senior management of the Council was \$985,526.

Band	Number of employees
\$100,000 to \$200,000	2
\$200,000 to \$300,000	3

### Public Sector Ethics Act 1994 - S 23

Council has implemented the code of conduct and undertaken regular education, training and review of procedures.

### Local Government Act 2009

#### Identifying beneficial enterprises - S 41

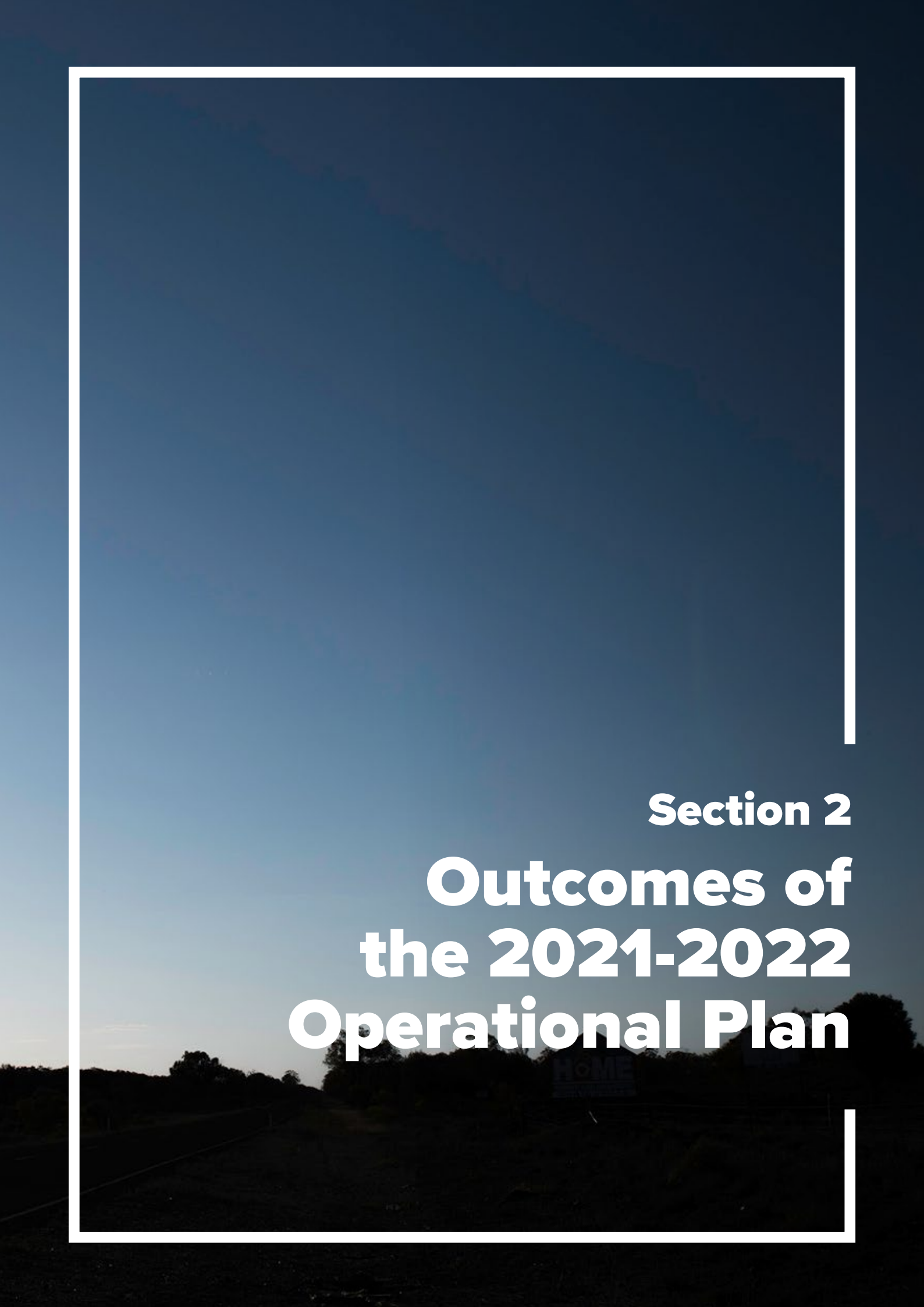
A local government's annual report for each financial year must contain a list of all the beneficial enterprises that the local government conducted during the financial year. Nil

#### Identifying significant business activities - S 45

A local government's annual report for each financial year must—

- (a) contain a list of all the business activities that the local government conducted during the financial year; and Nil
- (b) identify the business activities that are significant business activities; and Nil
- (c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and Nil
- (d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities. Nil





**Section 2**

**Outcomes of  
the 2021-2022  
Operational Plan**

# Outcomes of the 2021-2022 Operational Plan

## GOVERNANCE

Strategies	Outcomes
Greater community participation and engagement	<p>Mayoral Update completed each week and posted to social media. Media and Communications officer coordinating weekly updates of all news worth information of relevance to Council.</p> <p>Community Consultation meetings,</p> <ul style="list-style-type: none"> <li>• Three Community engagement sessions held for Corporate Plan.</li> <li>• Budget &amp; Rating held in Charleville, Morven and Augathella</li> </ul>
Provide for external and internal audit functions	<p>Internal audit conducted 3 audits.</p> <ul style="list-style-type: none"> <li>• Document Security and Storage</li> <li>• Council Website</li> <li>• Capital Works Management</li> </ul> <p>External Audit completed with unmodified audit opinion</p>

## RISK MANAGEMENT

Strategies	Outcomes
Council adopts an Enterprise Risk Management (ERM) System throughout the organisation	MSC Executive had an Enterprise Risk Management Workshop to outline the strategic risks to the organisation. A follow up workshop will be held to address specific thematic areas of Risk (i.e. WH&S, Financial etc). ERM to be presented to Council for adoption mid 2022-23.
Council has in place a compliant Workplace Health & Safety System in place	DCS and WH&S Coordinator working with LGW to update Safe Plan as an interim measure, prior to commencement of new software system in 22-23 financial year.
Council has an accredited Roadworks Quality Assurance System (RQAS) in place	DCS and WH&S Coordinator working with LGW to undertake TMR 3rd Party accreditation as part of the Consultant Brief. Safe Plan audit completed and compliance with TMR maintained.

## HUMAN RESOURCES

Strategies	Outcomes
Council has an Enterprise Bargaining agreement in place	One EBA agreed and signed off, both outside and inside staff

## REVENUE

Strategies	Outcomes

Rates, charges, subsidies, grants, fees, donations and contributions collected	Finance Team has successfully released both rounds of rating, new categories have been implemented with relatively minimal issues.
--	--

## ADMINISTRATION

Strategies	Outcomes
Provide administrative support to the organisation	Continued work with Pinnacle and Contract CFO
A financial system that meets the need of the Council	<p>Implementation of LG Financial Software in progress</p> <p>Altus record system has been implemented and training conducted</p>

## FINANCE

Strategies	Outcomes
Council has developed a 10yr financial sustainability report	10-year forecast updated in line with legislative requirements

## ASSETS

Strategies	Outcomes
Suitable Asset Management System covering all asset types	Road Infrastructure, Water & Sewerage and Buildings and Other Structures AMPs in place. QAO Audit on AMP completed. Asset Management Streeting Committee formed.

## LIBRARIES

Strategies	Outcomes
Provide library services for public use	<p>Staff levels have been maintained, First Five program has been maintained</p> <p>Charleville upgrade works progressing and upgrades finalised at Augathella.</p>

## AERODROMES

Strategies	Outcomes
Provide aerodromes of an appropriate standard	Staff, safety and service levels maintained. CASA onsite audit successfully completed, accreditation maintained and compliance levels high. Additional officers trained.

## ECONOMIC DEVELOPMENT

Strategies	Outcomes
Strengthen economic outcomes and prospects through regional representation of the Shire	Member of SW ROC, LGAQ, Western Queensland Alliance to promote regional strategies for economic development and investment. Work with local organisations to increase capacity.
Council consider and develop climate change initiatives	<p>Tyre recycling project completed</p> <p>Continues to progress regional waste hub initiatives.</p>







Regional connectivity is established throughout the region

NBN is rolling out project. \$6 million secured with contribution from MSC for Augathella and Morven communities.

#### STAFF HOUSING

##### Strategies

Provide housing to an acceptable standard for senior staff

##### Outcomes

Council has established leasing arrangements with private real estate agents.  
Council advertised for EOI for private investors to provide housing for executive. Minimal response received.

#### CULTURAL DEVELOPMENT

##### Strategies

Community organisations are consulted and funds allocated in line with the Policy

Assistance given when required. 2RADF round have been delivered. Ongoing EOIs assessed on an as needs basis.

Provide adequate levels of resources and support for community assistance

Progress Associations have been very proactive with distribution of funds to good causes.

#### TOURISM-VIC-COSMOS-WWII

##### Strategies

Visitor Information Centre in the 3 communities

##### Outcomes

Staff in place. Will need to monitor service levels and demand.  
Car park Landscaping is complete. Flooring and painting in progress

Council will encourage other tourism ventures to be established

BBRF funding successful. Committee in place to oversee the build

#### LAND DEVELOPMENT

##### Strategies

Freight Hub in Morven is established

##### Outcomes

Yards and Truck wash are 100% complete. Morven Bore has been drilled, and is now awaiting the final fit-out and tie into the town supply & rail hub.

Industrial land is available in the 3 communities

Industrial land in Charleville complete, disposal on going  
Initiated the purchase of Stage 1 Augathella Industrial Land development

#### COMMUNITY FACILITIES

##### Strategies

Parks and gardens maintained for continued public use and enjoyment

All projects completed, including extensive upgrades to Graham Andrews Park

Sporting facilities & showgrounds maintained to safe standard

Brassington Park works in progress

Community facilities maintained to a reliable and high standard

Upgrade to VAST completed in Morven, and underway in Augathella.

Public halls, cultural centre & medical practitioners facilities maintained to an appropriate standard

Significant upgrades to both the Morven and Augathella Halls have been completed - focused on painting, flooring and electrical upgrades at the Augathella Hall, and kitchen, flooring and interior painting upgrades at Morven.

Cemeteries maintained to a respectful standard

Cemetery is maintained to a high standard.  
Beams to be constructed 2022-23

Public conveniences maintained to a safe and healthy standard

Funding received for the provision of a public facility at the Augathella camping grounds. Work in progress



Aged care facilities maintained to a safe and otherwise appropriate standard

Significant capital upgrades have been completed at Aged Housing in Charleville and Augathella. Upgrades include kitchen, bathroom, paint and floor coverings in majority of units, photovoltaic-interconnected fire alarms.  
New project to continue works in FY22-23

#### ENVIRONMENTAL

Strategies	Outcomes
Local laws regarding keeping and control of animals including wild dogs are policed where necessary	Ranger employed and adequately resourced to undertake duties.
Stock routes maintained to an appropriate standard in accordance with legislative requirements	Element 5 funding from TMR has continued spraying. Works are underway to upgrade 3 water points with funding from Stock routes Qld. November baiting campaign was successful

#### REFUSE MANAGEMENT

Strategies	Outcomes
Land fill operations carried out effectively and efficiently	Final negotiations with tenderers for a new contract are being undertaken.

#### BUILDING & PLANNING

Strategies	Outcomes
Building and ancillary construction compliance maintained	Planning & building approvals continue to be processed in accordance with the legislation and statutory timeframes.
Energy efficiency throughout Council buildings	Further funding sought

#### ENGINEERING

Strategies	Outcomes
Rural roads upgrading	Killarney Road seal completed. Khyber Rd early June completion pending weather.
Kerb and channel	Hood St completed. Jane St design completed, pending funding.
New footpaths	Burke St, Edward St and Victoria St completed. Main St Augathella will be completed by end June.
Levee Bank	Levee reinstatement works completed. On-going year by year maintenance fund has been established.

#### WATER

Strategies	Outcomes
Provide adequate and safe urban drinking water supply	Regular testing and treatments completed.
Storage and supply of urban water maintained	New bore for Colladi completed. Upgraded sewerage pumps in Charleville & Augathella.

#### SEWERAGE

Strategies	Outcomes
Sewerage treatment plant and ponds operating to standard	SMEC proposal mitigation actions undertaken. Funding EOI for Upgrade has been approved for Charleville and Augathella
Upgrade pump stations and mains	Switchboards and pumps upgrades are completed for Augathella.





**Section 3**  
**Community**  
**Financial**  
**Report**  
**2021-2022**

# Community Financial Report

(Section 184 Local Government Regulation 2012)

The community financial report aims to simplify Council's official financial statements by providing a visual representation of our financial performance for the period 1 July 2021 to 30 June 2022.

Each report in Council's financial statements provides information on a specific aspect of our financial performance, with the statements collectively providing a profile of the financial performance and wealth of Council.

This community financial report consists of four key statements:

## 1. Statement of Comprehensive Income

which measures how Council performed in relation to income and expenses during the financial year. This statement illustrates how money received from Council operations is spent.

Council achieved a net result of \$ 1.4 million compared with 2020-21 of \$ 6.4 million. The decrease in net result is largely due to completion of multiple projects in 2021 including the Morven Rail hub, Industrial Estate, Cosmos upgrade and WWII Precinct.

There was an increase in employee benefits due to staffing at the tourism facilities such as the WWII Precinct, Planetarium, Visitor Information Centre, and Bilby operations

Revenue	2021-2022 \$'000	2020-2021 \$'000
Rates, Levies and Charges	6,852	6,685
Fees and Other Income	2,789	2,082
Interest & Investment Revenue	123	110
Grants & Contributions - Operating	13,615	13,968
Sales & Recoverable Works	4,659	5,363
<b>Total Revenue</b>	<b>28,038</b>	<b>28,208</b>
<b>Expenses</b>		
Employee Benefits	8,421	7,523
Materials and Services	16,239	16,680
Finance Costs	265	336
Depreciation and Amortisation	7,091	6,511
<b>Total Expenses</b>	<b>32,016</b>	<b>31,050</b>
<b>Operating Surplus/(Deficit)</b>	<b>(3,978)</b>	<b>(2,842)</b>
Capital Grant/Other Capital Income	5,267	9,329
Capital Expenses	85	50
<b>Net Result</b>	<b>1,374</b>	<b>6,438</b>

## Revenue Sources

### - Where does our money come from?

Throughout the 2021-22 financial year Council earned \$ 28.0 million in operating revenues.

The most significant contributors to revenue include:

Operational grants, subsidies contributions and donations	\$13.6million
Rates, levies and utility charges	\$6.8 million
Recoverable works	\$4.6 million

48.5% of total revenue comes from operating grants and subsidies which includes the Financial Assistance Grants of \$9.7 million.

## Operating Expenses

### - Where does our money go?

Council incurs operating expenses in the provision of goods and services to our community.

Key operating expenses during the 2021-22 financial year were:

Employee benefits	\$8.4 million (26.3%)
Materials and services	\$16.2 million (50.7%)
Depreciation and amortisation	\$7.1 million (22.1%)

## 2. Statement of Financial Position

Position measures what we own (our assets), what we owe (our debts) and our net worth at the end of the financial year 30 June 2022

### Total Assets – What we own

The major components of our assets include:

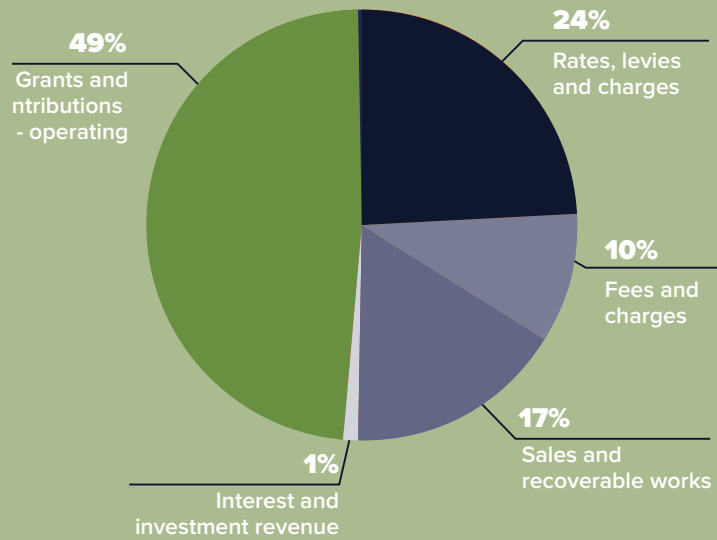
Property, plant and equipment	\$425.7 million
Cash	\$8.4 million
Trade and other receivables & inventories	\$3.3 million

### Total Liabilities – What we owe

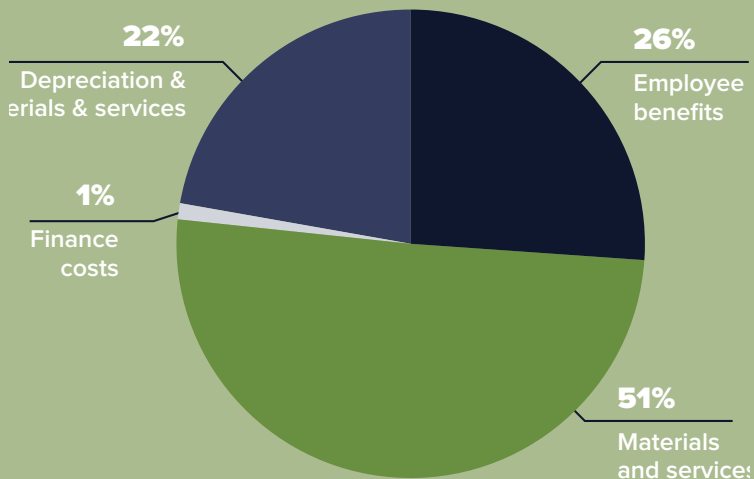
The major components of our liabilities include:

Loans	\$2.8 million
Trade & other payables	\$3.4 million
Provisions	\$3.3 million
Contract liability	\$2.1 million

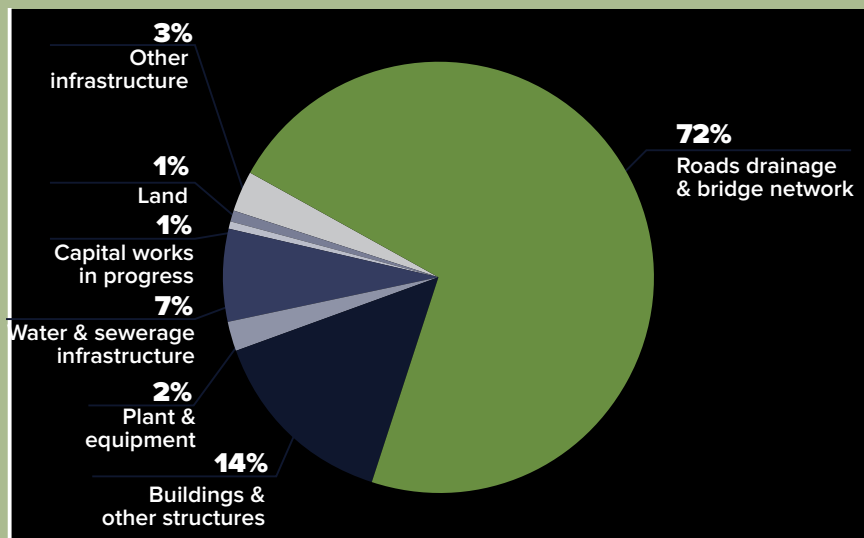
# Operating Revenue



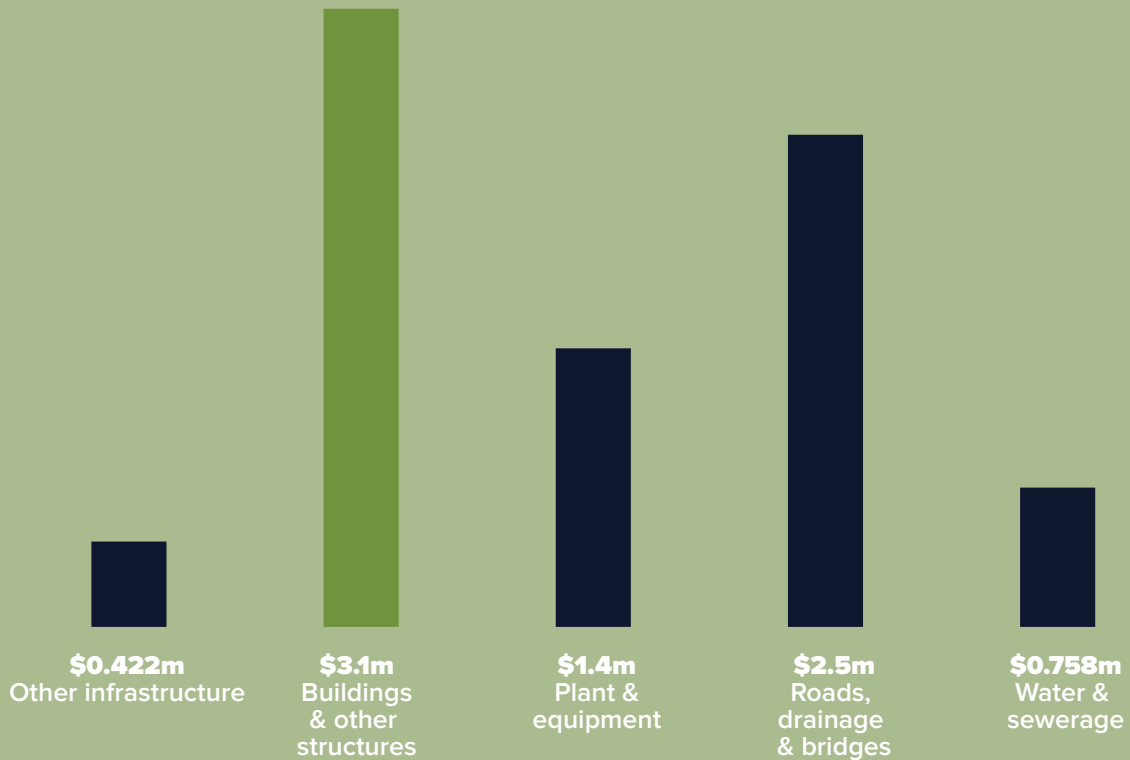
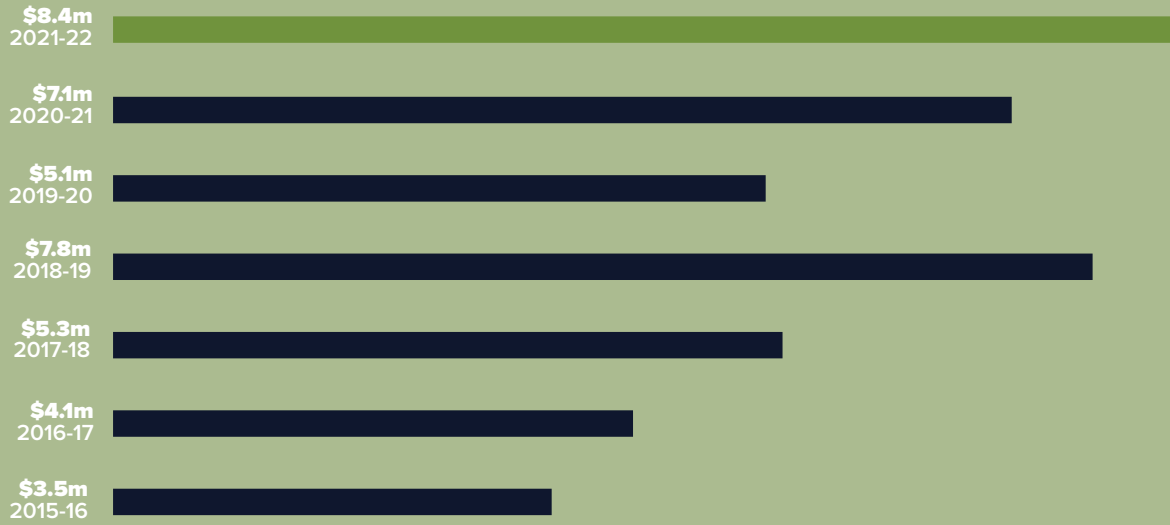
# Operating Expenses



# Property Plant & Equipment



# Cash Balance



# Capital Works Completed



During the financial year, total borrowings paid to Queensland Treasury Corporation were \$247,000.

Council Plant Property & Equipment at 30 June 2022 is illustrated in the pie graph on page 30. As shown in the above graph, road network assets represents 72 % of Council's total assets followed by water and sewerage of 7%

### 3. Statement of Changes in Equity

The statement of changes in equity measures the changes in our net wealth and shows the movements in our retained earnings and asset revaluation surplus. In the 2021-22 financial year council's net worth increased by \$ 21.4 million.

### 4. Statement of Cash Flows

This statement outlines how much cash we received and spent throughout the year. The closing balance reflects how much cash Council had at year end.

The table below shows a comparison of how much we received and paid in each type of activities between 2021-22 and 2020-21 financial years.

Cashflow Summary	2021-2022 \$'000	2020-2021 \$'000
Opening Cash Balance	7,130	5,176
Net Cashflow from Operating Activities	3,705	3,429
Net Cashflow from Investing Activities	(2,146)	(2,322)
Net Cashflow from Financing Activities	(270)	(847)
<b>Closing Cash Balance</b>	<b>8,419</b>	<b>7,130</b>

As shown in the graph on page 31, Council's cash position in 2021-22 have increased by \$1.3 million compared to that of prior year.

During the financial year 2021-22, Council have completed capital projects to the value of \$8.25 million. These include:

Road capital projects totalling	\$2.5 million
Water and sewerage projects	\$758,000
Buildings and other structures	\$3.1 million
Recreation parks and airport	\$422,000
Replacement of plant and equipment	\$1.4 million

Council was able to deliver these projects with funding assistance received from Commonwealth and State

governments. In 2021-22, Council recorded capital grants of \$5.3 million.

## Financial sustainability ratios

### Operating surplus ratio

Indicates the extent to which operational revenues raised cover operating expenses.

Target: between 0% and 10%

The ratio for 2021-2022 is a negative 14% which is outside of the target range

### Asset sustainability ratio

Indicates the extent to which assets are being replaced as they reach the end of their useful lives.

Target: greater than 90%

The ratio for 2021-2022 is 85%

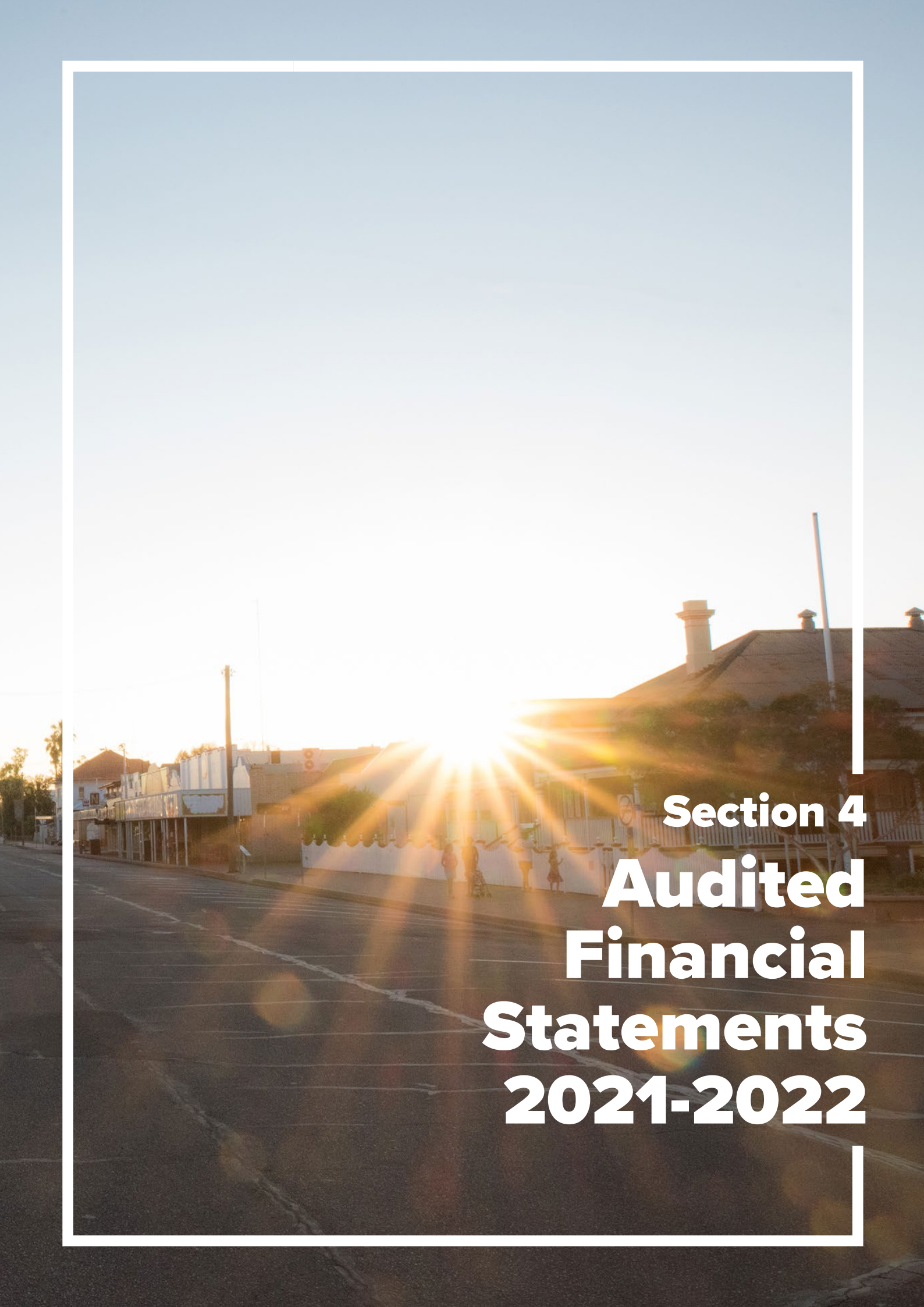
### Net financial liabilities

Ratio indicates the extent to which operating revenue can cover net financial liabilities.

Target: not greater than 60%

Council has a negative 4% ratio, which means that Council has the ability to increase its loan borrowing. In the case of this particular ratio, a negative ratio is a strength.



A photograph of a street scene at sunset. The sun is low on the horizon, creating a bright lens flare effect across the image. The street is paved and has white parking lines. On the left side of the street, there are several buildings, including a white building with a sign that says "SUN". On the right side, there is a larger building with a chimney and a tall antenna. A few people are visible on the sidewalk near the white building. The sky is a clear, light blue color.

**Section 4  
Audited  
Financial  
Statements  
2021-2022**



Welcome to



**COOLADDI**

# Murweh Shire Council

## Financial statements

### For the year ended 30 June 2022

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# Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	2022 \$ 000's	2021 \$ 000's
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	6,852	6,685
Fees and charges	3(b)	2,789	2,020
Interest received		82	110
Sales revenue	3(c)	4,659	5,363
Other income		41	62
Grants, subsidies, contributions and donations	4(a)	13,615	13,968
<b>Total recurrent revenue</b>		<b>28,038</b>	<b>28,208</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	5,267	9,329
<b>Total revenue</b>		<b>33,305</b>	<b>37,537</b>
<b>Total income</b>		<b>33,305</b>	<b>37,537</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(8,421)	(7,523)
Materials and services	7	(16,239)	(16,680)
Finance costs		(265)	(336)
Depreciation and amortisation			
Property, plant and equipment	10	(7,068)	(6,425)
Right of use assets	16	(23)	(84)
<b>Total recurrent expenses</b>		<b>(32,016)</b>	<b>(31,048)</b>
<b>Capital income/(expenses)</b>	5	85	(50)
<b>Total expenses</b>		<b>(31,930)</b>	<b>(31,098)</b>
<b>Net Result</b>		<b>1,374</b>	<b>6,438</b>
<b>Other comprehensive income</b>			
Other comprehensive income items that will not be reclassified to net result			
Increase in asset revaluation surplus	17	20,109	136
<b>Total other comprehensive income for the year</b>		<b>20,109</b>	<b>136</b>
<b>Total comprehensive income for the year</b>		<b>21,484</b>	<b>6,575</b>

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

# Statement of Financial Position

as at 30 June 2022

	Note	2022 \$	2021 \$
<b>Current assets</b>		<b>000's</b>	<b>000's</b>
Cash and cash equivalents	8	8,419	7,130
Trade and other receivables	9	1,198	2,211
Contract assets	15	2,103	781
Inventories	26	877	753
Other assets		231	217
<b>Total current assets</b>		<b>12,829</b>	<b>11,092</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	422,424	401,306
Work in Progress	10	3,333	3,851
Right-of-Use Assets	16	2	25
<b>Total non-current assets</b>		<b>425,759</b>	<b>405,182</b>
<b>Total assets</b>		<b>438,587</b>	<b>416,274</b>
<b>Current liabilities</b>			
Trade and other payables	12	3,391	3,699
Borrowings	13	191	250
Provisions	14	1,142	1,049
Contract liabilities	15	2,077	889
Lease liabilities	16	2	23
<b>Total current liabilities</b>		<b>6,803</b>	<b>5,910</b>
<b>Non-current liabilities</b>			
Borrowings	13	2,630	2,818
Provisions	14	2,186	2,060
Lease liabilities	16	-	2
<b>Total non-current liabilities</b>		<b>4,816</b>	<b>4,880</b>
<b>Total liabilities</b>		<b>11,620</b>	<b>10,790</b>
<b>Net community assets</b>		<b>426,968</b>	<b>405,485</b>
<b>Community equity</b>			
Asset revaluation surplus	17	296,426	276,317
Retained surplus		130,542	129,168
<b>Total community equity</b>		<b>426,968</b>	<b>405,485</b>

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

# Statement of Changes in Equity

for the year ended 30 June 2022

	Asset revaluation surplus	Retained surplus	Total
Note	\$ 000's	\$ 000's	\$ 000's
<b>Balance as at 1 July 2021</b>	276,317	129,168	405,485
Net result	-	1,374	1,374
Increase in asset revaluation surplus	17 20,109	-	20,109
<b>Total comprehensive income for the year</b>	<u>20,109</u>	<u>1,374</u>	<u>21,483</u>
<b>Balance as at 30 June 2022</b>	<u>296,426</u>	<u>130,542</u>	<u>426,968</u>
<b>Balance as at 1 July 2020</b>	276,181	122,729	398,910
Net result	-	6,438	6,438
Other comprehensive income for the year			
Increase in asset revaluation surplus	17 136	-	136
<b>Total comprehensive income for the year</b>	<u>136</u>	<u>6,438</u>	<u>6,575</u>
<b>Balance as at 30 June 2021</b>	<u>276,317</u>	<u>129,168</u>	<u>405,485</u>

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



# Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$ 000's	2021 \$ 000's
<b>Cash flows from operating activities</b>			
Receipts from customers		15,173	14,187
Payments to suppliers and employees		(25,045)	(25,021)
		<u>(9,872)</u>	<u>(10,834)</u>
Interest received		82	110
Finance costs		(120)	(108)
Non-capital grants and contributions	4(a)	13,615	14,262
<b>Net cash inflow from operating activities</b>	21	<u>3,705</u>	<u>3,429</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,731)	(12,861)
Proceeds from sale of property, plant and equipment	5(a)	320	227
Capital grants, subsidies, contributions and donations	4(b)	5,267	10,313
<b>Net cash outflow from investing activities</b>		<u>(2,146)</u>	<u>(2,322)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	1,177
Repayment of borrowings	13	(247)	(246)
Repayments made on leases (principal only)	16	(23)	(84)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(270)</u>	<u>847</u>
Net increase in cash held		<u>1,289</u>	<u>1,955</u>
Cash and cash equivalents at beginning of the financial year		7,130	5,176
<b>Cash and cash equivalents at end of the financial year</b>	8	<u>8,419</u>	<u>7,130</u>

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

# Notes to the financial statements

for the year ended 30 June 2022

## 1 Information about these financial statements

### 1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

### 1.B Constitution

Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

### 1.C Currency

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

### 1.D New and Revised Accounting Standards adopted during the year

Council adopted all standards which became mandatory effective for annual reporting period beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

### 1.E Standards issued by the AASB but not yet effective

The AASB has issued Australian Accounting Standards and interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. None of the standards are expected to have a significant impact for Council.

### 1.F Estimates and Judgements

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note.

Valuation and depreciation of property, plant and equipment - Note 10

Provisions - Note 14

Contingent liabilities - Note 18

Financial instruments and financial risk management - Note 23

Revenue recognition - Note 3

# Notes to the financial statements

for the year ended 30 June 2022

## 1 Significant accounting policies (continued)

### 1.G Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard/Comparative information is prepared on the same basis as prior year.

### 1.H Volunteer Services

Council currently do not have volunteer services that it receives.

### 1.I Taxation

Council 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.

### 1.J COVID-19

During the financial year 2021-22, Council has assessed the impact of the COVID-19 global pandemic and found there were no material implications for this financial year.

# Notes to the financial statements

for the year ended 30 June 2022

## Murweh Shire Council

### Notes to the financial statements

For the year ended 30 June 2022

## 2 Analysis of Results by Function

### 2(a) Components of Council functions

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

#### A Corporate Services

##### Corporate governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This is part of the Corporate Services function and includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

##### Finance and information

Finance and information provides professional finance and information services across all of Council. This function is a part of the Corporate Services function and includes internal audit, budget support, financial accounting and information technology services. The goal is to provide accurate, timely and appropriate information to support sound decision making and meet statutory obligations.

#### B 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.

#### C Health / Environmental Services

The goal of Health and Environmental Services is to ensure Murweh is a healthy, vibrant, contemporary and connected community. Health and Environmental Services provides well managed and maintained community facilities and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

The goal of the waste management program is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services, mosquito and other pest management programs.

The sub-functions include animal control, pest control, health regulation and compliance, immunisation, environmental monitoring, river management, parks and gardens maintenance, refuse collection and disposal, waste management, swimming pools, racecourse complex, halls and centres, showgrounds, cemeteries, public conveniences, and aged care housing management.

#### D Water and Sewerage Services

##### (i) Water Services

The goal of this program is to support a healthy, safe community through sustainable water services.

##### (ii) Sewerage Services

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

# Notes to the financial statements

for the year ended 30 June 2022

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

Year ended 30 June 2022

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
	2022	2022	2022	2022	2022	2022		2022	2022				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2022	2022	
Corporate services	7,597	6,152	3,075	-	16,825	10,457	(85)	10,372	3,292	6,452	79,715		
Engineering services	5,934	4,626	2,191	-	12,751	14,532	-	14,532	(3,973)	(1,782)	329,441		
Environmental health services	84	1,011	-	-	1,095	4,953	-	4,953	(3,858)	(3,858)	-		
Water and Sewerage	-	2,634	-	-	2,634	2,073	-	2,073	562	562	29,431		
<b>Total Council</b>	<b>13,615</b>	<b>14,424</b>	<b>5,267</b>	<b>-</b>	<b>33,305</b>	<b>32,016</b>	<b>(85)</b>	<b>31,930</b>	<b>(3,977)</b>	<b>1,374</b>	<b>438,587</b>		

Year ended 30 June 2021

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
	2021	2021	2021	2021	2021	2021		2021	2021				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2021	2021	
Corporate services	7,395	5,294	6,529	-	19,218	9,590	50	9,639	3,099	9,579	83,866		
Engineering services	6,468	5,393	2,799	-	14,660	15,161	-	15,161	(3,300)	(501)	303,752		
Environmental health services	106	956	-	-	1,062	4,526	-	4,526	(3,464)	(3,464)	903		
Water and Sewerage	-	2,597	-	-	2,597	1,771	-	1,771	826	826	27,753		
<b>Total Council</b>	<b>13,968</b>	<b>14,240</b>	<b>9,329</b>	<b>-</b>	<b>37,537</b>	<b>31,048</b>	<b>50</b>	<b>31,098</b>	<b>(2,840)</b>	<b>6,438</b>	<b>416,275</b>		

# Notes to the financial statements

for the year ended 30 June 2022

	2022	2021
	\$	\$
	000's	000's
<b>3 Revenue</b>		
<b>(a) Rates, levies and charges</b>		
Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General rates	4,111	3,961
Water	1,773	1,726
Water consumption, rental and sundries	51	86
Sewerage	1,020	998
Garbage charges	657	644
Total rates and utility charge revenue	<u>7,614</u>	<u>7,415</u>
Less: Discounts	(655)	(633)
Less: Pensioner remissions	(107)	(96)
	<u><u>6,852</u></u>	<u><u>6,685</u></u>

**(b) Fees and charges**

Revenue arising from fees and charges is recognised at a point in time when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example entry to cosmos centre. There is no material obligation for Council in relation to refunds or returns.

Licenses granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

	2022	2021
	\$	\$
	000's	000's
Aerodrome landing and usage fees	279	262
Cemetery fees	49	32
Cosmos centre entry and souvenir sales	489	565
Rental income	221	240
Town planning and building fees	11	11
Agistment fees	59	55
Visitor information and WWII fees	881	483
Miscellaneous	801	373
	<u><u>2,789</u></u>	<u><u>2,020</u></u>

# Notes to the financial statements

for the year ended 30 June 2022

<b>Revenue (continued)</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Sales revenue</b>	<b>000's</b>	<b>000's</b>
The sale of goods is recognised at a point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.		
Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in contract liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.		
<b>Rendering of services</b>		
Contract and recoverable works	4,659	5,363
	<u>4,659</u>	<u>5,363</u>

## 4 Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations the revenue is recognised when each performance obligations is satisfied.

The performance obligations vary in each agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the satisfaction of the contract performance obligation.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receive funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

Where assets are donated or purchased for amounts significantly below fair value, the revenue is recognised at fair value when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

# Notes to the financial statements

for the year ended 30 June 2022

<b>4 Grants, subsidies, contributions and donations (continued)</b>		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
		<b>000's</b>	<b>000's</b>
<b>(a) Operating</b>			
General purpose grants		9,694	7,183
State and commonwealth governments subsidies and grants		3,921	6,785
		<u>13,615</u>	<u>13,968</u>
<b>(b) Capital</b>			
Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.			
Commonwealth and State governments subsidies and grants		5,267	9,329
		<u>5,267</u>	<u>9,329</u>
<b>(c) Timing of revenue recognition for grants, subsidies, contributions and donations</b>			
Revenue recognised at a point in time		10,662	9,345
Revenue recognised over time		8,219	13,952
		<u>18,881</u>	<u>23,297</u>
<b>5 Capital income/(expenses)</b>			
<b>a) Gain/(Loss) on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		320	227
Less: Written down value of property, plant and equipment		(173)	(296)
Total capital income/(expenditure)		<u>147</u>	<u>(69)</u>
<b>b) Provision for restoration of land</b>			
Discount rate adjustments to refuse restoration provision		(62)	19
Net capital income/(expense)		<u>85</u>	<u>(50)</u>
<b>6 Employee benefits</b>			
Employee benefit expenses are recorded when the service has been provided by the employee.			
Total staff wages and salaries		5,677	5,380
Councillors' remuneration		348	338
Annual, sick and long service leave entitlements		2,191	1,843
Superannuation	19	988	907
		<u>9,203</u>	<u>8,467</u>
Less: Capitalised employee expenses		(782)	(944)
		<u>8,421</u>	<u>7,523</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		<b>Number</b>	<b>Number</b>
Elected members		5	5
Administration staff		48	49
Depot and outdoors staff		92	91
Total full time equivalent employees		<u>145</u>	<u>145</u>



# Notes to the financial statements

for the year ended 30 June 2022

7 Materials and services	2022 \$ 000's	2021 \$ 000's
Expenses are recorded on an accruals basis as Council receives the goods or services.		
Advertising, marketing and promotion	43	48
Audit services*	84	43
Communications and IT	557	464
Contractors	785	761
Donations paid	253	209
Insurance	377	351
Staff training	157	74
Repairs and maintenance - (Including repairs to flood damaged roads)	11,909	11,287
Lease/Rental housing - operating costs	128	69
Subscriptions and registrations	146	115
Tourism facilities	1,328	1,314
Other materials and services	472	1,946
	<u>16,239</u>	<u>16,680</u>

\*Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$ 66,900 (2021: \$58,575).

## 8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques received 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 cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

National Bank of Australia - operating	(7)	274
Queensland Treasury Corporation	8,424	6,853
Cash on hand	3	3
Balance per Statement of Financial Position	<u>8,419</u>	<u>7,130</u>
Cash and cash equivalents	8,419	7,130
Less: Externally imposed restrictions on cash	2,077	889
Unrestricted cash	<u>6,343</u>	<u>6,241</u>

Council's cash and cash equivalents are subject to a number of external restrictions that are not available for discretionary or future use.

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

Unspent government grants and subsidies	2,077	889
Total externally imposed restrictions on cash assets	<u>2,077</u>	<u>889</u>

# Notes to the financial statements

for the year ended 30 June 2022

## 9 Trade and other receivables

Receivables are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement of receivables is required within 30 days after the invoice is issued.

Debts are regularly assessed for collectability and an allowance is made, where appropriate, for impairment. All known bad debts are written-off at the end of reporting period. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables.

	2022	2021
	\$	\$
	000's	000's
<b>Current</b>		
Rateable revenue and utility charges	835	995
Other debtors	491	1,217
Loss allowance	(128)	(1)
	<u>1,198</u>	<u>2,211</u>

Interest is charged on outstanding rates at a rate of 8.03% 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.

Ageing of receivables and the amount of any impairment is disclosed in the following table:

### Subject to impairment

Not past due	488	1,191
Past due 31-60 days	4	16
Past due 61-90 days	(1)	10
Total gross carrying amount	491	1,217
Loss allowance	(128)	(1)
Total	<u>363</u>	<u>1,216</u>

### Not subject to impairment

Rates and Utility charges	835	995
	<u>1,198</u>	<u>2,211</u>

# Notes to the financial statements

for the year ended 30 June 2022

10 Property, plant and equipment

**Council - 30 June 2022**

	Land	Parks	Aerodrome landing strip	Road, drainage and bridge	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
Basis of measurement									
Asset values	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening gross value as at 1 July 2021</b>	3,438	2,016	14,579	342,555	81,775	19,583	53,469	3,851	521,267
Additions	-	-	-	-	-	-	-	7,731	7,731
Disposals	(5)	-	-	-	-	(802)	-	-	(807)
Revaluation adjustment to asset revaluation surplus	(213)	-	895	21,033	721	-	3,983	-	26,420
Reclassification between asset classes	-	(2,016)	-	-	2,016	-	-	-	-
Transfers between classes	-	-	422	2,522	3,134	1,414	758	(8,250)	-
<b>Closing gross value as at 30 June 2022</b>	3,220	-	15,897	366,110	87,648	20,194	58,211	3,333	554,612

Note

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**Accumulated depreciation and impairment**

Opening balance as at 1 July 2021	-	426	2,898	50,152	26,468	10,288	25,877	-	116,110
Depreciation expense	-	-	387	3,265	1,553	950	914	-	7,068
Reclassification between asset classes	-	(426)	-	-	426	-	-	-	-
Depreciation on disposals	-	-	-	-	-	(634)	-	-	(634)
Revaluation adjustment to asset revaluation surplus	-	-	171	3,278	866	-	1,995	-	6,310
<b>Accumulated depreciation as at 30 June</b>	-	-	3,456	56,695	29,313	10,604	28,786	-	128,855

**Total written down value as at 30 June 2022**

	3,220	0	12,440	309,415	58,336	9,590	29,425	3,333	425,757
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Range of estimated useful life in years

Land: Not depreciated	10 - 120	15 - 120	10 - 120	10 - 120	10 - 120	5 - 20	10 - 140	WIP: Not depreciated
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Additions comprise

Renewals	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other additions	-	77	3,204	1,354	561	-	-	5,196
Totals	-	-	47	1,281	38	1,170	38	2,536
	-	77	3,251	2,635	599	1,170	599	7,731

# Notes to the financial statements

for the year ended 30 June 2022

10 Property, plant and equipment (continued)

	Council - 30 June 2021												Total	
	Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress						
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Cost \$'000	Fair value \$'000	Cost \$'000	Cost \$'000					
Basis of measurement														
Asset values	3,438	1,914	14,559	337,184	73,849	17,750	52,383	7,943	509,020					
Opening gross value as at 1 July 2020	-	-	-	-	-	-	-	-	12,861					
Additions	-	-	-	-	-	(654)	-	-	(654)					
Disposals	-	-	-	-	-	-	-	-	-					
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	39	-	39					
Reclassification between asset classes	-	-	-	-	-	-	-	-	-					
Transfer between classes	-	102	20	5,371	7,926	2,487	1,047	(16,953)	(0)					
Closing gross value as at 30 June 2021	3,438	2,016	14,579	342,555	81,775	19,583	53,469	3,851	521,267					
<b>Accumulated depreciation and impairment</b>														
Opening balance as at 1 July 2020	-	330	2,518	46,998	25,351	9,753	25,189	-	110,140					
Depreciation expense	-	96	380	3,154	1,117	893	785	-	6,425					
Reclassification between asset classes	-	-	-	-	-	-	0	-	-					
Depreciation on disposals	-	-	-	-	-	(358)	-	-	(358)					
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	(97)	-	(97)					
Accumulated depreciation as at 30 June	-	426	2,898	50,152	26,468	10,288	25,877	-	116,110					
<b>Total written down value as at 30 June 2021</b>	3,438	1,590	11,681	292,403	55,308	9,295	27,592	3,851	405,157					
Range of estimated useful life in years	Land: Not depreciated	10 - 45	15 - 120	10 - 120	10 - 100	5 - 20	10 - 140	WIP: Not depreciated						
Additions comprise														
Renewals	-	70	313	4,266	732	-	407	-	5,788					
Other additions	-	127	-	-	4,983	1,730	233	-	7,073					
Totals	-	197	313	4,266	5,715	1,730	640	-	12,861					

# Notes to the financial statements

for the year ended 30 June 2022

## 10 (a) Recognition

Plant and equipment, buildings and other structures with a total value of less than \$5,000, and infrastructure assets 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.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred.

Expenditure incurred in accordance with Disaster Recovery Funding Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland State Government and not recognised in the Council financial statements.

## 10 (b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

## 10 (c) Depreciation

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land, work in progress, road formations and formation work associated with the construction of dams, levee banks and reservoirs are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

# Notes to the financial statements

for the year ended 30 June 2022

## 10 Property, plant and equipment (continued)

The ranges of useful lives adopted for each class of asset are disclosed on the preceding pages.

### 10 (d) Impairment

Property, plant and equipment held at cost 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.

### 10 (e) Valuation

#### (i) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Director of Corporate Services and Director of Engineering Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

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 engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used in valuing each different asset class are disclosed below.

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 of 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.

# Notes to the financial statements

for the year ended 30 June 2022

## 10 Property, plant and equipment (continued)

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

### 10 (e) Valuation

(i) Valuation techniques used to derive fair values

Specific valuation techniques used to value Council assets comprise:

#### Land (level 2)

Shepherds Services, an independent valuer conducted a full comprehensive market valuation of land assets at 31 December 2021.

#### Buildings (level 2)

Council's non-specialised level 2 building assets consist of aged care residential premises and two commercial properties. The fair value assessment is based on valuation inputs that are directly or indirectly observable, such as prices for similar assets. In order to determine the fair value, management engaged an independent valuer, Shepherds Services to conduct a comprehensive valuation effective 30 June 2022.

Commercial properties and the aged care residential premises have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The valuers conducted a comprehensive valuation of this asset class at 30 June 2022.

#### Buildings (level 3)

At 30 June 2022, the external valuers Shepherds Services conducted a full comprehensive valuation of building assets.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

# Notes to the financial statements

for the year ended 30 June 2022

## 10 Property, plant and equipment (continued)

### Infrastructure assets (level 3)

Shepherds Services performed a desktop annual review of roads, airport, water and sewerage infrastructure assets effective 30 June 2022. This desktop review comprises the assets current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

### Roads

#### *Current replacement cost*

The desktop indexation review of Council's roads infrastructure assets was undertaken by independent valuer, Shepherd Services effective 30 June 2022. This review was completed using ABS indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17. Index Number 3101 "Road and Bridge Construction Queensland" was deemed to be the most appropriate index. The review found that the estimated cumulative index from June 2020 to June 2022 was 6.14%. This figure is considered material for this financial year and accordingly, an indexation adjustment is reflected in the financial statements 30 June 2022.

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 200m, while rural roads are managed in 2km segments. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 15 cms for high traffic areas and 10 cms for lower traffic locations. Council also assumes that all raw materials can be sourced from the local Quarry. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and current labour wage rates. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where no unit rates could be practically determined for assets, the lump sum current construction costs is used.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives. An age-based approach was utilised for assets in average to excellent condition. The condition based approach used a score from excellent or near new condition to asset failure.

### Bridges

#### *Current replacement cost*

The annual indexation review of Council's bridges infrastructure assets was undertaken by independent valuer, Shepherd Services effective 30 June 2022. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments or age-based approach. The condition assessments were made using a condition rating of 0 to 5 where 0 represents "brand new" and 5 "asset failure".



# Notes to the financial statements

for the year ended 30 June 2022

## 10 Property, plant and equipment (continued)

### Drainage Infrastructure

#### *Current replacement cost*

The annual indexation review of Council's drainage infrastructure assets was undertaken by independent valuer, Shepherd Services effective 30 June 2022. Similar to roads, drainage assets are managed in segments of 200m; pits, pipes and channels being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewerage.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

### Water and Sewerage

#### *Current replacement cost*

The desktop indexation review of Council's water and sewerage assets was undertaken by independent valuer, Shepherd Services effective 30 June 2022. This review was completed using ABS indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17. Index Number 3109 "Other Heavy and Civil Engineering Construction" was deemed to be the most appropriate index. The review found that the estimated cumulative index from June 2021 to June 2022 was 7.45%. This figure is considered material for this financial year and accordingly, an indexation adjustment is reflected in the financial statements 30 June 2022.

CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life based on local operating conditions.

#### *Accumulated Depreciation*

In determining accumulated depreciation, assets were inspected onsite to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

An age-based approach was used for young assets in determining its remaining useful life. The reason being that in the first 0 to 50% of the life of most infrastructure assets there is often little visible distress. This makes estimating of remaining life unreliable using visual techniques and if age is known then the age-based approach is more reliable.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

\*For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.

\*Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.

\*The relining of pipes was valued at reline rates and depreciated over the reline life. The reline fair value was based on age.

# Notes to the financial statements

for the year ended 30 June 2022

## 11 Transactions with related parties

### (a) Transactions with associates

In 2021-22, Murweh Shire Council paid the amount of \$ 48,696 (2021:\$27,272) membership fee to the South West Regional Organisation of Councils (SWROC). The Council is a controlling member of the organisation.

### (b) Transactions with key management personnel (KMP)

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. At Murweh Shire Council KMP's are considered to include the Mayor, Councillors, Chief Executive Officer, Directors, Economic Development Officer and Works Coordinator.

The compensation paid to KMP comprises:

	2022 \$	2021 \$
Short-term employee benefits	1,205,112	1,091,354
Post-employment benefits	130,935	122,312
Long-term benefits	30,301	3,725
<b>Total</b>	<b>\$1,366,348</b>	<b>\$1,217,391</b>

### (c) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a KMP or their close family members, spouse, child and dependent of a KMP or their spouse.

Details of transactions between council and other related parties are disclosed below.

(i) Murweh Shire Council purchased materials and services from entities controlled by key management personnel.

These transactions were on arm's length basis and were in the course of normal council operations

Details of Transaction	2022 \$	2021 \$
Purchase of maintenance services	242,632	235,047
Purchase of hardware materials	52,544	61,935
Purchase of printing services	8,945	11,772
Purchase of other goods	27,621	19,102
<b>Total</b>	<b>\$331,742</b>	<b>\$327,856</b>

(ii) All close family members of key management personnel that were employed by Council were employed through an arm's length process. They are paid in accordance with the award for the job they perform.

Council employs 145 staff, of which none are close family member of a KMP.

# Notes to the financial statements

for the year ended 30 June 2022

## 11 Transactions with related parties (continued)

### (d) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Murweh Shire Council.

Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties.

Some examples include:

- Payment of rates
- Use of swimming pool
- Dog registration
- Borrowing books from a council library

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

### (e) Outstanding balances

There were no outstanding balances relating to transactions with related parties at year-end.

### (f) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

### (g) Commitment to/from other related parties

Council had not entered into any contractual commitments with related parties at year end other than remuneration contracts with KMP in their roles as KMP of the Council.

# Notes to the financial statements

for the year ended 30 June 2022

14	Provisions	2022	2021
		\$	\$
		000's	000's
	<i>Long Service Leave</i>		
	The provision for long service leave represents 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 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. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.		
	Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.		
	<i>Refuse dump restoration</i>		
	A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.		
	The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Changes in the provision due to either time, discount rate or expected future costs are treated as a capital expense or capital income in the reporting period to which they relate. Management estimates that all three sites will be closed in 2024 and the restoration works will occur after closure. Post-closure maintenance and on-going monitoring will be carried out over the subsequent 30 years.		
	<b>Current</b>		
	Long service leave	1,142	1,049
		<u>1,142</u>	<u>1,049</u>
	<b>Non-current</b>		
	Refuse restoration	2,019	1,939
	Long service leave	168	121
		<u>2,186</u>	<u>2,060</u>
	Details of movements in refuse provision:		
	<b>Refuse restoration</b>		
	Balance at beginning of financial year	1,939	1,945
	Increase in provision due to unwinding of discount	18	13
	Movement in provision due to increase in discount rate	(309)	(165)
	Additional provisions	370	146
	Balance at end of financial year	<u>2,019</u>	<u>1,939</u>

## Notes to the financial statements

for the year ended 30 June 2022

14 Provisions	2021	2020
	\$	\$
	000's	000's
<i>Long Service Leave</i>		
<p>The provision for long service leave represents 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 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. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.</p> <p>Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.</p>		
<i>Refuse dump restoration</i>		
<p>A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.</p> <p>The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Changes in the provision due to either time, discount rate or expected future costs are treated as a capital expense or capital income in the reporting period to which they relate. Management estimates that all three sites will be closed in 2024 and the restoration works will occur after closure. Post-closure maintenance and on-going monitoring will be carried out over the subsequent 30 years.</p>		
<b>Current</b>		
Long service leave	1,049	1,142
	<u>1,049</u>	<u>1,142</u>
<b>Non-current</b>		
Refuse restoration	1,939	1,945
Long service leave	121	89
	<u>2,060</u>	<u>2,034</u>
Details of movements in provisions:		
<b>Long service leave</b>		
Balance at beginning of financial year	1,231	1,262
Long service leave entitlement arising	120	23
Long Service entitlement paid	(180)	(54)
Balance at end of financial year	<u>1,171</u>	<u>1,231</u>
<b>Refuse restoration</b>		
Balance at beginning of financial year	1,945	1,834
Increase in provision due to unwinding of discount	13	37
Movement in provision due to decrease in discount rate	(165)	74
Additional provisions	146	-
Balance at end of financial year	<u>1,939</u>	<u>1,945</u>

# Notes to the financial statements

for the year ended 30 June 2022

## 15 Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	2022 \$ 000's	2021 \$ 000's
a Contract assets	2,103	781
The contract assets mainly relate to the Regional Connectivity project.		
b Contract liabilities		
Funds received upfront to construct council controlled assets	801	83
Non-capital performance obligations not yet satisfied	1,276	806
	<u>2,077</u>	<u>889</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds received upfront to construct council controlled assets	83	1,028
Non-capital performance obligations not yet satisfied	806	367
	<u>889</u>	<u>1,395</u>

## c Significant changes in contract balances

The significant movements in contract assets and contract liabilities that have occurred during the year was due to flood damage works, Building Better Regions and Local Infrastructure and Community funding.

## 16 Leases

Council has a lease over buildings and equipment. Council has applied the practical expedients to lease accounting for leases of low-value assets and short term leases.

Where Council assesses that an agreement contains a lease, a right-of-use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with security is used.

### Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Council has no leases at significantly below market value or concessionary leases.

# Notes to the financial statements

for the year ended 30 June 2022

## 16 Leases (continued)

### Right of use of assets

	Equipment 000's	Building 000's	Total 000's
Balance at 1 July 2021	9	16	25
Additions during the year	-	-	-
Amortisation charge	(7)	(16)	(23)
<b>Balance at 30 June 2022</b>	<b>2</b>	<b>0</b>	<b>2</b>

	Equipment 000's	Building 000's	Total 000's
Balance at 1 July 2020	55	54	109
Additions during the year	-	-	-
Amortisation charge	(46)	(38)	(84)
<b>Balance at 30 June 2021</b>	<b>9</b>	<b>16</b>	<b>25</b>

### Terms and conditions of leases

#### Buildings

Council leases two residential houses which are used for executive personnel accommodation. The leases are between 2 to 5 years and does not contain a renewal option.

#### Equipment

Council leases a number of trackers which are used for heavy plant and motor vehicles which have lease terms up to three years and fixed payments for the term of the leases.

### Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	Total per statement of financial position 000's	< 1 year 000's	1-5 years 000's
<b>2022</b>			
Lease liabilities	2	2	-
<b>2021</b>			
Lease liabilities	25	23	2

### Amounts included in the statement of comprehensive income related to leases

	2022 000's	2021 000's
Interest on lease liabilities	0	1
Amortisation of right-of-use of assets	23	84
<b>Total expenses for leases</b>	<b>23</b>	<b>85</b>
<b>Total cash outflows for leases</b>		
Principal	23	84
Interest	0	1
<b>Total</b>	<b>23</b>	<b>85</b>

## 17 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 reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

# Notes to the financial statements

for the year ended 30 June 2022

	2022 \$ 000's	2021 \$ 000's
<b>Movements in the asset revaluation surplus were as follows:</b>		
Opening balances	276,317	276,181
Net adjustment to non-current assets at end of period to reflect a change in		
Land	(213)	-
Buildings and other structures	(145)	-
Road, drainage and bridge network	17,755	-
Water and sewerage infrastructure	1,988	136
Aerodrome landing strips	724	-
<b>Closing balances</b>	<b>296,426</b>	<b>276,317</b>
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land	716	929
Buildings and other structures	33,046	33,191
Road, drainage and bridge network	225,378	207,623
Water and sewerage infrastructure	23,937	21,949
Aerodrome landing strips	13,349	12,625
	<u>296,426</u>	<u>276,317</u>

## 18 Contingent Liabilities

### 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 2021 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 \$ 199,794 (2021: \$182,433)

## 19 Superannuation

The Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the Council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Murweh Shire Council may be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.



# Notes to the financial statements

for the year ended 30 June 2022

**19 Superannuation (continued)**

No changes have been made to prescribed employer contribution which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2024.

The most significant risks that may result in LGIAsuper increasing the contribution rate, on the advice of the actuary,

Investment risk- The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	2022	2021
	\$	\$
	000's	000's
Superannuation contributions made to the Regional Defined Benefits Fund	40	38
Other superannuation contributions for employees	948	869
Total superannuation contributions paid by Council for employees	6 988	907

**20 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

2022	2021
\$	\$
000's	000's
107	48

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.

**21 Reconciliation of net operating surplus for the year to net cash inflow from operating activities**

Net operating result	1,374	6,438
Non-cash operating items:		
Depreciation and amortisation	7,091	6,509
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(147)	69
Capital (income)/expense	62	(19)
Capital grants and contributions	(5,267)	(9,329)
	(5,352)	(9,279)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	1,014	(328)
(Increase)/decrease in inventory	(124)	(509)
(Increase)/decrease in contract assets	(1,322)	340
Increase/(decrease) in payables	(308)	330
(Increase)/ decrease in other assets	5	-
Increase/(decrease) in contract liabilities	1,188	(64)
Increase/(decrease) in provisions	139	(47)
	591	(278)
Net cash inflow from operating activities	3,705	3,391

**22 Events after the reporting period**

There were no material adjusting or non-adjusting events after the balance date.

# Notes to the financial statements

for the year ended 30 June 2022

## 23 Financial instruments and financial risk management

Murweh Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users to evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

### Financial risk management

Murweh Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's risk management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

The Council oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Council.

Murweh Shire Council does not enter into derivatives.

### Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

		2022	2021
		\$	\$
		000's	000's
Cash and cash equivalents	8	8,419	7,130
Rateable revenue and utility charges	9	835	995
Other debtors	9	363	1,216
<b>Total</b>		<b>9,617</b>	<b>9,341</b>

# Notes to the financial statements

for the year ended 30 June 2022

## 23 Financial instruments and financial risk management (continued)

### Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and the National Australia Bank operating account. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

### Trade and other receivables

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 defaults.

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 does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

### Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Murweh Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

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.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements.

		0 to 1 year	1 to 5 years	Over 5 years	Contractual Cash Flows	Carrying Amount
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
Trade and other payables	12	3,391	-	-	-	3,391
Loans - QTC	13	260	881	2,280	3,421	2,821
		<b>3,651</b>	<b>881</b>	<b>2,280</b>	<b>3,421</b>	<b>6,213</b>
<b>2021</b>						
Trade and other payables	12	3,699	-	-	-	3,699
Loans - QTC	13	328	923	2,498	3,749	3,068
		<b>4,027</b>	<b>923</b>	<b>2,498</b>	<b>3,749</b>	<b>6,768</b>

# Notes to the financial statements

for the year ended 30 June 2022

## 23 Financial instruments and financial risk management (continued)

### Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

#### Interest rate risk

Murweh Shire Council is exposed to interest rate risk through investments and borrowings with QTC and NAB. The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

#### Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 100 basis points or 1% p.a.) would have on the net result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount \$'000	Effect on Net Result		Effect on Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
<b>Council</b>					
<b>2022</b>					
QTC cash fund	8,424	84	(84)	84	(84)
NAB cash account	(7)	(0)	0	(0)	0
Loans - QTC	(2,821)	(28)	28	(28)	28
<b>Net total</b>	<b>5,595</b>	<b>56</b>	<b>(56)</b>	<b>56</b>	<b>(56)</b>
<b>2021</b>					
QTC cash fund	6,853	69	(69)	69	(69)
NAB cash account	274	3	(3)	3	(3)
Loans - QTC	(3,068)	(31)	31	(31)	31
<b>Net total</b>	<b>4,059</b>	<b>41</b>	<b>(41)</b>	<b>41</b>	<b>(41)</b>

## 24 Reconciliation of liabilities arising from finance activities

	As at 30 June 2021	New loans	Cash flows principal and interest	As at 30 June 2022
	\$'000	\$'000	\$'000	\$'000
Borrowings	13 3,068	-	(247)	2,821
Lease liability	16 25	-	(23)	2
	<b>3,094</b>	<b>-</b>	<b>(270)</b>	<b>2,824</b>
	As at 30 June 2020	New loans	Cash flows principal and interest	As at 30 June 2021
Borrowings	13 2,137	1,177	(246)	3,068
Lease liability	16 109	-	(84)	25
	<b>2,246</b>	<b>1,177</b>	<b>(330)</b>	<b>3,094</b>

# Notes to the financial statements

for the year ended 30 June 2022

## 25 Commitments for expenditure

	2022 \$'000	2021 \$'000
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract and IT Services		
- Within one year	280	331
- One to five years	-	280
	<u>280</u>	<u>611</u>

## 26 Inventory

Stores and merchandise items 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 except for land where the costs are allocated to the relevant parcel.

Inventories held for distribution are:

- goods to be supplied at nil or nominal charge and
- goods to be used for the provision of services at nil or nominal charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council 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. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

Council developed the Industrial Land Estate which was completed in the 2020/21 financial year. The main purpose of this initiative is not to gain profits but rather stimulates the general economic activity in the shire.

Land held for resale	1,127	1,127
Less: Provision for obsolescence	(650)	(672)
	<u>477</u>	<u>455</u>
Stores and materials held for distribution	400	298
	<u>877</u>	<u>753</u>

# Notes to the financial statements

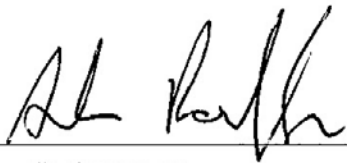
for the year ended 30 June 2022

## Management Certificate For the year ended 30 June 2022

These general purpose financial statements have been prepared pursuant to Sections 176 and 177 of the *Local Government Regulation 2012 (the Regulation)* and other prescribed requirements.

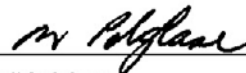
In accordance with Section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
  
- (iii) the general purpose financial statements as set out on pages 1 to 33 present a true and fair view in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Councilor S Radnedge  
Mayor

Date: 21, 10, 2022



Neil Polglase  
Chief Executive Officer

Date: 21, 10, 2022

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Murweh Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Murweh Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Murweh Shire Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement, long-term financial sustainability statement and the annual report.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the *Local Government Regulation 2012*, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the councillors for the financial report**

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.



- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **Report on other legal and regulatory requirements**

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Michael Claydon  
as delegate of the Auditor-General

24 October 2022

Queensland Audit Office  
Brisbane

# Current financial sustainability statement

for the year ended 30 June 2022

Council's performance at 30 June 2022 against key financial ratios and targets:

	<u>How the measure is calculated</u>	<u>Actual</u>	<u>Target</u>
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-14%	Between 0% - 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by the depreciation expense	85%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-4%	Not greater than 60%

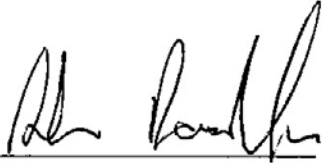
## Note 1 Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management Sustainability Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2022.

**Certificate of Accuracy**  
For the year ended 30 June 2022

This current-year financial sustainability statement has been prepared pursuant to section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Councillor S Radnedge  
Mayor

Date: 21, 10, 2022



Neil Polglase  
Chief Executive Officer

Date: 21, 10, 2022

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Murweh Shire Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Murweh Shire Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s. 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Murweh Shire Council for the year ended 30 June 2022 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Murweh Shire Council's annual report for the year ended 30 June 2022 was the general purpose financial statements, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of the councillors for the current-year financial sustainability statement**

The councillors are responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities for the audit of the current-year financial sustainability statement**

My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

*M. Claydon*

Michael Claydon  
as delegate of the Auditor-General

24 October 2022

Queensland Audit Office  
Brisbane

# Notes to the financial statements

## for the year ended 30 June 2022

Council's budgeted performance against key financial ratios and targets - 2022 to 2032

Year ending 30 June 2022	Projected for years ended 30 June										
	Actuals 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating surplus ratio		-14%	-10%	-10%	-9%	8%	-7%	-7%	-6%	-3%	-2%
	<u>Target</u> Net result (excluding capital items) divided by total operating revenue (excluding capital items)	0% - 10%									
Asset sustainability ratio		85%	113%	99%	96%	108%	105%	101%	99%	106%	110%
	Capital expenditure on the replacement of assets (renewals) divided by the depreciation expense.	Greater than 90%									
Net financial liabilities ratio		4%	-15%	-20%	-25%	-33%	-34%	-39%	-45%	-52%	-60%
	Total liabilities less current assets divided by total operating revenue	Not greater than 60%									

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

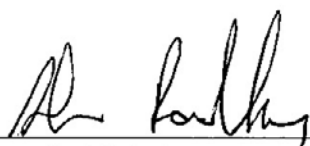
# Notes to the financial statements

for the year ended 30 June 2022

## Certificate of Accuracy For the year ended 30 June 2022

This unaudited long-term financial sustainability statement has been prepared pursuant to section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with Section 212(5) of the Regulation we certify that this long term financial sustainability statement has been accurately calculated.



Councillor S Radnedge  
Mayor

Date: 21, 10, 2022



Neil Polglase  
Chief Executive Officer

Date: 21, 10, 2022





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