



GLAMORGAN SPRING BAY
COUNCIL

Glamorgan Spring Bay Council Annual Report 2013/2014 – Part B

Annual Financial Report Local Government Model

For the Year Ended 30 June 2014

Glamorgan Spring Bay Council
Financial Report
Table of Contents

| Reference AAS/B/LGA | Act | | Page |
|------------------------|-----------|--|------|
| | | FINANCIAL REPORT | |
| | LGA1993 | Financial Statements | |
| 101 | | Statement of Comprehensive Income | 1 |
| 101 | | Statement of Financial Position | 2 |
| 101 | | Statement of Changes in Equity | 3 |
| 101/107 | | Statement of Cash Flows | 4 |
| | | Notes to Financial Statements | |
| | | Introduction | 5 |
| 101, 108 | | Note 1 Significant accounting policies | 5 |
| 1052 | | Note 2 Functions/Activities of the Council | |
| 118 | | Note 3 Rates and charges | |
| 118 | | Note 4 Statutory fees and fines | |
| 118 | | Note 5 User fees | |
| 118 | | Note 6 Grants | |
| 118 | | Note 7 Contributions | |
| 118 | | Note 8 Interest | |
| 118 | | Note 9 Other income | |
| 101 | | Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment | |
| 101 | | Note 11 Investment revenue from water corporation | |
| 101 | | Note 12 Employee benefits | |
| 101 | | Note 13 Materials and services | |
| 101 | | Note 14 Impairment of receivables | |
| 101 | | Note 15 Depreciation and amortisation | |
| 101 | | Note 16 Finance costs | |
| 101 | | Note 17 Other expenses | |
| 101 | | Note 18 Investments in associates | |
| 101 | | Note 19 Investment in water corporation | |
| 101 | | Note 20 Cash and cash equivalents | |
| 101 | | Note 21 Trades and other receivables | |
| 101 | | Note 22 Financial assets | |
| 101 | | Note 23 Inventories | |
| 101 | | Note 24 Assets held for resale | |
| 101 | | Note 25 Other assets | |
| 101 | | Note 26 Property, infrastructure, plant and equipment | |
| 101 | | Note 27 Investment property | |
| 101 | | Note 28 Intangible assets | |
| 101 | | Note 29 Trade and other payables | |
| 101 | | Note 30 Trust funds and deposits | |
| 101 | | Note 31 Provisions | |
| 101 | | Note 32 Interest bearing loans and borrowings | |
| 101 | | Note 33 Reserves | |
| 107 | | Note 34 Reconciliation of cash flows from operating activities to surplus or deficit | |
| 132 | | Note 35 Reconciliation of cash and cash equivalents | |
| 101 | | Note 36 Financing arrangements | |
| 107 | | Note 37 Non-cash financing and investing activities | |
| 119 | | Note 38 Superannuation | |
| 101, 116 | | Note 39 Commitments | |
| 117 | | Note 40 Operating leases | |
| 137 | | Note 41 Contingent liabilities and contingent assets | |
| 7, 132 | | Note 42 Financial instruments | |
| 110 | | Note 43 Events occurring after balance date | |
| LGA 1993 | | Note 44 Related party transactions | |
| LGA 1993 | 84(2)(d) | Note 45 Special committees and other activities | |
| LGA 1993 | 84(2)(da) | Note 46 Significant Business Activities | |
| Not Mandatory | 84c? | Note 47 Management indicators | |
| LGA 1993 | 84(2)(db) | Note 48 Fair value measurements | |
| 13 | | Note 49 Material budget variations | |
| LGA 1993 | 84(3) | Certification of the Financial Report | |

| | Note | Budget 2014 \$'000 | Actual 2014 \$'000 | Actual 2013 \$'000 |
|---|--------|--------------------------|--------------------------|--------------------------|
| Income | | | | |
| Recurrent Income | | | | |
| Rates and charges | 3 | 6,361 | 6,323 | 6,079 |
| Statutory fees and fines | 4 | 286 | 276 | 288 |
| User fees | 5 | 1,077 | 891 | 853 |
| Grants | 6 | 1,601 | 1,297 | 2,129 |
| Contributions - cash | 7 | 65 | 41 | 51 |
| Interest | 8 | 120 | 130 | 99 |
| Other income | 9 | 601 | 1,420 | 1,018 |
| Investment revenue from water corporation | 11, 19 | 413 | 413 | - |
| | | 10,524 | 10,791 | 10,517 |
| Capital income | | | | |
| Capital grants received specifically for new or upgraded assets | 6 | 485 | 658 | 607 |
| Contributions - non-monetary assets | 7 | - | 486 | 260 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 10 | - | (331) | 24 |
| Share of net profits/(losses) of associates and joint ventures accounted for by the equity method | 18 | - | - | - |
| Fair value adjustments for investment property | 27 | - | - | - |
| | | 485 | 813 | 891 |
| Total income | | 11,009 | 11,604 | 11,408 |
| Expenses | | | | |
| Employee benefits | 12 | (3,612) | (3,287) | (3,498) |
| Materials and services | 13 | (5,155) | (5,409) | (5,426) |
| Impairment of debts | 14 | - | (5) | (4) |
| Depreciation and amortisation | 15 | (2,054) | (1,952) | (2,045) |
| Finance costs | 16 | (78) | (78) | (48) |
| Other expenses | 17 | (10) | (181) | (194) |
| Total expenses | | (10,909) | (10,912) | (11,215) |
| Surplus / (deficit) | | 100 | 693 | 193 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to surplus or deficit | | | | |
| Fair value adjustments for financial assets at fair value | | - | - | - |
| Net asset revaluation increment(decrement) reversals | 33 | - | 1,733 | 19,333 |
| Actuarial gain/loss on defined benefits plans | | - | - | - |
| Share of other comprehensive income of associates and joint ventures accounted for by the equity method | 18 | - | - | - |
| | | - | 1,733 | 19,333 |
| Items that may be reclassified subsequently to surplus or deficit | | | | |
| Financial assets available for sale reserve | | | | |
| — Fair Value adjustment on Available for Sale Assets | 33 | - | (7,274) | (8) |
| | | - | (7,274) | (8) |
| Total Other Comprehensive Income | | - | (5,541) | 19,325 |
| Comprehensive result | | 100 | (4,848) | 19,518 |

explanations, discontinuing operations, summarised, page 586 definition.

The above statement should be read in conjunction with the accompanying notes.

| | Note | 2014 \$'000 | 2013 \$'000 |
|---|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 20 | 1,869 | 1,884 |
| Trade and other receivables | 21 | 346 | 398 |
| Financial assets | 22 | - | 411 |
| Inventories | 23 | 34 | - |
| Non-current assets classified as held for sale | 24 | - | - |
| Other assets | 25 | 112 | 110 |
| Total current assets | | 2,361 | 2,803 |
| Non-current assets | | | |
| Trade and other receivables | 21 | 40 | 44 |
| Financial assets | 22 | - | - |
| Investments in associates accounted for using the equity method | 18 | - | - |
| Investment in water corporation | 19 | 30,567 | 37,841 |
| Property, infrastructure, plant and equipment | 26 | 76,179 | 72,673 |
| Investment property | 27 | - | - |
| Intangible assets | 28 | - | - |
| Other assets | 25 | - | - |
| Total non-current assets | | 106,786 | 110,558 |
| Total assets | | 109,147 | 113,361 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 29 | 1,028 | 550 |
| Trust funds and deposits | 30 | 46 | 62 |
| Deferred Income | 30 | - | 130 |
| Provisions | 31 | 506 | 513 |
| Interest-bearing loans and borrowings | 32 | 326 | 198 |
| Total current liabilities | | 1,905 | 1,453 |
| Non-current liabilities | | | |
| Provisions | 31 | 157 | 229 |
| Interest-bearing loans and borrowings | 32 | 1,661 | 1,407 |
| Total non-current liabilities | | 1,817 | 1,636 |
| Total liabilities | | 3,722 | 3,089 |
| Net Assets | | 105,424 | 110,272 |
| Equity | | | |
| Accumulated surplus | | 62,867 | 62,243 |
| Reserves | 33 | 42,557 | 48,029 |
| Total Equity | | 105,424 | 110,272 |

The above statement should be read in conjunction with the accompanying notes.

| | Note | 2014 Inflows/ (Outflows) \$'000 | 2013 Inflows/ (Outflows) \$'000 |
|---|-----------|--|--|
| Cash flows from operating activities | | | |
| Rates | | 6,427 | 5,989 |
| Statutory fees and fines | | - | - |
| User charges and other fines (inclusive of GST) | | 3,040 | 2,896 |
| Grants (inclusive of GST) | | 1,427 | 2,129 |
| Developer contributions (inclusive of GST) | | - | - |
| Reimbursements (inclusive of GST) | | - | - |
| Interest | | 133 | 96 |
| Rents (inclusive of GST) | | - | - |
| Dividends | | - | - |
| Investment revenue from water corporation | | 413 | - |
| Other receipts (inclusive of GST) | | - | - |
| Net GST refund/payment | | - | - |
| Payments to suppliers (inclusive of GST) | | (6,214) | (5,984) |
| Payments to employees (including redundancies) | | (3,513) | (3,481) |
| Finance costs | | (78) | (37) |
| Additional superannuation contributions resulting from actuarial review | | - | - |
| Other payments | | - | - |
| Net cash provided by (used in) operating activities | 34 | 1,635 | 1,608 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | | (3,136) | (3,005) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 31 | 24 |
| Payments from (for) investment property | | 411 | (400) |
| Capital grants (inclusive of GST) | | 658 | 607 |
| Proceeds from sale of investment property | | - | - |
| Payments for other financial assets | | - | - |
| Proceeds from sale of other financial assets | | - | - |
| Loans and advances to community organisations | | - | - |
| Repayment of loans and advances from community organisations | | - | - |
| Net cash provided by (used in) investing activities | | (2,036) | (2,774) |
| Cash flows from financing activities | | | |
| Trust funds and deposits | | - | - |
| Proceeds from interest bearing loans and borrowings | | 500 | 1,200 |
| Repayment of interest bearing loans and borrowings | | (115) | (74) |
| Net cash provided by (used in) financing activities | | 385 | 1,126 |
| Net increase (decrease) in cash and cash equivalents | | (16) | (40) |
| Cash and cash equivalents at the beginning of the financial year | | 1,884 | 1,924 |
| Cash and cash equivalents at the end of the financial year | 35 | 1,868 | 1,884 |
| Financing arrangements | 36 | | |
| Restrictions on cash assets | | | |
| Non-cash financing and investing activities | 37 | | |

The above statement should be read in conjunction with the accompanying notes.

| | Note | Total 2014 \$'000 | Accumulated Surplus 2014 \$'000 | Asset Revaluation Reserve 2014 \$'000 | Fair Value Reserve 2014 \$'000 | Other Reserves 2014 \$'000 |
|---|------|-------------------------|--|---|--|-------------------------------------|
| 2014 | | | | | | |
| Balance at beginning of the financial year | | 110,272 | 62,243 | 46,808 | 292 | 929 |
| Adjustment due to compliance with revised accounting standard | | - | - | - | - | - |
| Adjustment on change in accounting policy | | - | - | - | - | - |
| Surplus / (deficit) for the year | | 693 | 693 | - | - | - |
| Other Comprehensive Income: | | - | - | - | - | - |
| Fair value adjustments for financial assets at fair value | | - | - | - | - | - |
| Financial assets available for sale reserve | | - | - | - | - | - |
| — Fair Value adjustment on Available for Sale Assets | 19 | (7,274) | - | - | (7,274) | - |
| Net asset revaluation increment(decrement) reversals | 33 | 1,733 | - | 1,733 | - | - |
| Actuarial gain/loss on defined benefits plans | | - | - | - | - | - |
| Share of other comprehensive income of associates & joint ventures accounted for by the equity method | | - | - | - | - | - |
| Transfers between reserves | | - | (69) | - | - | 69 |
| Balance at end of the financial year | | 105,424 | 62,867 | 48,541 | (6,982) | 998 |
| 2013 | | | | | | |
| Balance at beginning of the financial year | | 90,755 | 62,099 | 27,475 | 300 | 880 |
| Adjustment due to compliance with revised accounting standard | | - | - | - | - | - |
| Adjustment on change in accounting policy | | - | - | - | - | - |
| Surplus / (deficit) for the year | | 193 | 193 | - | - | - |
| Other Comprehensive Income: | | - | - | - | - | - |
| Fair value adjustments for financial assets at fair value | | - | - | - | - | - |
| Financial assets available for sale reserve | | - | - | - | - | - |
| — Fair Value adjustment on Available for Sale Assets | 19 | (8) | - | - | (8) | - |
| Net asset revaluation increment(decrement) reversals | 33 | 19,333 | - | 19,333 | - | - |
| Actuarial gain/loss on defined benefits plans | | - | - | - | - | - |
| Share of other comprehensive income of associates & joint ventures accounted for by the equity method | | - | - | - | - | - |
| Transfers between reserves | | - | (49) | - | - | 49 |
| Balance at end of the financial year | | 110,273 | 62,243 | 46,808 | 292 | 929 |

The above statement should be read with the accompanying notes.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

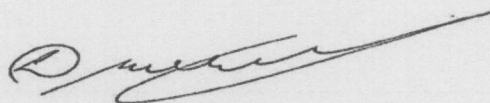


GLAMORGAN SPRING BAY
COUNCIL

30th September 2014

Certification of the Financial Report

The financial report presents fairly the financial position of the Glamorgan Spring Bay Council as at 30 June 2014, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the Local Government Act 1993 (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



GENERAL MANAGER

Introduction

- (a) The Glamorgan Spring Bay Council was established on 7th July 1860 and is a body corporate with perpetual succession and a common seal.
Council's main office is located at 9 Melbourne Street, Triabunna
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1993 (LGA1993)* (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

Note 1 Significant accounting policies

(a) Basis of accounting

This financial report has been prepared on the accrual and going concern bases.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), 1(i), 1(k), 1(o), 1(p), 1(q), 1(v), 1(w), 1(x) and 1(y).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 45.

Judgements and Assumptions

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 1(p).

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 38.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in notes 1(g) and in note 26.

Marine Infrastructure

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 1(l) and in note 19.

Landfill / Tip Rehabilitation

Council operates no landfill sites

If changes to assumptions have been made that will result in material adjustments to assets and liabilities in the next reporting period, details should be disclosed either in this note, or in the relevant asset or liability note

- impairment;
- provisions and contingencies;
- key assumptions used in cash flow projections. (eg Rehabilitation)

(b) Change in accounting policies

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the second time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (refer note 48), except for financial instruments, of which the fair value disclosures are required under AASB 7: *Financial Instruments, Disclosures*.

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 *Employee Benefits* (as revised) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously calculated/measured by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

(c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* and the relevant amending standards (effective from 1 January 2017)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss. Had this requirement been adopted at 30 June 2014, the fair value loss on Council's investment in TasWater of \$7.3 million would have decreased Council's surplus accordingly.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and the relevant amending standards (effective from 1 January 2014)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council has undertaken an assessment and no material changes to the composition of Council's accounts are anticipated from the application of the new standard.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

(iii) AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* [AASB 132] (effective 1 January 2014)

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of Council.

(iv) AASB 1031 *Materiality* (effective from 1 January 2014)

The objective of this standard is to make cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (as identified in AASB 1048 *Interpretation of Standards*) that contain guidance on materiality.

(v) AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

This standard amends the disclosure requirements of AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this standard will not impact Council's accounting policies but may result in changes to information disclosed in the financial statements.

(vi) AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (Part A - Conceptual Framework effective from 20 December 2013; Part B - Materiality effective from 1 January 2014; Part C - Financial Instruments effective from 1 January 2015)

Part A of this standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013.

Part B of this standard deletes references to AASB 1031 *Materiality* in various other standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this standard amends AASB 9 *Financial Instruments* to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

The adoption of this standard will not impact Council's accounting policies.

(d) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Revenue is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-monetary contributions

Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue.

User fees and Statutory fees and fines

Fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Rent

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised progressively as it is earned.

Dividends

Dividend revenue is recognised when Council's right to receive payment is established.

(e) Expense recognition

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

<<The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.>>

Artworks and Land are not depreciated.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

| | Period |
|--|------------|
| Land improvements | 50 years |
| Buildings | |
| buildings | 50 years |
| building improvements | 25-50years |
| Leasehold improvements | |
| leasehold building improvements | |
| Plant and Equipment | |
| plant, machinery and equipment | 2-12years |
| fixtures, fittings and furniture | 6-10 years |
| computers and telecommunications | 2-5 years |
| leased plant and equipment | 2-5 years |
| Roads | |
| road pavements and seals | 10-15years |
| road substructure | 90years |
| road formation and earthworks | 1000years |
| road kerb, channel and minor culverts | 70years |
| road other <insert details> | |
| Bridges | |
| bridges deck | 15-80years |
| bridges substructure | 15-80years |
| bridges other <insert details> | |
| Other Infrastructure | |
| footpaths and cycleways | 70 years |
| drainage | 75 years |
| recreational, leisure and community facilities | 15 years |
| waste management | 10 years |
| parks, open space and streetscapes | 15 years |
| off street car parks | 15 years |
| other infrastructure <insert details> | |
| Intangible assets | |
| intangible assets | 2-5years |

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period, (\$0).

Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

(f) Recognition and measurement of assets

Acquisition and Recognition

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 26. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Threshold
\$'000

| | |
|--|----|
| Land | |
| land | 10 |
| land under roads | 10 |
| land improvements | 10 |
| Buildings | |
| buildings | 10 |
| building improvements | 10 |
| leasehold building improvements | 10 |
| heritage buildings | 10 |
| Plant and Equipment | |
| plant, machinery and equipment | 5 |
| fixtures, fittings and furniture | 5 |
| computers and telecommunications | 5 |
| leased plant and equipment | 5 |
| Roads | |
| road pavements and seals | 10 |
| road substructure | 10 |
| road formation and earthworks | 10 |
| road kerb, channel and minor culverts | 10 |
| road other <insert details> | |
| Bridges | |
| bridges deck | 10 |
| bridges substructure | 10 |
| bridges other <insert details> | |
| Other Infrastructure | |
| footpaths and cycleways | 10 |
| drainage | 10 |
| recreational, leisure and community facilities | 10 |
| waste management | 10 |
| parks, open space and streetscapes | 10 |
| off street car parks | 10 |
| other infrastructure <insert details> | |
| Intangible assets | |
| intangible assets | 5 |

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, medical equipment, marine infrastructure, parks and open space, IT, and furniture and fittings, are measured at their fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council uses the latest Valuer General valuations in revaluing of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council does not value land under roads.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(h) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

(i) Financial assets

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(j) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service. Other inventories are measured at the lower of cost and net realisable value.

(k) Investments in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest of 2.07% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year. (refer note 33)

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 *Financial Instruments: Recognition and Measurement* and has followed AASB 132 *Financial Instruments: Presentation* and AASB 7 *Financial Instruments: Disclosures* to value and present the asset in the financial report.

Council has derived returns from the corporation as disclosed at note 11.

(l) Investments

Investments, other than investments in associates and property, are measured at cost.

(m) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Comprehensive Income.

(n) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 30).

(o) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Sick Leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e. as an expense when it becomes payable.

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(p) **Interest bearing liabilities**

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method.

(q) **Leases**

Finance leases as lessee
Not applicable

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are not applicable.

(r) **Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(s) **Taxation**

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) **Impairment of assets**

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(u) **Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

(v) **Non-current assets held for sale**

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(w) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

(x) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(y) Significant Business Activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled in note 46. Council has determined, based upon materiality that Information Centres & East Coast Health as defined in note 46 are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees in preparing the information disclosed in relation to significant business activities.

(z) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.

(aa) Budget

The estimated revenue and expense amounts in the Statement of Comprehensive Income represent actual budget amounts and are not audited.

Reference
AASB/AAI Para

1052

Note 2 Functions/Activities of the Council

Revenue, expenditure and assets attributable to each function as categorised in (c) below:

| | Grants | Other | Total Revenue | Total Expenditure | Surplus/ (Deficit) | Assets |
|-------------------------------|--------|-------|---------------|-------------------|--------------------|---------|
| Government and administration | | | | | | |
| 2013 - 2014 | 227 | 2285 | 2512 | 2296 | 216 | 4,587 |
| 2012 - 2013 | 472 | 1997 | 2469 | 2316 | 153 | 6,430 |
| Roads, streets and bridges | | | | | | |
| 2013 - 2014 | 1021 | 2551 | 3572 | 1955 | 1617 | 53,241 |
| 2012 - 2013 | 1234 | 884 | 2118 | 2147 | -29 | 51,248 |
| Drainage | | | | | | |
| 2013 - 2014 | 0 | 270 | 270 | 115 | 155 | 2,438 |
| 2012 - 2013 | 0 | 142 | 142 | 81 | 61 | 2,406 |
| Waste management | | | | | | |
| 2013 - 2014 | 0 | 1004 | 1004 | 1093 | -89 | 872 |
| 2012 - 2013 | 0 | 983 | 983 | 978 | 5 | 273 |
| Environmental health | | | | | | |
| 2013 - 2014 | 110 | 156 | 266 | 148 | 118 | 0 |
| 2012 - 2013 | 0 | 144 | 144 | 148 | -4 | 0 |
| Planning services | | | | | | |
| 2013 - 2014 | | 260 | 260 | 288 | -28 | 16 |
| 2012 - 2013 | 0 | 240 | 240 | 275 | -35 | 21 |
| Building control | | | | | | |
| 2013 - 2014 | 0 | 132 | 132 | 132 | 0 | 0 |
| 2012 - 2013 | 0 | 158 | 158 | 144 | 14 | 0 |
| Community amenities | | | | | | |
| 2013 - 2014 | 97 | 208 | 305 | 163 | 142 | 0 |
| 2012 - 2013 | 0 | 104 | 104 | 62 | 42 | 0 |
| Community services | | | | | | |
| 2013 - 2014 | 77 | 408 | 485 | 314 | 171 | 355 |
| 2012 - 2013 | 20 | 433 | 453 | 330 | 123 | 279 |
| Recreation facilities | | | | | | |
| 2013 - 2014 | 0 | 428 | 428 | 378 | 50 | 2,641 |
| 2012 - 2013 | 0 | 491 | 491 | 420 | 71 | 2,213 |
| Economic development | | | | | | |
| 2013 - 2014 | 404 | 1879 | 2283 | 1861 | 422 | 34,021 |
| 2012 - 2013 | 442 | 1560 | 2002 | 2390 | -388 | 33,991 |
| Other - not attributable | | | | | | |
| 2013 - 2014 | 19 | 69 | 87 | 2169 | -2081 | 10,976 |
| 2012 - 2013 | 568 | 1535 | 2103 | 1923 | 180 | 16,500 |
| Total | | | | | | |
| 2013 - 2014 | 1955 | 9650 | 11604 | 10912 | 693 | 109,147 |
| 2012 - 2013 | 2736 | 8671 | 11407 | 11214 | 193 | 113,361 |

(b) Reconciliation of Assets from note 2 with the Statement of Financial Position at 30 June:

| | 2013 | 2014 |
|--------------------|----------------|----------------|
| Current assets | 2,803 | 2,361 |
| Non-current assets | 110,558 | 106,786 |
| | 113,361 | 109,147 |

(c) Governance and administration

Operation and maintenance of council chambers, administration offices, and councillors.

Roads, streets and bridges

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

Drainage

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works, flood mitigation and agriculture.

Waste Management

Collection, handling, processing and disposal of all waste materials.

Environmental Health/Environmental Management

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries.

Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Planning Services

Administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Building control

The development and maintenance of building constructions standards.

Community amenities

Operation and maintenance of housing for aged persons and persons of limited means, Civic Centre, Council halls (excluding indoor sports complexes).

Community services

Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Child Care Centre, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Recreation facilities

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Economic development

Maintenance and marketing of tourist facilities, property development and operation of caravan parks.

Other - not attributable

Rates and charges and work not attributed elsewhere.

| Reference AASB/AAI | Para | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|-------|--|----------------|----------------|
| | | Note 3 Rates and charges | | |
| 118 | | Council uses AAV as the basis of valuation of all properties within the municipality. The AAV of a property is its Assessed Annual value as determined by the valuer general | | |
| | | The valuation base used to calculate general rates for 2013-2014 was \$68,268,746 million (2012-2013 \$67,417,782 million). The 2013-2014 rate in the AAV dollar was \$0.072068 (2012-2013, \$0.07031091). | | |
| 118 | 35(c) | Residential | 3,408 | 3,323 |
| | | Commercial | 850 | 803 |
| | | Industrial | 60 | 57 |
| | | Farm/Rural | 455 | 431 |
| | | Supplementary rates and rate adjustments | (1) | (2) |
| | | Fire Levy | 281 | 274 |
| | | Garbage charge | 974 | 942 |
| | | Special rates and charges (Medical Levy) | 218 | 170 |
| | | Special rates and charges (Caravan Fees) | 79 | 81 |
| | | Total rates and charges | 6,323 | 6,079 |
| | | The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2011, and the valuation will be first applied in the rating year commencing 1 July 2011. | | |
| 118 | 35(c) | Note 4 Statutory fees and fines | | |
| | | Infringements and costs | 1 | 2 |
| | | Town planning fees | 114 | 80 |
| | | Land information certificates | 62 | 52 |
| | | Permits | 99 | 154 |
| | | Total statutory fees and fines | 276 | 288 |
| 118 | 35(c) | Note 5 User fees | | |
| | | Visitor centre turnover | 636 | 611 |
| | | Child care/children's program fees | - | - |
| | | Fees - ticket machines | - | - |
| | | Aged services fees | - | - |
| | | Registration fees | 10 | 11 |
| | | Road occupancy charges | - | - |
| | | Building services fees | - | - |
| | | Waste Transfer Station fees | 106 | 122 |
| | | Marina and wharf fees | 107 | 86 |
| | | Other fees and charges | 31 | 23 |
| | | Total user fees | 891 | 853 |
| | | Ageing analysis of contractual receivables | | |
| | | Please refer to note 42 for the ageing analysis of contractual receivables. | | |
| 118 | 35(c) | Note 6 Grants | | |
| | | Grants were received in respect of the following : | | |
| | | Summary of grants | | |
| | | Federally funded grants | 1,594 | 2,481 |
| | | State funded grants | 360 | 255 |
| | | Others | 0 | 0 |
| | | Total | 1,955 | 2,736 |
| | | Grants - Recurrent | | |
| | | Commonwealth Government Financial Assistance Grants - General Purpose | 227 | 410 |
| | | Commonwealth Government Financial Assistance Grants - Roads | 463 | 906 |
| | | Commonwealth Government - training subsidy | 0 | 0 |
| | | State Grants | 3 | 10 |
| | | Family and children | - | - |
| | | Home help/linkages | - | - |
| | | Rural Primary Health Services | 404 | 404 |
| | | Transport | 13 | 20 |
| | | Natural Resource Management | 110 | 378 |
| | | Local government improvement incentives | - | - |
| | | Other-NBN | 77 | - |
| | | Total recurrent grants | 1,297 | 2,129 |

| Reference | | | 2014 | 2013 |
|--------------|-----------------------|--|------------|------------|
| AASB/AAI | Para | | \$'000 | \$'000 |
| | | The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2011-12 and 2012-13 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 <i>Contributions</i> , Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2012-13 by \$640,000. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2012-13 by \$640,000. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there was no prepayment in 2013-14 however Council had budgeted for one advance payment. | | |
| | | Capital grants received specifically for new or upgraded assets | | |
| | | Commonwealth Government - roads to recovery | 301 | 249 |
| | | Commonwealth Government - bridges | - | - |
| | | Community health | - | - |
| | | Emergency Management | - | 180 |
| | | State Government Bridges | 260 | - |
| | | State Government Halls | 97 | 65 |
| | | Other - NBN | - | 113 |
| | | Total capital grants | 658 | 607 |
| | | Conditions on grants | | |
| AASB 1004.60 | | Non-reciprocal grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were: | | |
| | Description by nature | Community health | - | - |
| | Description by nature | Transport | - | - |
| | | Total | - | - |
| | | Non-reciprocal grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were: | | |
| | Description by nature | Community health | - | - |
| | | Total | - | - |
| | | Net increase (decrease) in non-reciprocal grant revenues for the year: | - | - |
| | | Note 7 Contributions | | |
| 118 | 35(c) | (a) Cash | | |
| 1004 | | Roads | 17 | 21 |
| | | Footpaths and cycleways | - | - |
| | | Drainage | 4 | 2 |
| | | Recreational, leisure and community facilities | - | - |
| | | Waste management | - | - |
| | | Parks, open space and streetscapes | 16 | 28 |
| | | Community day care | - | - |
| | | Parking | 4 | - |
| | | Other | - | - |
| | | Total | 41 | 51 |
| 1004 | 62 | (b) Non-monetary assets | | |
| | | Land under roads | - | - |
| | | Roads | 486 | - |
| | | Drainage | - | - |
| | | Parks, open space and streetscapes | - | - |
| | | Parking | - | - |
| | | Child Care Centre | - | 260 |
| | | Total | 486 | 260 |
| | | Total contributions | 527 | 311 |
| | | Note 8 Interest | | |
| 118 | 35(b) | Interest on financial assets | - | - |
| 118 | 35(b)(iii) | Interest on rates | 30 | 35 |
| 118 | 35(b)(iii) | Interest on cash and cash equivalents | 100 | 64 |
| 119 | 35(b)(iii) | Total | 130 | 99 |
| | | Note 9 Other income | | |
| 118 | 35(c) | Investment property rental | - | - |
| 140 | 75(f)(i) | Other rent | 54 | 47 |

| Reference | | | 2014 | 2013 |
|-----------|--------|--------------------------------|--------------|--------------|
| AASB/AAI | Para | | \$'000 | \$'000 |
| 136 | 126(b) | | | |
| | | Reversals of impairment losses | - | - |
| | | Other - Miscellaneous | 277 | 57 |
| | | Change in committee accounts | (3) | 33 |
| | | Medical Income Received | 689 | 485 |
| | | Pension Remissions | 237 | 196 |
| | | Reimbursements | 164 | 200 |
| | | Total other income | 1,420 | 1,018 |

| | | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|----------|--|----------------|----------------|
| Reference AASB/AAI | Para | | | |
| 118 | 35(c) | Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment | | |
| 101 | 98(c) | Proceeds of sale | 31 | 24 |
| | | Write down value of assets disposed | (362) | - |
| | | Total | (331) | 24 |
| 118 | 35(b)(v) | Note 11 Investment revenue from water corporation | | |
| | | Dividend revenue received | 413 | - |
| | | Tax equivalent received | - | - |
| | | Guarantee fee received | - | - |
| | | Total investment revenue from water corporation | 413 | - |
| | | <Total Investment Revenue from the water corporation should normally reflect actual cash received in the Statement of Cash Flows.> | | |
| 101 | 112(c) | Note 12 Employee benefits | | |
| | | Wages and salaries | 2,461 | 2,551 |
| | | Workers compensation | 63 | 65 |
| | | Annual leave and long service leave | 319 | 393 |
| | | Superannuation | 408 | 364 |
| | | Fringe benefits tax | 21 | 4 |
| | | Sick Leave | 56 | 51 |
| | | Payroll Tax | 121 | 169 |
| | | Other Leave - Compassionate, Maternity etc | 20 | 8 |
| | | Staff Training | 32 | 24 |
| | | Public Holiday Cost | 104 | 102 |
| | | Uniforms & Personal Protection Equipment | 18 | 15 |
| | | Miscellaneous Costs | 11 | 9 |
| | | Redundancy | - | - |
| | | | 3,633 | 3,755 |
| | | Less amounts capitalised | (346) | (257) |
| | | Total employee benefits | 3,287 | 3,498 |
| 101 | 112(c) | Note 13 Materials and services | | |
| | | Contract payments | 1,790 | 1,432 |
| | | Building maintenance | 101 | 129 |
| | | Plant and equipment maintenance | 39 | 57 |
| | | Utilities | 262 | 259 |
| | | Consultants | - | 232 |
| | | Rural Primary Health Service | 427 | 404 |
| | | Other | 2,791 | 2,913 |
| | | Total materials and services | 5,409 | 5,426 |
| | | Note 14 Impairment of receivables | | |
| | | Parking fine debtors | - | - |
| | | Rates debtors | - | - |
| | | Other debtors | 5 | 4 |
| | | Total impairment of receivables | 5 | 4 |

| Reference | | | 2014 | 2013 |
|-----------|--------|---|--------------|--------------|
| AASB/AAI | Para | | \$'000 | \$'000 |
| 116 | 48 | Note 15 Depreciation and amortisation | | |
| | | <i>Property</i> | | |
| | | Land improvements | - | - |
| | | <i>Buildings</i> | | |
| | | Buildings | 124 | 117 |
| | | Building improvements | 5 | 10 |
| | | Leasehold improvements | - | - |
| | | Heritage buildings | 25 | 32 |
| | | <i>Plant and Equipment</i> | | |
| | | Plant, machinery and equipment | 315 | 354 |
| | | Fixtures, fittings and furniture | 7 | 10 |
| | | Computers and telecommunications | 95 | 82 |
| | | Medical Equipment | 3 | 3 |
| | | Other vehicles | 132 | 157 |
| | | <i>Infrastructure</i> | | |
| | | Roads | 800 | 742 |
| | | Bridges | 129 | 142 |
| | | Footpaths and cycleways | 160 | 158 |
| | | Drainage | 57 | 153 |
| | | Recreational, leisure and community facilities | - | - |
| | | Parks, open space and streetscapes | 68 | 55 |
| | | Off street car parks | - | - |
| | | Marine Infrastructure | 32 | 30 |
| | | <i>Intangible assets</i> | | |
| 138 | 118(d) | Intangible assets | - | - |
| | | Total depreciation and amortisation | 1,952 | 2,045 |
| 101 | 82(b) | Note 16 Finance costs | | |
| 101 | 82(b) | Bank overdraft charges | - | - |
| 7 | 20 | Interest - Borrowings | 78 | 48 |
| 117 | 25 | Interest - Finance leases | - | - |
| | | Total | 78 | 48 |
| 123 | 26(a) | Less capitalised borrowing costs on qualifying assets | - | - |
| | | Total finance costs | 78 | 48 |
| 123 | 26(b) | Rate used to capitalise finance costs | - | - |
| | | Note 17 Other expenses | | |
| 1054 | 10(a) | External auditors' remuneration (Tasmanian Audit Office) | 27 | 32 |
| 1054 | 10(b) | Internal auditors' remuneration (internal audit services - <name of external provider>) | - | - |
| LGA | | Councillors' allowances | 148 | 150 |
| 101 | | Operating lease rentals | 6 | 12 |
| 136 | 126(a) | Impairment losses | - | - |
| | | Other | - | - |
| | | Total other expenses | 181 | 194 |

| Reference AASB/AAI | Para | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|------------|---|----------------|----------------|
| 101, 128 | | Note 18 Investment in associates | | |
| 128 | 38 | Investments in associates accounted for by the equity method are: nil investment | - | - |
| | | Total | - | - |
| 128 | 37(b) | <i>Council's share of accumulated surplus(deficit)</i> Council's share of accumulated surplus(deficit) at start of year | - | - |
| | | Reported surplus(deficit) for year | - | - |
| | | Transfers (to) from reserves | - | - |
| | | Distributions for the year | - | - |
| | | Council's share of accumulated surplus(deficit) at end of year | - | - |
| | | <i>Council's share of reserves</i> Council's share of reserves at start of year | - | - |
| | | Transfers (to) from reserves | - | - |
| | | Council's share of reserves at end of year | - | - |
| | | <i>Movement in carrying value of specific investment</i> Carrying value of investment at start of year | - | - |
| | | Share of surplus(deficit) for year | - | - |
| | | Share of asset revaluation | - | - |
| | | Distributions received | - | - |
| | | Carrying value of investment at end of year | - | - |
| | | <i>Council's share of expenditure commitments</i> Operating commitments | - | - |
| | | Capital commitments | - | - |
| 128 | 40(a), (b) | <i>Council's share of contingent liabilities and contingent assets</i> <List relevant assets and liabilities eg site restoration costs> | - | - |
| | | <i>Disclosure as above</i> | | |
| 7 | 8(d) | Note 19 | | |
| | | Opening Balance | 37,841 | 37,849 |
| | | Change in fair value of investment | - | - |
| | | Fair Value adjustments on Available-for-Sale Assets | (7,274) | (8) |
| | | Total investment in water corporation | 30,567 | 37,841 |
| | | Council has derived returns from the water corporation as disclosed at note 11. | | |
| | | At 30 June 2013, Council held a 4.1% ownership interest in Southern Water based on the Final Treasurer's Allocation Order in 2011. From 1 July 2013 a new State-wide water and sewerage corporation trading as "TasWater", commenced in accordance with the <i>Water and Sewerage Corporation Act 2012</i> . TasWater took over the water and sewerage services and assets previously operated by Ben Lomond Water, Cradle Mountain Water and Southern Water. | | |
| | | At 30 June 2014, Council held a 2.07% ownership interest in TasWater which is based on equity held | | |
| | | Council does not have significant influence to allow it to use the equity method to account for this interest. | | |
| 107 | 45 | Note 20 Cash and cash equivalents | | |
| | | Cash on hand | 2 | 2 |
| | | Cash at bank | 529 | 438 |
| | | Money market call account | 6 | 4 |
| | | Bank bills | 1,332 | 1,440 |
| | | Total cash and cash equivalents | 1,869 | 1,884 |

| Reference AASB/AAI | Para | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|------------|--|----------------|----------------|
| 107 | 48 | Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include: | | |
| | | - Trust funds and deposits (note 30) | 46 | 62 |
| | | - Leave provisions (note 31) | 663 | 742 |
| | | - Resort and recreation reserve funds (note 33) | 238 | 221 |
| | | Restricted funds | 947 | 1,025 |
| | | Total unrestricted cash and cash equivalents | 922 | 859 |
| 101 | 78(b) | Note 21 Trade and other receivables | | |
| | | Current | | |
| | | Rates debtors | 239 | 343 |
| | | Parking infringement debtors | - | - |
| 7 | 20(e) | Provision for impairment - parking infringements | - | - |
| | | Loans and advances to community organisations | - | - |
| | | Other debtors | 107 | 59 |
| 7 | 20(e) | Provision for impairment - other debtors | - | (4) |
| | | Net GST receivable | - | - |
| | | Total | 346 | 398 |
| | | Non-current | | |
| | | Loans and advances to community organisations | 40 | 44 |
| | | Total | 40 | 44 |
| | | Total trade and other receivables | 386 | 442 |
| 101 | 54(d) | Note 22 Financial assets | | |
| | | Current | | |
| | | Managed funds (note 1(j)) | - | 411 |
| | | Non-current | | |
| | | Managed funds (note 1(j)) | - | - |
| | | Managed funds are held with <> and are represented by: | | |
| 101 | 78(c) | Note 23 Inventories | | |
| 102 | Aus36.1(b) | Inventories held for distribution | - | - |
| | | Inventories held for sale | 34 | - |
| | | Total inventories | 34 | - |
| 5 | 30,41 | Note 24 Assets held for sale | | |
| | | Internal transfer from Land | - | - |
| | | Impairment adjustment | - | - |
| | | Total | - | - |
| 101 | 55 | Note 25 Other assets | | |
| | | Current | | |
| | | Prepayments | 57 | 76 |
| | | Accrued income | 31 | 34 |
| | | Other | 24 | - |
| | | Total | 112 | 110 |
| | | Non-current | | |
| | | Prepayments | - | - |
| * | | Accrued income | - | - |
| | | Other | - | - |
| | | Total | - | - |
| | | * Accrued income only includes items that are reciprocal in nature. This does not include Rates in Advance. | | |

| Reference AASB/AAI | Para | | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|-------|-------------------------------|--|----------------|----------------|
| | | Note 26 | Property, infrastructure, plant and equipment | | |
| 116 | 73(d) | Summary | | | |
| | | at cost | | 5,784 | 5,516 |
| | | Less accumulated depreciation | | 2,654 | 3,177 |
| | | | | 3,130 | 2,339 |
| | | at fair value as at 30 June | | 106,911 | 101,284 |
| | | Less accumulated depreciation | | 33,862 | 30,950 |
| | | | | 73,049 | 70,334 |
| | | Total | | 76,179 | 72,673 |
| | | Property | | | |
| 116 | 73(d) | Land | | | |
| | | at fair value as at 30 June | | 6,721 | 6,510 |
| | | | | 6,721 | 6,510 |
| | | Land public open space | | | |
| | | at cost | | 639 | 639 |
| | | | | 639 | 639 |
| | | Land improvements | | | |
| | | at cost | | - | - |
| | | Less accumulated depreciation | | - | - |
| | | | | - | - |
| | | Total Land | | 7,360 | 7,149 |
| 116 | 73(d) | Buildings | | | |
| | | at fair value as at 30 June | | 6,430 | 6,072 |
| | | Less accumulated depreciation | | 1,022 | 905 |
| | | | | 5,408 | 5,167 |
| 116 | 73(d) | Building improvements | | | |
| | | at cost | | 412 | 74 |
| | | Less accumulated depreciation | | 6 | 28 |
| | | | | 406 | 46 |
| 116 | 73(d) | Leasehold improvements | | | |
| | | at cost | | - | - |
| | | Less accumulated amortisation | | - | - |
| | | | | - | - |
| 116 | 73(d) | Heritage buildings | | | |
| | | at fair value as at 30 June | | 1,554 | 1,609 |
| | | Less accumulated depreciation | | 200 | 168 |
| | | | | 1,354 | 1,441 |
| | | Total Buildings | | 7,168 | 6,654 |
| | | Total Property | | 14,528 | 13,803 |

| Reference AASB/AAI | Para | Note | 2014 \$'000 | 2013 \$'000 |
|-----------------------|-----------------|--|----------------|----------------|
| | | 26 | | |
| | | Property, infrastructure, plant and equipment (cont.) | | |
| 116 | 73(d) | Plant and Equipment | | |
| | | Plant, machinery and equipment | | |
| | | at cost | 2,014 | 3,162 |
| | | Less accumulated depreciation | 1,394 | 1,975 |
| | | | 620 | 1,187 |
| | | Fixtures, fittings and furniture | | |
| | | at cost | 1,016 | 1,032 |
| | | Less accumulated depreciation | 988 | 997 |
| | | | 28 | 35 |
| | | Medical Equipment | | |
| | | at cost | 23 | 22 |
| | | Less accumulated depreciation | 6 | 3 |
| | | | 17 | 19 |
| 117 | 31(a) | IT Equipment | | |
| | | at cost | 694 | 657 |
| | | Less accumulated amortisation | 261 | 174 |
| | | | 433 | 483 |
| | | Misc. Equipment & Motor Vehicles (Not Plant) | | |
| | | at fair value as at 30 June | 2,207 | 807 |
| | | Less accumulated depreciation | 1,632 | 520 |
| | | | 575 | 287 |
| | | Total Plant and Equipment | 1,674 | 2,011 |
| 116 | 73(d) | Infrastructure | | |
| | | Roads | | |
| | | at fair value as at 30 June | 63,046 | 60,705 |
| | | Less accumulated depreciation | 21,586 | 20,587 |
| | | | 41,460 | 40,118 |
| | | Bridges | | |
| | | at fair value as at 30 June | 7,187 | 6,881 |
| | | Less accumulated depreciation | 2,277 | 2,166 |
| | | | 4,910 | 4,715 |
| | | Footpaths and cycleways | | |
| | | at fair value as at 30 June | 10,751 | 10,126 |
| | | Less accumulated depreciation | 3,907 | 3,625 |
| | | | 6,845 | 6,501 |
| | | Drainage | | |
| | | at fair value as at 30 June | 5,152 | 4,982 |
| | | Less accumulated depreciation | 2,713 | 2,568 |
| | | | 2,438 | 2,414 |
| | | Marine Infrastructure | | |
| | | at fair value as at 30 June | 1,432 | 1,298 |
| | | Less accumulated depreciation | 231 | 200 |
| | | | 1,201 | 1,098 |
| | | Parks, Open Space, Streetscapes | | |
| | | at fair value as at 30 June | 1,792 | 1,655 |
| | | Less accumulated depreciation | 294 | 211 |
| | | | 1,498 | 1,444 |
| | | Total Infrastructure | 58,352 | 56,290 |
| 116 | 73(d), 74(b) | Works in progress | | |
| | | Buildings at cost | 1,024 | - |
| | | Roads at cost | 56 | 506 |
| | | Bridges at cost | 151 | - |
| | | Parks, Open Space, Streetscapes at cost | | |
| | | Marine Infrastructure at cost | 394 | 63 |
| | | Total Works in progress | 1,625 | 569 |
| | | Total property, infrastructure, plant and equipment | 76,179 | 72,673 |

Reference
AASB/AAI Para

Note 26 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

| 2014 | Balance at beginning of financial year | Acquisition of assets | Revaluation increments (decrements) | Depreciation and amortisation | Written down value of disposals | Impairment losses recognised in profit or loss | Transfers | Balance at end of financial year |
|--|--|-----------------------|-------------------------------------|-------------------------------|---------------------------------|--|-----------|----------------------------------|
| | \$'000 | \$'000 | (note 33) | (note 15) | \$'000 | (a) | \$'000 | \$'000 |
| Property | | | | | | | | |
| land | 7,149 | 131 | - | - | - | - | 80 | 7,360 |
| land under roads | - | - | - | - | - | - | - | - |
| land improvements | - | - | - | - | - | - | - | - |
| Total land | 7,149 | 131 | - | - | - | - | 80 | 7,360 |
| buildings | 5,167 | 136 | 258 | 117 | - | - | (36) | 5,408 |
| building improvements | 46 | 192 | - | 5 | - | - | 173 | 406 |
| leasehold improvements | - | - | - | - | - | - | - | - |
| heritage buildings | 1,441 | - | (55) | 32 | - | - | - | 1,354 |
| Total buildings | 6,654 | 328 | 203 | 154 | - | - | 137 | 7,168 |
| Total property | 13,803 | 459 | 203 | 154 | - | - | 217 | 14,528 |
| Plant and Equipment | | | | | | | | |
| plant, machinery and equipment | 1,187 | 71 | - | 184 | 43 | - | (410) | 621 |
| fixtures, fittings and furniture | 35 | 11 | - | 7 | - | - | (11) | 28 |
| computers and telecommunications | 483 | 58 | - | 95 | - | - | (13) | 433 |
| Medical Equipment | 19 | 10 | - | 3 | - | - | (9) | 17 |
| Motor Vehicles (Not Plant) | 287 | 54 | - | 132 | - | - | - | 209 |
| Miscellaneous Equipment | - | 69 | - | 131 | - | - | 428 | 366 |
| Total plant and equipment | 2,011 | 273 | - | 552 | 43 | - | (15) | 1,674 |
| Infrastructure | | | | | | | | |
| Roads (Asset Management System) | 39,946 | 1,209 | 1,353 | 800 | 248 | - | - | 41,460 |
| Bridges (Asset Management System) | 4,883 | 200 | (35) | 129 | 9 | - | - | 4,910 |
| Footpaths&Cycleways (Asset Management System) | 6,505 | 400 | 161 | 160 | 61 | - | - | 6,845 |
| Drainage (Asset Management System) | 2,414 | 30 | 51 | 57 | - | - | - | 2,438 |
| recreational, leisure and community facilities | - | - | - | - | - | - | - | - |
| parks, open space and streetscapes | 1,444 | 65 | - | 68 | - | - | 57 | 1,498 |
| aerodromes | - | - | - | - | - | - | - | - |
| off street car parks | - | - | - | - | - | - | - | - |
| marine infrastructure | 1,098 | 134 | - | 32 | - | - | - | 1,200 |
| Total infrastructure | 56,290 | 2,038 | 1,530 | 1,245 | 318 | - | 57 | 58,352 |
| Works in progress | | | | | | | | |
| buildings | 446 | 837 | - | - | - | - | (259) | 1,024 |
| roads | 3 | 53 | - | - | - | - | - | 56 |
| parks, open space, streetscapes at cost | - | - | - | - | - | - | - | - |
| bridges | 32 | 119 | - | - | - | - | - | 151 |
| marine infrastructure | 88 | 306 | - | - | - | - | - | 394 |
| Total works in progress | 569 | 1,315 | - | - | - | - | (259) | 1,625 |
| Total property, plant and equipment, infrastructure | 72,673 | 4,085 | 1,733 | 1,951 | 361 | - | - | 76,179 |

(a) Impairment losses

Reversals of impairment losses are recognised in the statement of comprehensive income under other revenue.

| Reference AASB/AAI | Para | | | | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|----------------|---|----------|------------------------------|-----------------------------------|----------------|----------------|
| 140 | | Note 27 Investment property | | | | | |
| 140 | 76(a)- | Balance at beginning of financial year | | | | - | - |
| | | Acquisitions | | | | - | - |
| | | Disposals | | | | - | - |
| | | Fair value adjustments | | | | - | - |
| | | Balance at end of financial year | | | | - | - |
| 140 | 75(e) | Valuation of investment property has been determined in accordance with an independent valuation. | | | | | |
| 101, 138 | | Note 28 Intangible assets | | | | | |
| 138 | 118 | Software developed in-house | | | | - | - |
| | | Aged care bed licenses | | | | - | - |
| | | Parking infringement system developed in-house | | | | - | - |
| | | Other (insert details) | | | | - | - |
| | | Total intangible assets | | | | - | - |
| | | Reconciliation of intangible assets | | | | | |
| | | | Software | Aged care bed licenses | Parking infringement system | Other | Total |
| | | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 138 | 118(c), (e) | Gross carrying amount | | | | | |
| | | Balance at 1 July 2012 | - | - | - | - | - |
| | | Additions from internal developments | - | - | - | - | - |
| | | Other | - | - | - | - | - |
| | | Balance at 1 July 2013 | - | - | - | - | - |
| | | Additions from internal developments | - | - | - | - | - |
| | | Other | - | - | - | - | - |
| | | Balance at 1 July 2014 | - | - | - | - | - |
| | | Accumulated amortisation and impairment | | | | | |
| | | Balance at 1 July 2012 | - | - | - | - | - |
| | | Amortisation expense | - | - | - | - | - |
| | | Balance at 1 July 2013 | - | - | - | - | - |
| | | Amortisation expense | - | - | - | - | - |
| | | Balance at 1 July 2014 | - | - | - | - | - |
| | | Net book value at 30 June 2013 | - | - | - | - | - |
| | | Net book value at 30 June 2014 | - | - | - | - | - |
| 101 | 54(k) | Note 29 Trade and other payables | | | | | |
| | | Trade payables | | | | 812 | 365 |
| | | Net GST payable | | | | - | (27) |
| | | Accrued expenses | | | | 216 | 212 |
| | | Total trade and other payables | | | | 1,028 | 550 |
| 101 LGBMP | 54(k), 55 | Note 30 Trust funds and deposits | | | | | |
| | | Refundable building deposits | | | | - | - |
| | | Refundable contract deposits | | | | 46 | 62 |
| | | Refundable tender deposits | | | | - | - |
| | | Refundable civic facilities deposits | | | | - | - |
| | | Retention amounts | | | | - | - |
| | | Deferred Income | | | | - | 130 |
| | | Total trust funds and deposits | | | | 46 | 192 |
| | | (Disclose the purposes for which trust funds and deposits are held and the nature of any restriction imposed on the manner in which these can be applied) | | | | | |

| Reference AASB/AAI | Para | | | | | | | |
|-----------------------|-------|--|---------------------|---------------------------|-----------------------------|----------------|----------------|--|
| | | Note 31 Provisions | | | | | | |
| | | | Annual leave | Long service leave | Landfill restoration | Other | Total | |
| | | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | |
| 137 | 84(a) | 2014 | | | | | | |
| | | Balance at beginning of the financial year | 316 | 383 | - | 43 | 742 | |
| 137 | 84(b) | Additional provisions | 239 | 7 | - | - | 246 | |
| 137 | 84(c) | Amounts used | (236) | (83) | - | (6) | (325) | |
| 137 | 84(e) | Increase in the discounted amount arising because of time and the effect of any change in the discount rate | - | - | - | - | - | |
| 137 | 84(a) | Balance at the end of the financial year | 319 | 307 | - | 37 | 663 | |
| | | 2013 | | | | | | |
| | | Balance at beginning of the financial year | 290 | 415 | - | 21 | 726 | |
| | | Additional provisions | 215 | 43 | - | 22 | 280 | |
| | | Amounts used | (189) | (75) | - | - | (264) | |
| | | Increase in the discounted amount arising because of time and the effect of any change in the discount rate | - | - | - | - | - | |
| | | Balance at the end of the financial year | 316 | 383 | - | 43 | 742 | |
| | | | | | | 2014 | 2013 | |
| 101 | 78(d) | (a) Employee benefits | | | | \$'000 | \$'000 | |
| | | (i) Current | | | | | | |
| | | Annual leave | | | | 319 | 316 | |
| | | Long service leave | | | | 159 | 167 | |
| | | Superannuation | | | | - | - | |
| | | Other | | | | 28 | 30 | |
| | | | | | | 506 | 513 | |
| | | (ii) Non-current | | | | | | |
| | | Long service leave | | | | 148 | 216 | |
| | | Superannuation | | | | - | - | |
| | | Other | | | | 9 | 13 | |
| | | | | | | 157 | 229 | |
| | | Aggregate carrying amount of employee benefits: | | | | | | |
| | | Current | | | | 506 | 513 | |
| | | Non-current | | | | 157 | 229 | |
| | | | | | | 663 | 742 | |
| | | The following assumptions were adopted in measuring the present value of employee benefits: | | | | | | |
| | | Weighted average increase in employee costs | | | | | | |
| | | Weighted average discount rates | | | | | | |
| | | Weighted average settlement period | | | | | | |
| 101 | 61 | (i) Current | | | | | | |
| | | All annual leave and the long service leave entitlements representing 10 or more years | | | | | | |
| | | - Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value | | | | | | |
| | | - Other long-term employee benefits that do not fall due within 12 months after the end | | | | | | |
| | | | | | | - | - | |
| 101 | 61 | (ii) Non-current | | | | | | |
| | | Long service leave representing less than 10 years of continuous service measured at present value | | | | | | |
| | | | | | | | | |
| | | (iii) Employee Numbers | | | | 72 | 74 | |
| 137 | 85 | (b) Land fill restoration | | | | | | |
| | | (c) Other Provisions | | | | | | |
| | | Provision for lease make good costs | | | | | | |
| | | Current | | | | - | - | |
| | | Non-current | | | | - | - | |
| | | Total | | | | - | - | |

| Reference AASB | Para | | 2014 \$'000 | 2013 \$'000 |
|-------------------|-------|---|----------------|----------------|
| | | Note 32 Interest-bearing loans and borrowings | | |
| | | Current | | |
| | | Bank overdraft | - | - |
| | | Borrowings - secured | 326 | 198 |
| | | | <u>326</u> | <u>198</u> |
| | | Non-current | | |
| | | Borrowings - secured | 1,661 | 1,407 |
| | | | <u>1,661</u> | <u>1,407</u> |
| | | Total | <u>1,986</u> | <u>1,605</u> |
| | | Borrowings are secured over Council Assets... | | |
| 7 | 39(a) | The maturity profile for Council's borrowings is: | | |
| | | Not later than one year | | |
| | | Later than one year and not later than five years | | |
| | | Later than five years | | |
| | | Total | <u>-</u> | <u>-</u> |
| | | Finance leases | | |
| 117 | 31(b) | Council had the following obligations under finance leases for the lease of equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation): | | |
| | | Not later than one year | - | - |
| | | Later than one year and not later than five years | - | - |
| | | Later than five years | - | - |
| | | Minimum lease payments | <u>-</u> | <u>-</u> |
| | | Less: Future finance charges | <u>-</u> | <u>-</u> |
| 117 | 31(a) | Recognised in the Statement of Financial Position as: | <u>-</u> | <u>-</u> |
| | | Current | | |
| | | Leases | - | - |
| | | Non-current | | |
| | | Leases | - | - |
| | | Total | <u>-</u> | <u>-</u> |
| | | Aggregate carrying amount of interest-bearing loans and borrowings: | | |
| | | Current | 326 | - |
| | | Non-current | 1,661 | - |
| | | Total interest-bearing loans and borrowings | <u>1,986</u> | <u>-</u> |

| Reference AASB | Para | Note | 33 Reserves | Balance at beginning of reporting year | Increment | (decrement) | Balance at end of reporting year |
|-------------------|--------|------|--|--|---------------|----------------|-------------------------------------|
| | | | | \$'000 | \$'000 | \$'000 | \$'000 |
| 101 | 106(d) | | (a) Asset revaluation reserve | | | | |
| | | | 2014 | | | | |
| | | | Property | | | | |
| | | | Land | 260 | - | - | 260 |
| | | | Land under roads | - | - | - | - |
| | | | Land improvements | - | - | - | - |
| | | | Buildings | 4,848 | 203 | - | 5,051 |
| | | | Heritage buildings | - | - | - | - |
| | | | | 5,108 | 203 | - | 5,311 |
| | | | Infrastructure | | | | |
| | | | Roads | 29,019 | 1,353 | - | 30,372 |
| | | | Bridges | 3,146 | (35) | - | 3,111 |
| | | | Footpaths and cycleways | 3,795 | 161 | - | 3,956 |
| | | | Drainage | 1,395 | 51 | - | 1,446 |
| | | | Associate - <insert details> (note 18) | - | - | - | - |
| | | | Other infrastructure Marina/Parks | 4,345 | - | - | 4,345 |
| | | | | 41,700 | 1,530 | - | 43,230 |
| | | | Total asset revaluation reserve | 46,808 | 1,733 | - | 48,541 |
| | | | 2013 | | | | |
| | | | Property | | | | |
| | | | Land | 260 | - | - | 260 |
| | | | Land under roads | - | - | - | - |
| | | | Land improvements | - | - | - | - |
| | | | Buildings | 4,848 | - | - | 4,848 |
| | | | Heritage buildings | - | - | - | - |
| | | | | 5,108 | - | - | 5,108 |
| | | | Infrastructure | | | | |
| | | | Roads | 13,604 | 15,415 | - | 29,019 |
| | | | Bridges | 1,889 | 1,257 | - | 3,146 |
| | | | Footpaths and cycleways | 1,234 | 2,561 | - | 3,795 |
| | | | marine infrastructure | 1,295 | 100 | - | 1,395 |
| | | | Associate - <insert details> (note 18) | - | - | - | - |
| | | | Other infrastructure Marina/Parks | 4,345 | - | - | 4,345 |
| | | | | 22,367 | 19,333 | - | 41,700 |
| | | | Total asset revaluation reserve | 27,475 | 19,333 | - | 46,808 |
| | | | | | | | |
| | | | | Balance at beginning of reporting year | Increment | (decrement) | Balance at end of reporting year |
| | | | | \$'000 | \$'000 | \$'000 | \$'000 |
| | | | 2014 | | | | |
| | | | Investment in water corporation | 292 | - | (7,274) | (6,982) |
| | | | Total fair value reserve | 292 | - | (7,274) | (6,982) |
| | | | 2013 | | | | |
| | | | Available-for-sale assets | | | | |
| | | | Investment in water corporation | 300 | - | (8) | 292 |
| | | | Total fair value reserve | 300 | - | (8) | 292 |

The available-for-sale financial asset reserve was established to capture the fair value movements in Council's Water Corporation investment.

| | | | Balance at beginning of reporting year | Transfer from accumulated surplus | Transfer to accumulated surplus | Balance at end of reporting year |
|-----|--------|------------------------------------|--|---|---------------------------------------|-------------------------------------|
| 101 | 106(d) | (c) Other reserves | \$'000 | \$'000 | \$'000 | \$'000 |
| | | 2014 | | | | |
| | | Reserve Investments - Restricted | 221 | 17 | - | 238 |
| | | Reserve Investments - Unrestricted | 708 | 52 | - | 760 |
| | | Total Other reserves | 929 | 69 | - | 998 |
| | | 2013 | | | | |
| | | Reserve Investments - Restricted | 209 | 12 | - | 221 |
| | | Reserve Investments - Unrestricted | 671 | 37 | - | 708 |
| | | Total Other reserves | 880 | 49 | - | 929 |

The resort and recreation reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.

| | | | 2014 \$'000 | 2013 \$'000 |
|------|-------|--|----------------|----------------|
| | | Total Reserves | 42,557 | 48,029 |
| 1054 | 16 | Note 34 Reconciliation of cash flows from operating activities to surplus (deficit) | | |
| | | Surplus/Deficit | 693 | 193 |
| | | Contributions - non-monetary assets | (486) | (260) |
| | | Depreciation/amortisation | 1,952 | 2,045 |
| | | (Profit)/loss on disposal of property, plant and equipment, infrastructure | 331 | (24) |
| | | Impairment losses | 5 | 4 |
| | | Fair value adjustments for investment property | - | - |
| | | Capital grants received specifically for new or upgraded assets | (658) | (607) |
| | | <i>Change in assets and liabilities:</i> | | |
| | | Decrease/(increase) in trade and other receivables | 62 | (55) |
| | | Decrease/(increase) in other assets | 22 | 68 |
| | | Decrease/(increase) in inventories | (34) | - |
| | | Increase/(decrease) in trade and other payables | 19 | 227 |
| | | Increase/(decrease) in provisions | (79) | 17 |
| | | Increase/(decrease) in other liabilities | (191) | - |
| | | (insert other relevant items) | - | - |
| | | Net cash provided by/(used in) operating activities | 1,635 | 1,608 |
| 107 | 45 | Note 35 Reconciliation of cash and cash equivalents | | |
| | | Cash and cash equivalents (see note 20) | 1,869 | 1,884 |
| | | Less bank overdraft | - | - |
| | | Total reconciliation of cash and cash equivalents | 1,869 | 1,884 |
| 107 | 50(a) | Note 36 Financing arrangements | | |
| | | Bank overdraft | 50 | 50 |
| | | Used facilities | - | - |
| | | Unused facilities | 50 | 50 |
| 107 | 43 | Note 37 Non-cash financing and investing activities | | |
| | | | - | - |
| | | Total non-cash financing and investing activities | - | - |

| Reference AASB/AAI | Para |
|-----------------------|------|
|-----------------------|------|

119 148

Note 38 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), which is a sub fund of the Quadrant Superannuation Scheme (the Scheme). The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2014 the Council contributed 15.75% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus over vested benefits was \$4,793,408 and the value of total accrued benefits was \$57,330,437. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

| | |
|-----------------------|--|
| Net Investment Return | 0% p.a. for 2011/12 and 7.0% p.a. thereafter |
| Salary Inflation | 4.0% pa |
| Price Inflation | n/a |

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.
2. The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2011.
3. Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2014 and is expected to be completed late in 2014 or early in 2015.

Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

As required in terms of paragraph 148 of AASB 119 *Employee Benefits*, Council discloses the following details:

- The 2011 actuarial review used a funding method that sets the level of Council contributions targeting a margin of 10% in the value of Fund assets over the total of members' vested benefits over the medium to longer term.
The funding method used was the same as the method used at the previous actuarial review in 2008. Under the target funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards its financing target.
- In terms of Clause 1.9.2 of the Scheme Trust Deed, there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved. Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.
- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits. The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

| Reference AASB/AAI | Para |
|-----------------------|------|
| 119 | 148 |
| 119 | 53 |

Note 38 Superannuation

Note 38 Superannuation (cont.)

- During the reporting period the amount of contributions paid to defined benefits schemes was \$0 (2012-13, \$0) and the amount paid to accumulation schemes was \$408,610.17 (2102-13, \$363,651.38)
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$415,100.00
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2011. Favourable investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2014.
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Bendzulla Actuarial Pty Ltd as at 30 June 2013, showed that the Fund had assets of \$61.5 million and members' Vested Benefits were \$54.2 million. These amounts represented 9.8% and 8.7% respectively of the corresponding total amounts for the Scheme.

Fund

Accumulation funds

Employer contributions to TASPLAN
Employer contributions to QUADRANT
Employer contributions to Other Funds

Employer contributions payable to TASPLAN at reporting date
Employer contributions payable to QUADRANT at reporting date
Employer contributions payable to Other Funds at reporting date

| 2014 \$'000 | 2013 \$'000 |
|----------------|----------------|
| 129 | 127 |
| 211 | 187 |
| 33 | 20 |
| 373 | 334 |
| 12 | 11 |
| 18 | 18 |
| 5 | 1 |
| 35 | 30 |

| Reference AASB/AAI | Para | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|----------|---|----------------|----------------|
| | | Note 39 Commitments | | |
| | | Capital Expenditure Commitments | | |
| 116 | 74(c) | Buildings | - | 429 |
| | | Plant and equipment | - | 208 |
| | | Roads | - | 1,797 |
| | | Drainage | - | 62 |
| 140 | 75(h) | Investment property | - | - |
| 138 | 122(e) | Marine Infrastructure | 684 | - |
| 128 | 40(a) | Share of associates and equity accounted jointly controlled entities' capital commitments | - | - |
| 131 | 55 | Share of jointly controlled entities' capital commitments | - | - |
| | | Total Capital expenditure commitments | 684 | 2,496 |
| | | Contractual commitments | | |
| 101 | 114.d(i) | Contractual commitments at end of financial year but not recognised in the financial report are as follows: | | |
| | | Garbage collection contract (expires 3 August 2015) | 723 | 720 |
| | | Cleaning contractors | - | - |
| | | Total contractual commitments | 723 | 720 |

| Reference AASB/AAI | Para | | 2014 \$'000 | 2013 \$'000 |
|-----------------------|------------|--|----------------|----------------|
| 117 | | Note 40 Operating leases | | |
| | | (a) Operating lease commitments | | |
| 117 | 35(d) | | | |
| 117 | 35(a) | At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities): | | |
| | | Not later than one year | 6 | 11 |
| | | Later than one year and not later than five years | 19 | - |
| | | Later than five years | - | - |
| | | | 25 | 11 |
| | | (b) Operating lease receivables | | |
| 117 | 56(c) | | | |
| 117 | 56(a) | Future minimum rentals receivable under non-cancellable operating leases are as follows: | | |
| | | Not later than one year | - | - |
| | | Later than one year and not later than five years | - | - |
| | | Later than five years | - | - |
| | | | - | - |
| 117 | 56(b) | Total contingent rents recognised as income in the period | - | - |
| 137 | 86(a), (c) | Note 41 Contingent liabilities and contingent assets | | |
| | | Contingent liabilities | | |
| | | Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. | | |
| | | As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report. | | |
| | | Council operates no landfill sites. | | |
| | | Guarantees for loans to other entities | - | - |
| | | Nil | | |
| | | Contingent assets | | |
| 137 | 89 | Developer contributions to be received in respect of estates currently under development total \$0.00 (2012-13, \$4,460). | | |

COMMENT
AASB 137

Para **Guarantees for loans to other entities**
86 The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by Council, not the fair value of the financial guarantee.

AAS/AASB

AASB/AAI Para

7 7, 21

Note 42 Financial Instruments
(a) Accounting Policy, terms and conditions

Recognised financial instruments

Note Accounting Policy Terms and Conditions

Financial assets

Cash and cash equivalents

20 Cash on hand and at bank and money market call account are valued at face value.

On call deposits returned a floating interest rate of 2.50% (2.75% in 2012-13). The interest rate at balance date was 2.50% (2.75%).

Interest is recognised as it accrues.

Funds returned fixed interest rate of between 3.25% (4.05%), and 3.55% (5.5%) net of fees.

Investments and bills are valued at cost.

Investments are held to maximise interest returns of surplus cash.

Interest revenues are recognised as they accrue.

Managed funds are measured at market value.

Trade and other receivables

Other debtors

21 Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.

General debtors are unsecured and arrears attract an interest rate of 0% (0%). Credit terms are based on <> days.

Financial Liabilities

Trade and other payables

29 Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.

General Creditors are unsecured, not subject to interest charges and are normally settled within <> days of invoice receipt.

7 14(a), (b)

Interest-bearing loans and borrowings

32 Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.

Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 5.53% (5.64% in 2012-13).

7 14(a), (b)

Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.

As at balance date, the Council had finance leases with an average lease term of <> years. The weighted average rate implicit in the lease is <>% (0%).

Bank overdraft

20 Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.

The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Interest rates on utilised overdraft were 9.68% (9.93%). The interest rate as at balance date was 9.68% (9.93%).

| Reference | AASB/AAI | Para | |
|-----------|-----------------|--|--|
| | | | Note 42 Financial Instruments (cont.) |
| | | | (b) Interest Rate Risk |
| 7 | 34(a), 39(a) | The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows: | |
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| Reference | |
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| AASB/AAI | Para |
| 7 | 25 |

Note 42 Financial Instruments (cont.)

(c) Fair Value

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

| Financial Instruments | Total carrying amount as per | | Aggregate net fair value | |
|---------------------------------------|------------------------------|----------------|--------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| <i>Financial assets</i> | | | | |
| Cash and cash equivalents | 1,869 | 1,884 | 1,869 | 1,884 |
| Other financial assets | 0 | 411 | 0 | 411 |
| Trade and other receivables | 346 | 398 | 346 | 398 |
| Investment in water corporation | 30,567 | 37,841 | 30,567 | 37,841 |
| Total financial assets | 32,782 | 40,534 | 32,782 | 40,534 |
| <i>Financial liabilities</i> | | | | |
| Trade and other payables | 1,028 | 550 | 1,028 | 550 |
| Trust funds and deposits | 46 | 62 | 46 | 62 |
| Interest-bearing loans and borrowings | 1,986 | 1,605 | 1,986 | 0 |
| Total financial liabilities | 3,060 | 2,217 | 3,060 | 612 |

7 36(a)

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

7 34(a)

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

7 34(a)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993*. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liq parks, open space, streetscapes at cost
- diversification by credit rating, financial institution and investment product,
- monitoring of r marine infrastructure
- benchmarking of returns and comparison with budget.

7 34(a)

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

| Reference | |
|-----------|------|
| AASB/AAL | Para |

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 41.

Credit quality of contractual financial assets that are neither past due nor impaired

AASB 7 36(c)

| | Financial Institutions (AAA credit rating) | Government agencies (BBB credit rating) | Other (min BBB credit rating) | Total |
|---|---|--|-------------------------------------|--------------|
| 2014 | | | | |
| Cash and cash equivalents | 1,869 | - | - | 1,869 |
| Trade and other receivables | 346 | - | - | 346 |
| Investments and other financial assets | - | - | - | - |
| Total contractual financial assets | 2,215 | - | - | 2,215 |
| 2013 | | | | |
| Cash and cash equivalents | 1,884 | - | - | 1,884 |
| Trade and other receivables | 398 | - | - | 398 |
| Investments and other financial assets | 411 | - | - | 411 |
| Total contractual financial assets | 2,693 | - | - | 2,693 |

[This table is best practice disclosure. Entities are advised to follow this to the extent practicable. Where it is impractical to disclose credit ratings, these can be omitted and an entity can simply disclose creditors using categories that fit entity's own creditor profiles]

Movement in Provisions for Impairment of Trade and Other Receivables

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Balance at the beginning of the year | 4 | 1 |
| New Provisions recognised during the year | 0 | 3 |
| Amounts already provided for and written off as uncollectible | -4 | - |
| Amounts provided for but recovered during the year | - | - |
| Balance at end of year | - | 4 |

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Current (not yet due) | 71 | 41 |
| Past due by up to 30 days | 1 | 5 |
| Past due between 31 and 180 days | 20 | 1 |
| Past due between 181 and 365 days | 13 | - |
| Past due by more than 1 year | 2 | 8 |
| Total Trade & Other Receivables | 107 | 55 |

| Reference | |
|-----------|------|
| AASB/AAI | Para |

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$0.00 (2012-13: \$4010) were impaired. The amount of the provision raised against these debtors was \$0.00 (2012-13: \$3190). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

| | 2014 \$'000 | 2013 \$'000 |
|-----------------------------------|----------------|----------------|
| Current (not yet due) | - | - |
| Past due by up to 30 days | - | - |
| Past due between 31 and 180 days | - | - |
| Past due between 181 and 365 days | - | - |
| Past due by more than 1 year | - | - |
| Total Trade & Other Receivables | - | - |

7 34(a)

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of

The table below lists the contractual maturities for Financial Liabilities

These amounts represent the discounted cash flow payments (ie principal only).

| | 2014 6 mths | 6-12 | 1-2 | 2-5 | >5 | Contracted | Carrying |
|---------------------------------------|-------------|--------|--------|--------|--------|------------|----------|
| | or less | months | years | years | years | Cash Flow | Amount |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and other payables | 1,028 | - | - | - | - | 1,028 | 1,028 |
| Trust funds and deposits | - | 16 | 4 | 25 | - | 45 | 45 |
| Interest-bearing loans and borrowings | 70 | 146 | 232 | 320 | 1,218 | 1,986 | 1,986 |
| Total financial liabilities | 1,098 | 162 | 236 | 345 | 1,218 | 3,059 | 3,059 |

| | 2013 6 mths | 6-12 | 1-2 | 2-5 | >5 | Contracted | Carrying |
|---------------------------------------|-------------|--------|--------|--------|--------|------------|----------|
| | or less | months | years | years | years | Cash Flow | Amount |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and other payables | 550 | - | - | - | - | 550 | 550 |
| Trust funds and deposits | - | 5 | 25 | 30 | 2 | 62 | 62 |
| Interest-bearing loans and borrowings | 58 | 140 | 301 | 242 | 864 | 1605 | 1605 |
| Total financial liabilities | 608 | 145 | 326 | 272 | 866 | 2,217 | 2,217 |

| Reference | |
|-----------|------|
| AASB/AAI | Para |
| 7 | 40 |

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and - A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.
The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

| | | Interest rate risk | | | |
|-----------------------------|--------|---|--------|------------------------------------|--------|
| | | -2 % (Note: Use relevant interest rate risk for your council). | | +1% | |
| | | -200 basis points Profit Equity | | +100 basis points Profit Equity | |
| 2014 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets: | | | | | |
| Cash and cash equivalents | 535 | (11) | (11) | 5 | 5 |
| Trade and other receivables | 386 | (8) | (8) | 4 | 4 |
| Financial liabilities: | | | | | |
| Interest-bearing loans and | - | 0 | 0 | 0 | 0 |

| | | Interest rate risk | | | |
|-------------------------------|--------|---|--------|-------------------|--------|
| | | -2 % | | +1% | |
| | | (Note: Use relevant interest rate risk for your council). | | | |
| | | -200 basis points | | +100 basis points | |
| | | Profit | Equity | Profit | Equity |
| 2013 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets: | | | | | |
| Cash and cash equivalents | 442 | (9) | (9) | 4 | 4 |
| Trade and other receivables | 398 | - | - | - | 4 |
| Financial liabilities: | | | | | |
| Interest-bearing loans and | 1,605 | 32 | 32 | (16) | (16) |

(g) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices)
- Level 3 inputs for the asset or liability that are not based on observable market data.

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| 30 June 2014 | | | | |
| Available for sale financial assets | - | - | 30,567 | 30,567 |
| Financial assets at fair value through the statement of comprehensive income | - | - | - | - |
| Financial assets held for trading | - | - | - | - |
| Derivative financial assets | - | - | - | - |
| There were no transfers between Level 1 and Level 2 in the period. | | | | |

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| 30 June 2013 | | | | |
| Available for sale financial assets | - | - | 37,841 | 37,841 |
| Financial assets at fair value through the statement of comprehensive income | - | - | - | - |
| Financial assets held for trading | - | - | - | - |
| Derivative financial assets | - | - | - | - |
| There were no transfers between Level 1 and Level 2 in the period. | | | | |

| Reconciliation of Level 3 Fair Value Movements | 2014 | 2013 |
|---|-----------|--------|
| Opening balance | 37,841 | - |
| Investment on transfer of assets | - | 37,849 |
| Gains (losses) recognised in Other Comprehensive Income | - | - |
| Change in fair value movement in Tas Water | - 7,274 - | 8 |
| Closing balance | 30,567 | 37,841 |

| Reference AASB/AAI | Para |
|-----------------------|-----------|
| 110 | 19, 21 |
| LGA 1993 | |
| LGA 1993 | 72(1)(cb) |
| LGA 1993 | 72(1)(cd) |
| LGA 1993 | 84(2)(b) |
| LGA 1993 | 84(2)(d) |

Note 43 Events occurring after balance date

(a) Nil

Note 44 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors Councillor Bertrand Cadart (Term Expires Oct 2014)
Councillor Bertrand Cadart (Mayor Term Expires Oct 2014)
Councillor Jennifer Crawford (Deputy Mayor Term Expires Oct 2014)
Councillor Cheryl Arnot (Term Expires Oct 2014)
Councillor Mick Fama (Term Expires Oct 2014)
Councillor Craig Johnston (Term Expires Oct 2014)
Councillor Richard Parker (Term Expires Oct 2014)
Councillor Jenny Woods (Term Expires Oct 2014)
Councillor Michael Davis (Term Expires Oct 2014)
Councillor Chelsea Lee-Brown (Term Expires Oct 2014)

General Manager David Metcalf

Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements included above amounted to: 148 150

Total Remuneration for the reporting year for senior management positions included above amounted to: 135 117

(iii) In accordance with s84(2)(b) of the *Local Government Act 1993*, no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

Note 45 Special committees and other activities (Not in at balance date considered not material)

| Committee | Opening Balance | Revenue | Expenditure | Closing Balance |
|--------------------|-----------------|---------|-------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Bicheno War | 8,689 | 3,566 | 2,752 | 9,503 |
| Cranbrook Hall | 1,215 | 3 | 24 | 1,194 |
| Coles Bay Hall | 6,829 | - | - | 6,829 |
| Coles Bay Hall - | 7,464 | - | - | 7,464 |
| Orford Hall | 6,244 | 1,439 | 194 | 7,488 |
| Buckland Hall | 4,202 | 2,189 | 2,706 | 3,686 |
| Triabunna Hall | 2,823 | 12,473 | 13,377 | 1,919 |
| Triabunna Hall - | 11,000 | 512 | 11,512 | 0 |
| Bicheno & District | 16,895 | 34,228 | 29,038 | 22,085 |
| Bicheno & District | 34,234 | 11,381 | 10,000 | 35,615 |
| | 99,594 | 65,792 | 69,603 | 95,783 |

Reference

Para

LGA1993 84(2)(da)

Note 46 Significant Business Activities

The operating capital and competitive neutrality costs of the Council's significant business activities

| | Information Centres | | East Coast Health | |
|--|---------------------|--------|-------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Revenue</i> | | | | |
| Rates | 137 | 10 | 438 | 170 |
| User Changes | 647 | 629 | 753 | 537 |
| Grants | - | 0 | 424 | 442 |
| Interest | | | 1 | |
| Total Revenue | 784 | 639 | 1,616 | 1148 |
| <i>Expenditure</i> | | | | |
| <i>Direct</i> | | | | |
| Employee Costs | 297 | 275 | 128 | 161 |
| Materials and Contacts | 505 | 510 | 1,387 | 1164 |
| Interest | - | 0 | - | 0 |
| Utilities | 2 | 3 | 7 | 0 |
| <i>Indirect</i> | | | | |
| Engineering & Administration | - | 0 | - | 0 |
| Total Expenses | 804 | 789 | 1,522 | 1325 |
| <i>Notional cost of free services received</i> | | | | |
| <i>Capital Costs</i> | | | | |
| Depreciation and amortisation | 9 | 2 | 57 | 27 |
| Opportunity cost of capital | - | 0 | - | 0 |
| Total Capital Costs | 9 | 2 | 57 | 27 |
| <i>Competitive neutrality adjustments</i> | | | | |
| Rates and land tax | 1 | 1 | - | 0 |
| Loan guarantee fees | - | 0 | - | 0 |
| | 1 | 1 | - | 0 |
| <i>Calculated Surplus/(Deficit)</i> | - 30 | -149 | 37 | -203 |
| Tax Equivalent rate | - | 0 | - | 0 |
| Taxation equivalent | - | 0 | - | 0 |
| Competitive neutrality costs | | | | |

| Reference AASB/AAI | Para | | | | | | | | |
|-----------------------|-----------|------|----|--|------------------|---------------|---------------|---------------|---------------|
| LGA 1993 | 84(2)(db) | Note | 47 | Management indicators | Benchmark | 2014 | 2013 | 2012 | 2011 |
| | | | | | | \$'000 | \$'000 | \$'000 | \$'000 |
| | | | | (a) Underlying surplus or deficit | | | | | |
| | | | | Recurrent income* less | | 11,461 | 10,498 | 10,280 | 9,433 |
| | | | | recurrent expenditure | | 11,243 | 11,215 | 9,847 | 9,000 |
| | | | | Underlying surplus/deficit | 0 | 218 | -717 | 433 | 433 |
| | | | | * Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature. | | | | | |
| | | | | Benchmark achieved. | | | | | |
| | | | | (b) Underlying surplus ratio | | | | | |
| | | | | <u>Underlying surplus or deficit</u> | | 218 | -717 | 433 | 433 |
| | | | | Recurrent income* | | 11,461 | 10,498 | 10,280 | 9,433 |
| | | | | Underlying surplus ratio % | 0% | 2% | -7% | 4% | 5% |
| | | | | This ratio serves as an overall measure of financial operating effectiveness. | | | | | |
| | | | | Benchmark achieved. | | | | | |
| | | | | (c) Net financial liabilities | | | | | |
| | | | | Liquid assets less | | 2,214 | 2,693 | 2,308 | 2,819 |
| | | | | total liabilities | | 3,723 | 3,089 | 1,973 | 2,103 |
| | | | | Net financial liabilities | 0 | -1,509 | -396 | 335 | 716 |
| | | | | This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall. | | | | | |
| | | | | Refer Note 47(d). | | | | | |
| | | | | (d) Net financial liabilities ratio | Benchmark | | | | |
| | | | | <u>Net financial liabilities</u> | | -1,509 | -396 | 335 | 716 |
| | | | | Recurrent income* | | 11,461 | 10,498 | 10,280 | 9,433 |
| | | | | Net financial liabilities ratio % | 0% - (50%) | -13% | -4% | 3% | 8% |
| | | | | This ratio indicates the net financial obligations of Council compared to its recurrent income. | | | | | |
| | | | | Within Benchmark. | | | | | |

| Reference AASB/AAI | Para | | | | | | | | |
|-----------------------|------|------|----|---|-----------|----------------|----------------|----------------|----------------|
| | | Note | 47 | Management indicators (cont.) | | 2014 \$'000 | 2013 \$'000 | 2012 \$'000 | 2011 \$'000 |
| | | | | (e) Asset consumption ratio | | | | | |
| | | | | An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council. | | | | | |
| | | | | <i>Roads</i> | | | | | |
| | | | | <u>Depreciated replacement cost</u> | | 41,460 | 40,118 | 28,171 | 27,092 |
| | | | | Current replacement cost | | 63,046 | 60,705 | 44,679 | 42,126 |
| | | | | Asset consumption ratio % | 40% - 60% | 66% | 66% | 63% | 64% |
| | | | | <i>Bridges</i> | | | | | |
| | | | | <u>Depreciated replacement cost</u> | | 4,910 | 4,715 | 3,595 | N/A |
| | | | | Current replacement cost | | 7,187 | 6,881 | 6,160 | |
| | | | | Asset consumption ratio % | 40% - 60% | 68% | 69% | 58% | |
| | | | | <i>Footpaths&Cycleways</i> | | | | | |
| | | | | <u>Depreciated replacement cost</u> | | 6,845 | 6,501 | 4,098 | N/A |
| | | | | Current replacement cost | | 10,751 | 10,126 | 6,500 | |
| | | | | Asset consumption ratio % | 40% - 60% | 64% | 64% | 63% | |
| | | | | This ratio indicates the level of service potential available in Council's existing asset base. | | | | | |
| | | | | N/A equals Not Available. | | | | | |
| | | | | Benchmark achieved. | | | | | |

| Reference AASB/AAI | Para | | | | | | | | | | | | | | | | | |
|---|-------|---|---|-------|-------|-------|-------|-----------------------------|-------|-------|-------|-------|------------------------------|------|-----|-----|-----|------|
| | Note | 47 Management indicators (cont.) | | | | | | | | | | | | | | | | |
| | | (f) Asset renewal funding ratio | | | | | | | | | | | | | | | | |
| | | The Asset Management Plan was endorsed after the end of the financial year 2013-14. As a result the ratio is not available. | | | | | | | | | | | | | | | | |
| | | (g) Asset sustainability ratio | | | | | | | | | | | | | | | | |
| | | <table><tr><td>Capex on replacement/renewal of existing assets</td><td>1,625</td><td>1,136</td><td>1,531</td><td>1,829</td></tr><tr><td>Annual depreciation expense</td><td>1,952</td><td>2,045</td><td>1,959</td><td>1,600</td></tr><tr><td>Asset sustainability ratio %</td><td>100%</td><td>83%</td><td>56%</td><td>78%</td><td>114%</td></tr></table> | Capex on replacement/renewal of existing assets | 1,625 | 1,136 | 1,531 | 1,829 | Annual depreciation expense | 1,952 | 2,045 | 1,959 | 1,600 | Asset sustainability ratio % | 100% | 83% | 56% | 78% | 114% |
| Capex on replacement/renewal of existing assets | 1,625 | 1,136 | 1,531 | 1,829 | | | | | | | | | | | | | | |
| Annual depreciation expense | 1,952 | 2,045 | 1,959 | 1,600 | | | | | | | | | | | | | | |
| Asset sustainability ratio % | 100% | 83% | 56% | 78% | 114% | | | | | | | | | | | | | |
| | | This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. | | | | | | | | | | | | | | | | |
| | | Average ratio is 83%, not significantly below Benchmark. | | | | | | | | | | | | | | | | |

| Reference AASB/AAI | Para | | | | | | | |
|--|------|------|----|---|--|-----------------------------------|--|---------------------------------|
| | | Note | 47 | Management indicators (cont.) (g) Asset sustainability ratio | | | | |
| TAO Report No.5 of 2013-14 Not mandatory | | | | | | Capitla renewal expenditure | Capital new /upgrade expenditure | Total Capital Expenditure |
| | | | | By asset class | | \$'000 | \$'000 | \$'000 |
| | | | | Land | | | | |
| | | | | Buildings etc | | | | |
| | | | | Total | | | | |

Reference
AASB/AAI
13

Para
91-99

Note

48

Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Investment property
- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Buildings, including footpaths & cycleways
 - Roads
 - Bridges
 - Other infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

(a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

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93,
C2&C3

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

As at 30 June 2014

13
93(a), (b)

| | Note | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|------|-------------------|-------------------|-------------------|-----------------|
| Investment in water corporation | 19 | | | 30,567 | 30,567 |
| Land | 26 | | 7,360 | | 7,360 |
| Buildings | 26 | | 7,168 | | 7,168 |
| Roads, including footpaths & cycleways | 26 | | | 48,305 | 48,305 |
| Bridges | 26 | | | 4,910 | 4,910 |
| Drainage | 26 | | | 2,438 | 2,438 |
| | | - | - | | - |
| Non-recurring fair value measurements | | | | | |
| Assets held for sale | 24 | - | | - | - |
| | | - | - | - | - |

Transfers between levels of the hierarchy

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

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95

| Reference AASB/AAI | Para | | |
|-----------------------|-------|------|--|
| | | Note | 48 |
| | | | Fair Value Measurements (cont.) |
| 13 | 93(i) | | <p>(b) Highest and best use</p> <p>AASB 13 requires the fair value of non-financial assets to be calculated based on their "highest and best use". All assets valued at fair value in this note are being used for their highest and best use.</p> |
| 13 | 93(d) | | <p>(c) Valuation techniques and significant inputs used to derive fair values</p> <p>Council adopted AASB 13 <i>Fair Value Measurement</i> for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.</p> |
| 13 | 93 | | <p>Investment property and Investment in water corporation</p> <p>Refer to Notes 27 and 19 respectively for details of valuation techniques used to derive fair values.</p> |
| 13 | 93 | | Land |
| 116 | 77 | | <p><i>Land held for sale</i></p> <p>Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the approach described in the preceding paragraph.</p> <p><i>Land under roads</i></p> <p>Council does not value land under roads</p> |
| 13 | 93 | | Buildings |
| 116 | 77 | | <p>Where Council buildings are of a specialist nature (eg heritage buildings) and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been derived from reference to market data for recent projects and costing guides. The average cost of construction used to calculate the gross current value of Council's buildings was \$2,500/sqm for heritage buildings.</p> <p>In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.</p> |

| Reference AASB/AAI | Para | Note | |
|-----------------------|------|------|---|
| | | 48 | Fair Value Measurements (cont.) |
| | | | <p>While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.</p> |
| 13 | 93 | | Infrastructure assets |
| 116 | 77 | | <p>All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's 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 then adjusted this amount to take account of the expired service potential of the asset.</p> <p>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. The resulting valuation reflects 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.</p> <p>The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.</p> <p>The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 1(f)</p> <p>The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.</p> <p>The methods for calculating CRC are described under individual asset categories below.</p> <p><u>Roads, including footpaths & cycleways</u></p> <p>Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads and rural roads are managed in segments. All road segments are then componentised into formation, pavement, sub-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.</p> <p>CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of x cms for high traffic areas and y cms for lower traffic locations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.</p> <p><u>Bridges</u></p> <p>A full valuation of bridges assets was undertaken by independent valuers, Brighton Council and TasSpan, effective 30 June 2014. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.</p> <p><u>Drainage</u></p> <p>A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 30 June 2014. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.</p> <p>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.</p> <p>CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.</p> <p><u>Other Infrastructure</u></p> <p>Other infrastructure is not deemed to be significant in terms of Council's Statement of Financial Position.</p> |

| Reference AASB/AAI | Para | Note | 48 | Fair Value Measurements (cont.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------------------------|-------------------------------------|--|-----------------------------|---|---------------------------------|-----------------------------|---|------|-------|-----------------------------------|-------------------------------------|---|-----------|-------|-------------|-------------------------|---|--|--------|--------------------------|------------------------------------|--|---------|-------|--------------------|--------------------------------|---|----------|-------|----------------|----------------------------|--|
| | | | | (d) Unobservable inputs and sensitivities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | 93(d) & (h)(i) | | | <table><tr><th>Asset / liability category*</th><th>Carrying amount (at fair value) \$'000</th><th>Key unobservable inputs *</th><th>Expected range of inputs</th><th>Description of how changes in inputs will affect the fair value</th></tr><tr><td>Land</td><td>7,360</td><td>Valuer General estimated value</td><td>\$5.39 to \$149 per square metre</td><td>Market conditions will effect land value</td></tr><tr><td>Buildings</td><td>7,168</td><td>Useful life</td><td>\$1,450 per sq metre</td><td>The higher the useful life the higher the fair value</td></tr><tr><td>Roads, including footpaths & cycleways</td><td>48,305</td><td>Rate per square metre</td><td>\$8.00 to \$110.00 per sq metre</td><td>The higher the residual value the higher the fair</td></tr><tr><td>Bridges</td><td>4,910</td><td>Component value</td><td>\$1,391 to \$1,967 sq metre</td><td>The higher the component value the higher the fair</td></tr><tr><td>Drainage</td><td>2,438</td><td>Rate per metre</td><td>\$100 - \$200 per metre</td><td>The higher the rate the higher the fair value</td></tr></table> <p>*There were no significant inter-relationships between unobservable inputs that materially affect fair values.</p> | Asset / liability category* | Carrying amount (at fair value) \$'000 | Key unobservable inputs * | Expected range of inputs | Description of how changes in inputs will affect the fair value | Land | 7,360 | Valuer General estimated value | \$5.39 to \$149 per square metre | Market conditions will effect land value | Buildings | 7,168 | Useful life | \$1,450 per sq metre | The higher the useful life the higher the fair value | Roads, including footpaths & cycleways | 48,305 | Rate per square metre | \$8.00 to \$110.00 per sq metre | The higher the residual value the higher the fair | Bridges | 4,910 | Component value | \$1,391 to \$1,967 sq metre | The higher the component value the higher the fair | Drainage | 2,438 | Rate per metre | \$100 - \$200 per metre | The higher the rate the higher the fair value |
| Asset / liability category* | Carrying amount (at fair value) \$'000 | Key unobservable inputs * | Expected range of inputs | Description of how changes in inputs will affect the fair value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 7,360 | Valuer General estimated value | \$5.39 to \$149 per square metre | Market conditions will effect land value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 7,168 | Useful life | \$1,450 per sq metre | The higher the useful life the higher the fair value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads, including footpaths & cycleways | 48,305 | Rate per square metre | \$8.00 to \$110.00 per sq metre | The higher the residual value the higher the fair | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bridges | 4,910 | Component value | \$1,391 to \$1,967 sq metre | The higher the component value the higher the fair | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drainage | 2,438 | Rate per metre | \$100 - \$200 per metre | The higher the rate the higher the fair value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | 93(e) | | | (e) Changes in recurring level 3 fair value measurements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | The changes in level 3 assets with recurring fair value measurements are detailed in note 26 (Property, infrastructure, plant and equipment). Heritage buildings, which are classified as level 3 are separately disclosed in note 26. There have been no transfers between level 1, 2 or 3 measurements during the year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | 93(g) | | | (f) Valuation processes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in note 1(f), 1(k) and 1(w) respectively. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Non-recurring fair value measurements are made at the point of reclassification by a registered valuer. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | 97 | | | (g) Assets and liabilities not measured at fair value but for which fair value is disclosed | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer note 42) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 42 is provided by Tascorp (level 2). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Reference AASB/AAI | Para | |
|--|------|--|
| Not although aligns with LGA 84c | | <p>Note 49 Material Budget Variations</p> <p>Council's original budget was adopted by the Council on 27 August 2013. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:</p> <p>Revenues</p> <p>1 Rates and charges Rates revenue was on budget</p> <p>2 User fees User fees are 17% below budget. The main causes are a budgeted figure of \$120k for medical administration that was not realised, \$83k under budget for Visitor centre Sales and \$20k under budget in Waste Transfer</p> <p>3 Grants Grants below budget as an advance payment of the FAG grant was budgeted that was not realised</p> <p>4 Other revenues Other Revenue exceeded budget because of 100% of medical income fees being taken up as actual</p> <p>Expenses</p> <p>1 Materials and services Above budget because of Doctors fees paid against income included above</p> <p>2 Impairment of debts Nothing to report</p> |
| <Extract> | | <p>Local Government Act 1993 (No. 95 of 1993)</p> <p>84. Financial statements</p> <p>(a)...</p> <p>(c) contain a comparison between the council's actual and estimated revenue and expenditure for that financial year; and</p> <p>(d)...</p> |

Reference

Para

Certification of the Financial Report

LGA 1993 84(3) The financial report presents fairly the financial position of the Glamorgan Spring Bay Council as at 30 June 2014, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board..

David Metcalf
General Manager

Date :

26/08/2014

